Able
AbleGroup Bhd

DEVELOPING A VIBRANT FUTURE

ANNUAL REPORT 2014

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CORPORATE INFORMATION

BOARD OF DIRECTORS

YEOH CHONG KEAT
Chairman/Independent
Non-Executive Director

WONG HEANG FINE
Deputy Chairman/Independent
Non-Executive Director

DATO' LIM KIM HUAT
Managing Director

LOI HENG SEWN
Non-Independent Non-Executive Director

CHEONG MARN SENG
Independent Non-Executive Director

AUDIT COMMITTEE

WONG HEANG FINE
Chairman

CHEONG MARN SENG
Member

YEOH CHONG KEAT
Member

NOMINATION COMMITTEE

WONG HEANG FINE
Chairman

CHEONG MARN SENG
Member

LOI HENG SEWN
Member

REMUNERATION COMMITTEE

YEOH CHONG KEAT
Chairman

DATO' LIM KIM HUAT
Member

CHEONG MARN SENG
Member

COMPANY SECRETARY

LIM FEI CHIA
(MAICSA 7036158)

CORPORATE OFFICE

Block D4-U2-10,
Level 2, Solaris Dutamas,
No. 1, Jalan Dutamas 1,
50480 Kuala Lumpur.
Tel : 03-6207 8186
Fax : 03-6207 8786

REGISTERED OFFICE

Suite 11.1A, Level 11, Menara Weld,
76, Jalan Raja Chulan,
50200 Kuala Lumpur.
Tel : 03-2031 1988
Fax : 03-2031 9788

SHARE REGISTRAR

Tricor Investor Services Sdn. Bhd.
Level 17, The Gardens North Tower,
Mid Valley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur.
Tel : 03-2264 3883
Fax : 03-2282 1886

AUDITORS

Baker Tilly Monteiro Heng
Baker Tilly MH Tower, Level 10,
Tower 1, Avenue 5,
Bangsar South City,
59200 Kuala Lumpur.

PRINCIPAL BANKERS

Bangkok Bank Berhad
United Overseas Bank (Malaysia) Berhad
Malayan Banking Berhad

WEBSITE

www.ablegroup.com.my

STOCK EXCHANGE

Main Market of Bursa Malaysia
Securities Berhad
Stock Name: ABLEGRP
Stock Number: 7086

CORPORATE STRUCTURE

Able
AbleGroup Bhd

- 100% — Syarikat Bukit Granite Sdn Bhd
  - 100% — Montana Madencilik Mermer Sanayi Insaat Ve Ticaret Limited Sirketi (Turkey)
- 100% — Atlas Rhythm Sdn Bhd

YEOH CHONG KEAT

(57 years of age - Malaysian)
Chairman, Independent Non-Executive Director

Mr Yeoh Chong Keat, Malaysian, aged 57, who was appointed to the Board on 1 August 2011, is an Independent Non-Executive Director and Chairman of the Board and Remuneration Committee as well as a member of the Audit Committee.

Mr Yeoh is a Fellow of the Institute of Chartered Accountants in England and Wales, a Fellow of the Chartered Tax Institute of Malaysia, a Chartered Accountant of the Malaysian Institute of Accountants and a Member of the Malaysian Institute of Certified Public Accountants. He trained and qualified as a Chartered Accountant with Deloitte Haskins & Sells, UK (now part of PricewaterhouseCoopers, UK) and has accumulated a wealth of experience in audit, tax, consulting and corporate secretarial work with over 35 years in professional practice.

He founded Archer Corporate Services Sdn Bhd ("Archer") in 1999 and is the President/CEO of Archer which provides corporate secretarial and advisory services to public listed companies and large groups of private companies.

He is the Chairman of Lien Hoe Corporation Berhad and also a director of Cheetah Holdings Berhad and Tambun Indah Land Berhad which are all listed on the Main Market of Bursa Malaysia Securities Berhad.

He does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has had no convictions for offences within the past 10 years other than traffic offences, if any.

As at 30 April 2015, Mr Yeoh has direct shareholdings of 43,000 ordinary shares of RM0.15 each in the Company. He attended all the five (5) Board of Directors' Meetings of the Company held during the financial year ended 31 December 2014.

WONG HEANG FINE

(57 years of age - Singaporean)
Deputy Chairman,
Independent Non-Executive Director

Mr Wong was appointed as Director on 15 November 2007 and as Deputy Chairman of the Company on 20 February 2008. He was appointed as a member of the Audit Committee on 12 November 2009 and was redesignated as Chairman of Audit Committee on 1 August 2011. He is also the Chairman of Nomination Committee.

Mr Wong holds a Master of Science in Engineering Production & Management from the University of Birmingham, UK and a Bachelor of Science in Mechanical Engineering (First Class Honours) from the University of Leeds, UK.

Mr Wong joined Temasek as Corporate Advisor on 7th November 2014 with the task of overseeing the merger of Surbana International Consultants and Jurong International Holdings. On 16th February 2015, he was appointed as Group Chief Executive Officer for the merged entity that provides sustainable urban life-cycle solutions globally.

Mr Wong has held several key leadership positions prior to this appointment. He was the Chief Executive Officer of CapitaLand Singapore Limited (Residential) and CapitaLand GCC Holdings, and also the Country Chief Executive Officer in charge of developing CapitaLand's business in the Gulf Cooperation Council (GCC) region. Mr Wong was also appointed as Chief Executive Officer of Capitala, a joint venture company between CapitaLand Singapore and Mubadala Development Company, UAE. He was appointed as President of Real Estate Developers' Association of Singapore (REDAS) for Term 2011 to 2012.

Prior to this, he was President & Chief Executive Officer of SembCorp Engineers and Constructors Pte Ltd (SEC) [now known as Sembawang Engineers and Constructors]. In 1998, he joined Cathay Organisation Pte Ltd as Deputy President, where he helped realize the company's 40-year ambition of going public by utilizing a reverse takeover strategy through IMM Multi-Enterprise (IME) which was listed on SESDAQ. In July 1999, he was appointed as President & CEO of Cathay Organisation Holdings. From November 1996 to February 1998, he was the Director (Infrastructure), L&M Group Investments Ltd, where he was involved in the restructuring of L&M Group Investments Ltd (LMGI) by spearheading diversifications into infrastructure and property projects. In August 1991 to November 1996, he joined Singapore Technologies Industrial Corporation (STIC). Under STIC, he pioneered the infrastructure development of the industrial estate and a 24,000 hectare international resort belt on Bintan Island (Indonesia), which was completed in just less than five years. He was also instrumental in developing and later managing the Bintan Lagoon Resort, the first 4-star international resort hotel on the island, two 18-hole signature golf courses and 57 units of bungalow housing costing S$240 million. From 1981 to 1984, Mr Wong was recruited by the Singapore Public Service Commission office in London to join the Economic Development Board as a Senior Industry Officer. His responsibilities included the promotion and development of investments in the area of manufacturing of Industrial Machinery and Tools and Dies.

Mr Wong is not a director of any other public companies in Malaysia and has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has had no conviction for offences within the past 10 years other than traffic offences, if any.

He attended four (4) Board of Directors' Meetings of the Company held during the financial year ended 31 December 2014.

DATO' LIM KIM HUAT
(55 years of age – Malaysian)
Managing Director

Dato' Lim was appointed as Managing Director of the Company and a member of the Remuneration Committee on 15 September 2009.

He is a certified public accountant by profession and is a member of The Malaysian Institute of Certified Public Accountants.

He started his career with PricewaterhouseCoopers in Kuala Lumpur in 1980 before moving on to the commercial sector. Through his involvement as senior management personnel with various companies in Malaysia, Dato' Lim has extensive exposure and experience in diverse industries such as manufacturing, trading, property development, leisure and entertainment and food services.

Dato' Lim sits on the board of Widetech (Malaysia) Berhad and Golden Agro Plantation (Mukah) Berhad (formerly known as Sun White Resources Sdn Bhd). He has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has had no conviction for offences within the past 10 years other than traffic offences, if any.

As at 30 April 2015, Dato' Lim has direct interest of 87,750,000 ordinary shares of RM0.15 each and Warrants of 9,750,000 in the Company. He attended four (4) Board of Directors' Meetings of the Company held during the financial year ended 31 December 2014.

LOI HENG SEWN
(55 years of age – Malaysian)
Non-Independent
Non-Executive Director

Mr Loi was appointed as Non-Executive Director of the Company on 28 September 2006 and was redesignated as Executive Director on 12 November 2009. He was then redesignated as Non-Independent Non-Executive Director on 30 November 2012 and is a member of the Nomination Committee.

He graduated from Bachelor of Business Administration (Management) from Lakehead University, Thunder Bay, Ontario, Canada. He started his career with MBF Group of Companies as a member of Senior Management Team. He was also a member of the Board of Directors on some of the MBF Group of companies.

He started his own business since 1999 before his appointment as Director of the Company.

Mr Loi is not a director of any other public companies and has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has had no conviction for offences within the past 10 years other than traffic offences, if any.

As at 30 April 2015, Mr Loi has direct interest of 28,300,000 ordinary shares of RM0.15 each and Warrants of 450,000 in the Company. He attended all the five (5) Board of Directors' Meetings of the Company held during the financial year ended 31 December 2014.

CHEONG MARN SENG
(50 years of age – Malaysian)
Independent Non-Executive Director

Mr Cheong was appointed as a Director of the Company on 28 September 2006. He is a member of the Audit Committee, Nomination Committee and Remuneration Committee.

He holds a Bachelor of Commerce degree in economic and finance from The University of Melbourne, Australia and is a Chartered Accountant of The Malaysian Institute of Accountants. He has wide experience and knowledge in corporate finance, after working in the corporate finance department of an investment bank for over 8 years in senior management position. Prior to his stint with the investment banking industry, he was attached to two international accounting firms for several years in the audit and financial service division.

Mr Cheong has since 2001 been an executive director of Lien Hoe Corporation Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad.

He has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has had no conviction for offences within the past 10 years other than traffic offences, if any.

As at 30 April 2015, Mr Cheong has direct shareholdings of 9,000 ordinary shares of RM0.15 each in the Company. He attended all the five (5) Board of Directors' Meetings of the Company held during the financial year ended 31 December 2014.

LETTER TO SHAREHOLDERS

Dear Valued Shareholders,

We take great pleasure in presenting to you the annual report and audited financial statements of AbleGroup Berhad ('the Company') for the year ended 31 December 2014.

We are happy to report that 2014 has been a year where the Company had turned around and returned to profitability. During the year, the Group secured contracts for the supply and installation of marble totaling more than RM50 million and the projects are expected to be completed in 2015.

REVIEW OF OPERATIONS

For 2014, the Group achieved a significant jump on its revenue to about RM18.75 million, an increase of 265% compared to the revenue of RM5.14 million in 2013. The higher turnover is mainly due to two large marble contracts secured during the year namely the Damansara City Residency located at Damansara Height and Le Nouvel Serviced Apartment located in front of KLCC.

From the two large contracts, the Group turned around with profit after tax of RM0.25 million compared to a loss of RM1.06 million in 2013.

For property development, while there was no contribution this year, the Group continues to monitor the subdued market conditions and will launch its maiden property project when the sector displays signs of improvement. In the meantime, we continue to push through with obtaining the necessary development approvals and product refinement in support of a timely launch.

LOOKING AHEAD

We expect the market conditions to improve in the second half of the 2015 and will focus on the completion of secured contracts as well as signing more contracts. In the meantime, the Group is looking at improving efficiencies and cost controls in its operations and execution of contracts.

On the property side, the project will be launched when market conditions are more favourable and we expect it to substantially contribute to the Group's revenue and profit then.

ACKNOWLEDGEMENTS

On behalf of the board, we wish to express our appreciation to our stakeholders, shareholders, customers, vendors, financiers, and business associates for their support.

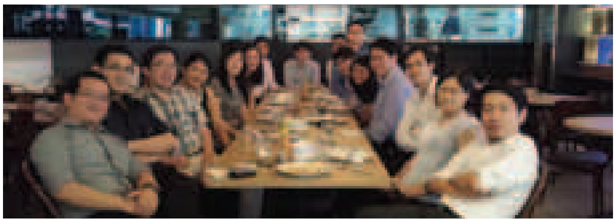
We also wish to thank our employees for their service and dedication and our fellow directors for their valued counsel and advice.

Yeoh Chong Keat
Chairman

Dato' Lim Kim Huat
Managing Director

OUR CORPORATE SOCIAL RESPONSIBILITY ("CSR") PROGRAMME INSPIRED US TO BUILD A BETTER LIVING ENVIRONMENT, NOT ONLY FOR THE CURRENT BUT ALSO FOR FUTURE.

The Board and Management acknowledged the significance of CSR in promoting good corporate governance practices. A good blend of CSR would mutually ensure the sustainability and success of a business in its inspiration on the corporate strategies which drawn on the same elements of accountability, honesty, transparency and sustainability. We conduct our business in an open, ethical and responsible that aligns with aspiration of society, local community, staff, suppliers, customer and other stakeholders.



Our CSR initiatives are based on three core values;

(A) Employees;
(B) Community; and
(C) Environment.

During the financial year 2014, the Group through its subsidiaries have participated in the following activities:-

(A) FOR EMPLOYEES ...

- We believe human capital is extremely importance and a happy staff is a more productive staff and we are committed to maintaining staff morale at the present high level.
- Gathering occasions such as lunches and dinners held for employees to foster relationship among employees.
- The Group organized a day trip to the Forest Research Institute Malaysia (FRIM) to encourage staff to stay healthier by enjoying the environmental walk and enjoy the hiking.

(B) FOR COMMUNITY ...

We are always inspired when we perform our corporate social responsibility activities. We are more than happy to bring comfort and cheer to the needy. By caring for others, we are setting a good example for the rest of society.

- The Group had made its contributions back to society a cornerstone of its CSR activities. The Group recognizes that the community plays an important role in driving the success of our business and in return that the Group pay a part in enhancing the community.

- The main focus of the Group CSR activities for the year 2014 is on the poor and disable person. The Group made its donation to an association namely Pertubuhan Membantu Pesakit Parah Miskin Malaysia ("PMPPM") where such association rile is obtaining aid for the terminally ill and needy patient who have been referred by the medical Social Welfare Department at hospital. The aid is in the form of medical equipment, prosthess, wheelchairs, asthma, colostomy bags, walking fame, ripple mattress and disposable napkins for children.

- We are always ready to reach out and make a difference in the lives of the underprivileged. We are certainly looking forward to out future charitable activities.

(C) FOR ENVIRONMENT ...

The Company has begun in creating the awareness and importance of environmental sustainability.

A. Earth Hour 2014

Earth Hour is the world's largest public action for the environment. Since its inception in 2007, Earth Hour has grown into a global movement with hundreds of millions of people from more than 7,000 cities and towns in over 150 countries across every continent switching off their lights for Earth Hour 2013.

29 MARCH 2014, 8.30PM

EARTH HOUR

We Need You, Every Action Count

Earth Hour is a global environmental initiative. We urged your participation in the Earth Hour 2014. Everyone is invited to turn off their lights for one hour on Saturday, 29 March 2014 at 8.30pm (local time) to show support for environmentally sustainable action.

Together we work for better future

—

Avengers we formed,
Befriend to Mother Earth,
Little savings of lights,
Everyone's a superhero.

—

We need your participation on energy savings!

—

Everyone has power to make real change and impact in the world. Including you. We are inviting you to join us in our global movement.

Simply turn off non-essential electrical items, just for an hour from 8.30pm on 29 March 2014.

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- The Company pledged in the Earth Hours 2014 which was held on 29th March 2014, from 8.30pm to 9.30pm by registering to the relevant official website such as the www.earthhour.org and the www.wwf.org.my. This is not the first time the Company participated on such event except that the Company is now moving forwards to create greater awareness to its employees, customer and other stakeholders.

- The Company switch off all non-essential lights on the Earth Hour 2014 at the Company's premises and the Company shall continuously maintain this best practice.

- The Company encourage and promote the employees to participate in the Earth Hour Day by pledging to switch off non-essential light in the Earth Day from 8.30pm to 9.30pm on 29th March 2014.

- The Company circular Company memo to promote the awareness of Earth Hour 2014 and creates posters / flyers in conjunction with Earth Hour 2014. This flyers are distributed to the employees, partners, suppliers, customers and other stakeholder to create awareness and educating people to care for the Mother Nature by participating in the Earth Hour 2014.

- The Company encourage its partners, suppliers and customers to pledge together on Earth Hour 2014 as more corporate participated create greater effect.

- As part of our commitment to the environment, we joined millions of people around the world in observing the WWF Earth Hour on 29th March 2014.

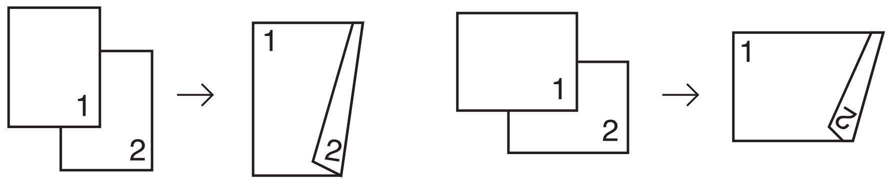
B. Usage of papers

The Company aware that the importance of papers and the volume of usage. As such, conservative of environmental awareness are communicated among the employees. The Company's initiatives in undertaken the following actions with the aim of preserving the environment through:

- Communication via emails to reduce usage of papers on letter or memos;
- Only necessary documents or email required is printed;
- Staff are encourage to print on double-sided to reduce usage of papers and reuse recycled paper if possible;
- Purchase of the Company printing papers is selected from manufacturer that are sourcing and practicing in sustainable forestry. A Sustainable forestry is a valuable tool and management posture to help ensure us to retain for future of the forest resource opportunities we have for today;
- Unused papers, recycle papers and boxes are send for recycling instead of discard to rubbish bin. All the sale proceed from recycle items were donated to charity organisation at Sg. Buloh.

(long edge flip)

Potrait Landscape



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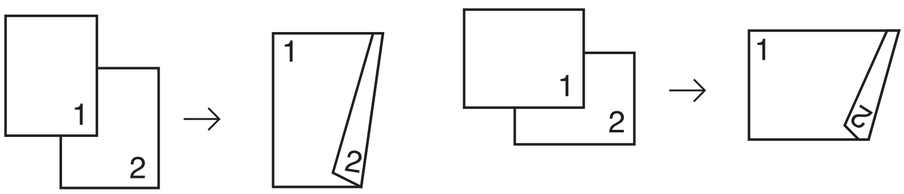
Potrait Landscape



STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors of AbleGroup Berhad recognizes the importance of practising good corporate governance and is fully committed to ensuring that the Group practices the highest standard of corporate governance and transparency in line with the Malaysian Code on Corporate Governance 2012 ("Code") to achieve the Group's governing objective of enhancing shareholders' value.

The application of the Code by the Group and the extent of compliance with the prescribed recommendations are reported with exceptions stated herein.

PRINCIPLE 1 : ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Clear functions of the Board and Management

The Group is controlled and led by a dynamic and experienced Board, with high personal integrity, business acumen and management skills, which is primarily entrusted with the responsibility of charting the direction of the Group.

In line with the Code, the roles and responsibilities of the Chairman and Managing Director are separated. The responsibility of Chairman is primarily to ensure that the conduct and working of the Board is in an orderly and effective manner whilst the Managing Director manages the daily running of business and implementation of Board policies. The Managing Director is accountable for the operation and strategic development of the Group, and obliged to refer major matters to the Board.

Clear Roles and Responsibilities

There are 5 members on the Board of Directors, comprising the Managing Director and 4 Non-Executive Directors, 3 of whom including the Chairman of the Board are Independent. This separation of the role of Managing Director and Chairman ensures that there is an appropriate balance of power and authority with clear divisions of responsibilities and accountability.

The majority of the Board comprises Independent Directors who are essential in providing unbiased and independent opinion, advice and judgement thus play a key role in corporate accountability. All Independent Directors act independently of Management and are not involved in any other relationship with the Group that may impair their independent judgement and decision-making. The main duties and responsibilities of the Board comprise the following:-

- Setting the objectives, goals and strategic plan for the Company with a view to maximizing shareholder value;
- Adopting and monitoring progress of the Company's strategy, budgets, plans and policies;
- Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed;
- To consider and approve reserved matters covering corporate policies, material investment and acquisition/disposal of assets;
- Identifying principal risks and ensure implementation of appropriate systems to manage these risks;
- Promote better investor relations and shareholder communications;
- Reviewing the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines; and
- Reviewing the term of office and performance of the Audit Committee and each of its members at least once in every three (3) years to determine whether the Audit Committee members have carried out their duties in accordance with their terms of reference.

The Board is satisfied with its current composition which comprises a balanced mix of skills, knowledge and experience in the business and management fields which are relevant to enable the Board to carry out its responsibilities in an effective and efficient manner.

Code of Ethics and Conduct

The Board will put in place a code of ethics and conduct which sets out the standard of conduct expected of Directors with the aim to cultivate good ethical conduct, amongst others.

Access to Information and Professional Advice

Each Board Member receives regular reports, including a comprehensive review and analysis of the Group's performance. Prior to Board meetings, an agenda together with the relevant documents and information are distributed to all Directors. The Managing Director and/or the Group Chief Financial Officer will provide comprehensive explanation of pertinent issues and recommendations by the Management. The issues will then be deliberated and discussed thoroughly by the Board prior to decision-making. Proceedings of Board meetings are recorded and signed by the Chairman of the meeting.

Apart from the above, the Board members are updated on the Company's activities and its operations on a regular basis. The Board is reminded quarterly of the closed periods for dealings in the securities of the Company based on the targeted date of announcement of the Group's interim financial results. All Directors whether as a full board or in their individual capacity have access to all information of the Company on a timely basis in an appropriate form and quality necessary to enable them to discharge their duties and responsibilities.

Qualified and competent Company Secretary

Every Director has ready and unrestricted access to the advice and the services of the Company Secretary in ensuring the effective functioning of the Board. The Company Secretary ensure that Board policies and procedures are both followed and reviewed regularly and have the responsibility in law to ensure that each Director is made aware of and provided with guidance as to their duties, responsibilities and powers.

Board Charter

The Board has adopted a Board Charter which sets out the Board's strategic intent and outlines the Board's roles and functions, amongst others. The Board Charter is a source reference and primary induction literature, providing insights to prospective Board members and Senior Management.

The Board Charter is reviewed periodically and updated in accordance with the needs of the Company to ensure its effectiveness and consistency with the Board's objectives and corporate vision.

A copy of the Board Charter is accessible for reference on our corporate website, www.ablegroup.com.my.

PRINCIPLE 2 : STRENGTHEN COMPOSITION

Board Composition

The Board presently comprises one (1) Managing Director, three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The profiles of the Directors are set out on pages 4 to 8 of this Annual Report.

The Board has delegated specific power and responsibilities to three (3) Board Committees namely Audit, Remuneration and Nomination Committees all of which have the authority to deal with particular issues and report to the Board with recommendations. The terms of reference, function and activities undertaken by these Committees are elaborated in their respective report set out in this Annual Report.

Re-election of Directors, Retirement of Directors by Rotation and Assessment of Independence of Independent Directors

In accordance with the Company's Articles of Association, all directors who are appointed by the board are subject to re-election by shareholders at the first opportunity after their appointment. The Articles also provide that at least one-third of the remaining directors be subject to re-election by rotation at each Annual General Meeting.

The Code recommends that the Board should undertake an assessment of its independent directors annually. The Nomination Committee ("NC") is charged with the responsibility of overseeing the above. Details on the assessment of the independence of independent directors are further described in the ensuing paragraphs.

Boardroom Diversity

The Board has no immediate plans to implement a gender, ethnic and age diversity policy as it is of the view the Board membership should be determined based on a candidate's skills, experience and other qualities regardless of gender and ethnicity.

Directors' Remuneration

The objective of the Group is to ensure that the Group attracts and retains Directors of the calibre needed to run the Group successfully. The Executive Directors are to be appropriately rewarded giving due regard to the corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the Non-Executive Directors concerned.

The remuneration of the Executive Directors is performance related which are if not higher are compatible to the market rate in order to attract, motivate and retain them to run the Company. The Company also reimburses reasonable expenses incurred by Directors where required, in the course of carrying out their duties as Directors. The determination of remuneration packages of Non-Executive Directors should be a matter for the Board as a whole.

Directors will abstain from discussion and voting on decisions in respect of their own remuneration. The aggregate annual Directors' fees are to be approved by shareholders at the Annual General Meeting based on recommendation of the Board.

Details of Directors' remuneration for the financial year ended 31 December 2014 are set out below:-

	Group		
Remuneration	**Executive Directors (RM'000)**	**Non-Executive Directors (RM'000)**	**Total (RM'000)**
Directors' fees	-	164	164
Salaries, bonus and other emolument	120	-	120
Defined contribution plan	14	-	14
Total	134	164	298

The number of Directors whose total remuneration for the financial year ended 31 December 2014 fall within the respective bands is as follows:-

	Group Number of Directors	
Range of remuneration	**Executive**	**Non-Executive**
RM1 to RM50,000	-	4
RM50,001 to RM100,000	-	-
RM100,001 to RM250,000	1	-
RM250,001 to RM300,000	-	-
Total	1	4

PRINCIPLE 3 : REINFORCE INDEPENDENCE

Annual Assessment of Independent Directors

The Board in recognising the importance of independence and objectivity in the decision-making process, had undertaken annual assessment of the independence of its Independent Directors. The Board and NC have upon their annual assessment, concluded that each of the three (3) Independent Non-Executive Directors continues to demonstrate conduct and behaviour that are essential indicators of independence, and that each of them continues to fulfil the prescribed definition and established criteria of independence.

Tenure of Independent Directors

The Board notes the Code's recommendation that the tenure of an Independent Director should not exceed a cumulative term of 9 years. The NC and the Board have deliberated on the said recommendation and is of the view that a Director's independence cannot be determined solely with reference to tenure of service. The Group benefits from having long serving directors who have accumulated valuable knowledge of the Group's operations and have shown competence in advising and overseeing the management of the Group.

The NC and the Board after having reviewed and assessed the independence of Mr. Cheong Marn Seng, who will have served for a period of 9 years by 27 September 2015, considers him to be independent and remain unbiased, objective and independent in expressing his opinions and in participating in the decision making of the Board. He has also devoted sufficient time and attention to his responsibilities as an Independent Director besides exercising due care during his tenure as Independent Director of the Company and carrying out his duty in the best interest of the Company and shareholders.

The length of his services on the Board has not in any way interfered with the objective and independent judgement in carrying out his role as member of the Board and relevant Committees. Furthermore, his pertinent expertise, skills and detailed knowledge of the Group's businesses and operations enable him to make significant contributions actively and effectively to the Company's decision making during deliberations or discussions.

In this respect, the Board proposes to retain Mr. Cheong Marn Seng as Independent Director of the Company and will table the relevant proposal to retain him as Independent Director for shareholders' approval at the forthcoming AGM of the Company. The Board through the NC will continue to review, evaluate and assess whether the Independent Directors can continue to act in the best interests of the Company and bring independent and professional judgement to Board's deliberations.

PRINCIPLE 4 : FOSTER COMMITMENT

Time Commitment

Directors are expected to give sufficient time and attention to carry out their responsibilities. In this regard, annual corporate timetable is prepared and circulated to the Board to provide the proposed scheduled date of meetings of the Board and Board Committees to enable the Directors to plan ahead.

The Board Charter sets out a policy where a director shall notify the Chairman before accepting any new directorship and indicate the time to be spent on the new appointment. The current Directors are able to devote sufficient time commitment to their roles and responsibilities as Directors of the Company.

Board Meetings

The Board meets on a quarterly basis with additional meetings held whenever necessary. There were five (5) board meetings held during the financial year ended 31 December 2014 and the attendance record is as follows:-

Directors	Attendance
Mr Yeoh Chong Keat	5/5
Mr Wong Heang Fine	4/5
Dato' Lim Kim Huat	4/5
Mr Loi Heng Sewn	5/5
Mr Cheong Marn Seng	5/5

Directors' Training

The Board acknowledges the fact that continuous education is vital for the Board members to gain insight and keep abreast with the state of economy, manufacturing, technological advances in the core business, latest regulatory developments and management strategies.

The Training Programmes attended by Directors during the financial year ended 31 December 2014 are summarised as follows:-

Date of Training	Subject
12 & 13 August 2014	National Tax Conference 2014
29 October 2014	2015 Budget Seminar

The Board will evaluate the training needs of its directors on a continuous basis and determine the relevant programmes, seminar and briefings that will enhance their knowledge and enable them to discharge their duties effectively.

PRINCIPLE 5 : UPHOLD INTEGRITY IN FINANCIAL REPORTING

Compliance with Applicable Financial Reporting Standards

Financial Reporting

The Board aims to present a balanced, insightful and timely assessment of the Group's financial position, performance and prospects by ensuring quality financial reporting through the annual audited financial statements and quarterly financial results to its stakeholders, in particular, shareholders, investors and the regulatory authorities.

The Board is responsible for ensuring that appropriate accounting policies have been consistently applied and that the financial statements comply with the applicable financial reporting standards and the relevant provisions of laws and regulations.

The Audit Committee assists the Board in reviewing the information for disclosure to ensure the quality of financial reporting and adequacy of such information, prior to submission to the Board for approval.

Suitability and Independence of External Auditors

Through the AC, the Company has established a transparent and professional relationship with the auditors. The AC met the external auditors at least twice during the year under review without the presence of the Executive Directors and Management to allow the AC and the external auditors to exchange independent views on matters which require the Committee's attention.

The suitability and independence of external auditors are also consistently reviewed by the AC.

A summary of the activities of the AC during the year under review is set out in the AC Report on page 23.

PRINCIPLE 6 : RECOGNISE AND MANAGE RISKS

Internal Control

The Board acknowledges its overall responsibility for maintaining a sound system of internal controls that provides reasonable assessment of effective and efficient operations, internal financial controls and compliance with laws and regulations as well as with internal procedures and guidelines. The effectiveness of the systems of internal controls of the Group is reviewed periodically by the Audit Committee.

PRINCIPLE 7 : ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

The Company and the Group are committed to a policy which provides accurate, balanced, clear, timely and complete disclosure of corporate information to enable informed and orderly market decisions by investors. Importance is also placed on timely and equal dissemination of material information to the stakeholders, media and regulators.

Material information will in all cases be disseminated broadly and publicly via Bursa Malaysia, and other means. Interested parties may also obtain the full financial results and the Company's announcements from the Company's website at www.ablegroup.com.my which are also posted on the Bursa Malaysia's website.

PRINCIPLE 8 : STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

Relationship with Shareholders and Investors

The Board values dialogue with its shareholders and investors through the maintenance of an open communication policy with investors and shareholders alike. In ensuring effective communication, the various means and forums such as press releases, public announcements on quarterly basis, annual report, disclosures to the Bursa Malaysia Securities Berhad and other Group activities are made.

The Board has not identified a senior independent director as the Board believes that all concerns of shareholders can be effectively conveyed to the Chairman or Managing Director.

At each Annual General Meeting and/or Extraordinary General Meeting, Executive Directors and, where appropriate, the Chairman are available to respond to shareholders' questions during the meetings.

In addition to its published Annual Report and Quarterly Reports announced to Bursa Malaysia Securities Berhad, the Group has established a website at www.ablegroup.com.my from which shareholders can assess for information.

Annual General Meeting

The Annual General Meeting of the Company provides the principal forum for dialogue and interaction between the Board and the shareholders. The participation of shareholders, both individuals and institutional at general meetings on clarifications of pertinent and relevant information is encouraged.

The Board has adopted the best practice of informing shareholders at the general meeting on their voting rights, in line with the recommendation under the Code.

The Code states that the Board should encourage poll voting for substantive resolution. The Board is of the opinion that currently the number of shareholders and level of attendance at general meetings do not warrant the introduction of poll voting for substantive resolution. The Company will introduce electronic voting when appropriate.

AUDIT COMMITTEE REPORT

The Audit Committee of AbleGroup Berhad is pleased to present the following report for the financial year ended 31 December 2014.

COMPOSITION OF AUDIT COMMITTEE

The Audit Committee currently consists of three (3) members, all of whom are Independent Non-Executive Directors A total of five (5) Audit Committee meetings were held during the financial year ended 31 December 2014 and the details of attendance are as follows:-

Director	Designation	Attendance
Mr Wong Heang Fine (Chairman of AC)	Independent Non-Executive Director	4/5
Mr Yeoh Chong Keat	Independent Non-Executive Director	5/5
Mr Cheong Marn Seng	Independent Non-Executive Director	5/5

TERMS OF REFERENCE

Constitution

The Board of Directors has established a Committee of the Board known as the Audit Committee (hereinafter referred to as "the Committee"). The Committee assists the Board in fulfilling its fiduciary responsibilities relating to corporate accounting, financial reporting practices, system of internal control, the audit process and the process of monitoring compliance with laws and regulations.

Membership

1. The Committee shall be appointed by the Board of Directors from amongst the Directors of the Company and shall comprise of at least three (3) members, all of whom must be non-executive directors, with a majority of them being independent.

2. At least one member of the Committee:-
   (i) must be a member of the Malaysian Institute of Accountants; or
   (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:-
      - he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
      - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
   (iii) fulfils such other requirements as prescribed or approved by the Exchange.

3. No alternate director shall be appointed as a member of the Committee.

4. The members of the Committee shall elect a Chairman from among their number who shall be an Independent Director.

5. The Company Secretary or such other persons authorised by the Board of Directors shall act as the Secretary to the Committee.

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

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

Meetings and Minutes

8. The Committee shall meet at least four (4) times in a financial year, although additional meetings may be called at any time at the Committee Chairman's discretion.

9. The quorum for a meeting of the Committee shall consist of not less than two (2) members, majority of whom must be Independent Directors.

10. Other than in circumstances which the Chairman of the Committee considers inappropriate, the Chief Financial Officer, the representatives of the internal auditors and external auditors will attend any meeting of the Committee to make known their views on any matter under consideration by the Committee or which in their opinion, should be brought to the attention of the Committee. Other Board members, employees and external professional advisers shall attend any particular meetings upon invitation by the Committee.

11. At least once in a financial year, the Committee shall meet with the external auditors without the Executive Directors being present.

12. The Committee shall report to the Board and its minutes tabled and noted by the Board of Directors. The books containing the minutes of proceedings of any meeting of the Committee shall be kept by the Company at the registered office or the principal office of the Company, and shall be open for inspection of any member of the Committee and the Board of Directors.

Authority

13. The Committee is authorised by the Board to investigate any matter within the Committee's terms of reference. It shall have full and unrestricted access to any information pertaining to the Group and shall have the resources it requires to perform its duties. All employees of the Group are required to comply with the requests made by the Committee.

14. The Committee is authorised by the Board to obtain outside legal or external independent professional advice and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary, the expenses of which will be borne by the Company.

15. The Committee shall have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity.

16. The Committee shall be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary, in order to enable the Committee and the external auditors or the internal auditors or both, to discuss problems and reservations and any other matter the external auditors or internal auditors may wish to bring up to the attention of the Committee.

17. The Internal Auditors report directly to the Committee and shall have direct access to the Chairman of the Committee on all matters of control and audit. All proposals by Management regarding the appointment, transfer and removal of senior staff members of the Internal Audit of the Group shall require prior approval of the Committee. The Committee is also authorised by the Board to obtain information on any resignation of internal audit staff members and provide the staff member an opportunity to submit his reasons for resigning.

Functions and Duties

18. The Committee shall, amongst others, discharge the following functions:-

    18.1 Review the following and report the same to the Board of Directors of the Company:-

    (a) with the external auditors, the audit plan, the nature and scope of work and ascertain that it will meet the needs of the Board, the shareholders and regulatory authorities;

    (b) with the external auditors, their evaluation of the quality and effectiveness of entire accounting system, the adequacy and integrity of the internal control system and the efficiency of the Group's operations;

    (c) with the external auditors, their audit report;

    (d) the assistance given by employees of the Group to the external and internal auditors;

    (e) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work including inter-alia the appointment of internal auditors;

    (f) the internal audit programme, processes and results of the internal audit programme, processes, major findings of internal investigation and Management's response and whether or not appropriate action is taken on the recommendations of the internal audit function;

    (g) review any appraisal or assessment of the performance of members of the internal audit function;

    (h) the quarterly results and annual financial statements prior to the approval by the Board of Directors, focusing particularly on:-

        (i) changes in or implementation of major accounting policies and practices;
        (ii) significant and unusual events;
        (iii) significant adjustments arising from the audit;
        (iv) compliance with accounting standards, other statutory and legal requirements and the going concern assumption;
        (v) the accuracy and adequacy of the disclosure of information essential to a fair and full presentation of the financial affairs of the Group;

    (i) any related party transactions and conflict of interest situations that may arise within the Company or Group and any related parties outside the Group including any transaction, procedure or course of conduct that raises questions of management integrity;

    (j) any letter of resignation from the external auditors of the Company;

    (k) whether there is reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment; and

    (l) any significant audit findings, reservations, difficulties encountered or material weaknesses reported by the external and internal auditors, particularly any comments and responses in Management letters as well as the assistance given by the employees of the Group in order to be satisfied that appropriate action is being taken.

    18.2 Recommend the nomination of a person or persons as external auditors and the external audit fee.

    18.3 Promptly report to Bursa Malaysia Securities Berhad on any matter reported by it to the Board of the Company which has not been satisfactorily resolved resulting in a breach of Bursa Malaysia Securities Berhad's Listing Requirements.

    18.4 Carry out any other functions that may be mutually agreed upon by the Committee and the Board of Directors which would be beneficial to the Company and ensure the effective discharge of the Committee's duties and responsibilities.

    18.5 To ensure the internal audit function of the Company reports directly to the Committee.

SUMMARY OF ACTIVITIES

During the financial year, the Audit Committee in the discharge of its duties and functions carried out the following activities:-

(a) Reviewed the unaudited quarterly financial results and audited financial statements for the Group to ensure compliance with approved accounting standards and adherence to other regulatory requirements prior to submission to the Board for consideration and approval;

(b) Reviewed the report from the External Auditors arising from the audit of the Group and seeks clarification and explanations from Management on issues highlighted in the audit report;

(c) Reviewed and discussed with the External Auditors on their audit plan and timetable, the nature and scope of work as well as new developments on accounting standards and regulatory requirements;

(d) Reviewed the assistance provided by Management to the External Auditors during the course of their audit;

(e) Reviewed the Internal Audit Report on Collections and Progressive Claims and Inventory Management;

(f) Reviewed the Internal Audit Plan submitted by the Internal Auditors;

(g) Reviewed the re-appointment of the External Auditors against the evaluation criteria provided in the Listing Requirements and the audit fees;

(h) Review the recurrent related party transactions; and

(i) Reviewed the draft Audit Committee Report and Statement on Risk Management and Internal Control for inclusion in the 2013 Annual Report.

INTERNAL AUDIT FUNCTION

The Audit Committee is supported by the Internal Audit Department ("IAD") in discharging its duties and responsibilities. The internal audit function is established to add value and improve the Company's operations and also to ensure consistency in the control environment and the application of policies and procedures. The in-house internal audit function provides an independent and objective feedback to the AC and the Board on the adequacy, effectiveness and efficiency of the internal control system within the Group. The Internal Auditors report to the AC on their audit findings, their recommendations of the corrective actions to be taken by Management together with Management's responses in relation thereto. The Internal Auditors will follow up on the implementation of their recommendations by Management.

The Audit Committee ensure that the internal auditors are given full access to all documents relating to the Company's governance, financial statements and operational assessments, and direct access to the Audit Committee.

The IAD undertakes internal audit functions based on the audit plan that has been reviewed and approved by the Audit Committee. The audit plan covers review of the adequacy of operational control, risk management, compliance with established policies and procedures, laws and regulations.

The Internal Auditors had during the financial year carried out internal audit review on Collections and Progressive Claims and Inventory Management of Syarikat Bukit Granite Sdn Bhd with the relevant audit report prepared and submitted for AC's review. It was reported that overall, the internal control for the key areas reviewed are in place and adequate and there are no major exceptions noted and reported by the Internal Auditors that requires AC's attention.

This Report is made in accordance with the resolution passed at the Board of Directors' Meeting held on 24 April 2015.

REMUNERATION COMMITTEE REPORT

The Remuneration Committee of AbleGroup Berhad is pleased to present the following report for the financial year ended 31 December 2014.

COMPOSITION OF REMUNERATION COMMITTEE

The members of the Remuneration Committee comprises:-

Director	Designation
Mr Yeoh Chong Keat (Chairman of RC)	Independent Non-Executive Director
Dato' Lim Kim Huat	Managing Director
Mr Cheong Marn Seng	Independent Non-Executive Director

TERMS OF REFERENCE OF REMUNERATION COMMITTEE

Constitution

The Board has established a Committee of the Board to be known as the Remuneration Committee.

Membership

- The Committee shall be appointed by the Board from amongst the directors of the Company and shall consist mainly of non-executive directors. A quorum shall be two (2) members.
- The members of the Committee shall elect a Chairman from among their members.
- If a member of the Committee resigns or for any other reason ceases to be a member with the result that the number of members is reduced below three (3), the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

Objective

Remuneration of directors and senior management should be determined so as to ensure that the Company attracts and retains the directors and senior management needed to run the Group successfully. The component parts of remuneration should be structured so as to link rewards to corporate and individual performance, in the case of executive directors and senior management staff.

Functions

The functions of the Committee shall be:-

1. Recommend to the board the framework of executive remuneration and its cost, and the remuneration package for each executive director and senior management staff, taking into account the performance of the individual, the inflation price index and information from independent sources on the rates of salary for similar jobs in a selected group of comparable companies.
2. To reimburse reasonable expenses incurred by the directors and senior management staff in the course of their duties.
3. To review and determine the bonus scheme for the executive directors and senior management depending on various performance measurements of the Group.
4. To review and determine the other benefits in kind for the executive directors and senior management.
5. To review the executive directors' service contracts (if any).

Reporting Procedures

- The remuneration of directors and senior management shall be the ultimate responsibility of the full board after considering the recommendations of the Committee.
- Directors do not participate in decisions on their own remuneration packages.

ACTIVITIES OF THE REMUNERATION COMMITTEE

The Committee met on 24 April 2015 after the financial year ended 31 December 2014 to review the remuneration packages of the Executive Director of the Company as well as Directors' fees for the financial year ending 31 December 2015.

NOMINATION COMMITTEE REPORT

The Nomination Committee of AbleGroup Berhad is pleased to present the following report for the financial year ended 31 December 2014.

COMPOSITION OF NOMINATION COMMITTEE

The members of the Nomination Committee comprises:-

Director	Designation
Mr Wong Heang Fine (Chairman of NC)	Independent Non-Executive Director
Mr Cheong Marn Seng	Independent Non-Executive Director
Mr Loi Heng Sewn	Non-Independent Non-Executive Director

TERMS OF REFERENCE OF NOMINATION COMMITTEE

Constitution

The Board has established a Committee of the Board to be known as the Nomination Committee.

Membership

- The Committee shall be appointed by the Board from amongst the directors of the Company and shall comprise exclusively of non-executive directors, the majority of whom are independent. A quorum shall be two (2) members.

- The members of the Committee shall elect a Chairman from among their members.

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

Functions

The functions of the Committee shall be:-

1. Proposing new nominees for appointment to the Board of Directors.

2. Assessing directors on an on-going basis, the effectiveness of the board and the contribution of each individual director.

3. Recommend to the board, directors to fill the seats on other board committees.

4. Review annually the mix of skills and experience and other qualities of the board members.

5. Orientating and educating new directors as to the nature of the business, current issues within the company and the corporate strategies, the expectations of the company concerning input from the directors and the general responsibilities of directors.

6. Review and recommend to the board the proposed appointment of senior management staff to the company.

7. Recommend to the Board the re-election/re-appointment of directors who retire at annual general meetings.

8. Assess the independence of the Independent Directors upon admission, annually and when any new interest or relationship develops and confirm the conduct of this assessment in the annual report of the Company.

Re-election of Directors, Retirement of Directors by Rotation and Assessment of Independence of Independent Directors

In accordance with the Company's Articles of Association, all directors who are appointed by the board are subject to re-election by shareholders at the first opportunity after their appointment. The Articles also provide that at least one-third of the remaining directors be subject to re-election by rotation at each Annual General Meeting.

The Code recommends that all independent directors who have served 9 years or more be put up for re-election annually, with justification from the Board on their continued independence, relevance and contributions to the Company.

It is proposed that the above should also come under the purview of the Nomination Committee.

Reporting Procedures

- The actual decision as to who shall be appointed to the Board and Senior Management should be the responsibility of the full board after considering the recommendations of the Committee.

- Reporting to the full board from time to time its recommendations for consideration and implementation.

ACTIVITIES OF THE NOMINATION COMMITTEE

The Committee met on 24 April 2015 after the financial year ended 31 December 2014 to review the size and composition of the Board as well as to assess the effectiveness and performance of the Board, the Directors and the Board Committees. The Committee also determined which directors would stand for re-election at the Company's forthcoming Annual General Meeting.

In accordance with the Code, the Committee assisted the Board to assess the independence of the Independent Directors of the Company for endorsement by the Board.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors of AbleGroup Berhad is pleased to present its Statement on Risk Management and Internal Control for the financial year ended 31 December 2014, which has been prepared pursuant to paragraph 15.26(b) of Bursa Malaysia Securities Berhad Listing Requirements and in accordance with the Statement on Risk Management & Internal Control (Guidelines for Directors of Listed Issuers) ("Risk Management and Internal Control Guidelines"). The statement below outlines the nature and scope of internal controls of the Group during the financial year under review.

BOARD RESPONSIBILITY

The Board acknowledges its responsibility and re-affirms its commitment in maintaining a sound risk management and internal control system to safeguard interest of shareholders, customers, employees and the Group's assets. The responsibility of reviewing the adequacy and integrity of the Group's risk management and internal control system is delegated to the Audit Committee, which is empowered by its terms of reference to seek assurance on the adequacy and integrity of the risk management and internal control system through independent reviews carried out by the internal audit function and management.

The Board in consultation with the Audit Committee has appraised the adequacy and effectiveness of risk management and internal control processes which were in place during the financial year under review. Assurance has been received by the Board from the Managing Director and Group Chief Financial Officer that the Company's risk management and internal control system is operating adequately and effectively in all material aspects and there are no major weaknesses at the existing level of operations of the Group. Recognizing that the internal control system must continuously improve to meet the challenging business environment, the Board will continue to take appropriate action plans to strengthen the Group's risk management and internal control system.

However, as there are inherent limitations in any system of internal controls, such systems put into effect by Management can only reduce but cannot eliminate all risks that may impede the achievement of the Group's business objectives. Therefore, the risk management and internal control system can only provide reasonable and not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

Following the publication of the Risk Management and Internal Control Guidelines, the Board has established an ongoing process in identifying, evaluating and managing significant risks faced by the Group. This ongoing process which includes updating the risk management and internal control system when there are changes in the business environment or regulatory guidelines is reviewed by the Board. The Board is of the view that risk management and internal control system in place for the year under review and up to the date of the issuance of the financial statements is sound and sufficient to safeguard the shareholders' investment, the interests of customers, regulators and employees, and the Group's assets.

RISK MANAGEMENT

On a day-to-day basis, the Heads of Department are delegated the responsibility of identifying, evaluating and managing the risks of their department on an on-going basis. Significant risks identified and the corresponding internal controls implemented are discussed at periodic management meetings attended by the Executive Director. In addition, significant risks identified, material issues and updated information affecting the Group which requires decisions or appropriate actions to be taken are brought to the attention of the Board at their scheduled meetings.

INTERNAL AUDIT FUNCTION

The Board acknowledges the importance of the internal audit function and has conducted an internal audit function based on audit plan as approved by the Audit Committee. The internal audit function adopts risk based approach and prepares its audit plan based on key risks identified. The internal audit provides an assessment of the adequacy and integrity of the Group's system of internal control.

During the financial year under review, the in-house internal auditors had performed audit reviews in accordance with the approved audit plan. The results of their review were tabled to the Audit Committee at their schedule meeting. Senior Management is responsible for ensuring that corrective actions are taken within the stipulated time frame on the reported weaknesses.

The costs incurred in maintaining in-house internal audit function for the financial year ended 31 December 2014 amounted to RM80,000.

OTHER KEY FEATURES OF THE GROUP'S INTERNAL CONTROL SYSTEM

- A well-defined organization structure with clear lines of accountability, which has a delegation of authority that sets out decisions that need to be taken and the appropriate authority levels of management, including matters that require the Board's approval;

- The Audit Committee reviews quarterly financial reports, annual financial statements and the internal audit report on a periodic basis. Discussions with Management were held to deliberate on actions that are required to be taken address internal control matters identified by internal audit function;

- The Audit Committee members are Independent Non-Executive Directors;

- The Managing Director, Group Chief Financial Officer and Senior Management are closely involved in the running of business and operations of the Group. Managing Director and / or Group Chief Financial Officer report to the Board on significant changes in business and external environment, which affect operations of the Group at large;

- Timely and effective internal and external reporting involving the services of qualified professionals such as auditors and Company Secretary;

- Experienced and dedicated teams of personnel across key functional units;

- Regular operational and management meetings. Weekly operational meetings are conducted among senior management to discuss and review the business plans, budgets, financial and operational performances of the Group. Monthly meetings of Department Heads are also held to monitor performances. The quarterly financial statements containing key financial results and comparisons are tabled to the Board for their review. The Management updates the status of tender and project being pursued and current project status during weekly operational meetings; and

- Established internal policies and procedures within the Group.

REVIEW OF THE STATEMENT ON INTERNAL CONTROL

The External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the annual report of the Group for the financial year ended 31 December 2014 pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 revised by Malaysian Institute of Accountants ("MIA") on 11th December 2013 and reported to the Board that nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Controls intended to be included in the annual report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Controls: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

RPG5 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Directors and Management thereon.

After due and careful assessment and based on the information and assurance provided, the Board is satisfied that there were no material losses, contingencies or uncertainties as a result of weakness in the system of internal control save for the findings highlighted by the auditors. The risks are considered to be at an acceptable level within the context of the Group's business environment.

Nevertheless, the Board and Management will continue to take proactive measures to strengthen the control environment and the internal control system of the Group.

The above Statement is made in accordance with the resolution passed at the Board of Directors' meeting held on 24 April 2015.

ADDITIONAL COMPLIANCE INFORMATION

1. **Utilisation of Proceeds**
   The Company did not undertake any fund raising exercise during the financial year ended 31 December 2014.

2. **Share Buy-Back**
   The Company does not have a share buy-back programme in place.

3. **Option, Warrants or Convertible Securities**
   21,819,950 Warrants were issued pursuant to the Rights Issue undertaken by the Company which was completed on 27 January 2012. None of the Warrants were exercised during the financial year ended 31 December 2014.

4. **Depository Receipt Programme**
   The Company did not sponsor any Depository Receipt Programme during the financial year ended 31 December 2014.

5. **Sanctions and / or Penalties**
   There were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies during the financial year ended 31 December 2014.

6. **Non-Audit Fees**
   The amount of non-audit fees paid to the external auditors for the financial year ended 31 December 2014 is RM8,000.

7. **Variation in Results**
   There were no profit estimates, forecasts or projections or unaudited financial results released which differ by 10% or more from the audited results.

8. **Profit Guarantee**
   There was no profit guarantee given by the Company during the financial year ended 31 December 2014.

9. **Material Contracts**
   There were no material contracts subsisting at the end of the financial year or entered into since the end of the previous financial year, by the Company or its subsidiaries, which involved the interests of the Directors and major shareholders other than contracts entered into in the normal course of business.

10. **Recurrent Related Party Transactions ("RRPT") of a Revenue or Trading Nature**
    The aggregate value of the RRPT conducted pursuant to the shareholders' mandate obtained at the Annual General Meeting held on 27 June 2014 is as follows:

Type of RRPT	Related Party	Relationship	Actual Value Transacted from 27 June 2014 to 20 April 2015 (RM'000)
Sale of stones and provision of contract workmanship and other related services by Syarikat Bukit Granite Sdn Bhd to GPL	GPL Group Sdn Bhd ("GPL")	Dato' Lim Kim Huat, a Director and Major Shareholder of the Company, is a Director and shareholder of GPL.	1,185

DIRECTORS' RESPONSIBILITY STATEMENT IN PREPARING THE AUDITED FINANCIAL STATEMENTS

As required by the Companies Act, 1965 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Directors are responsible for ensuring that the financial statements of the Group are prepared in accordance with the requirements of the applicable approved accounting standards in Malaysia andprovisions of the Companies Act, 1965 and give a true and fair view of the state of affairs of the Group at the end of the financial year.

The Directors are satisfied that in preparing the financial statements for the financial year ended 31 December 2014, the Group has adopted and applied consistently appropriate accounting policies, supported by reasonable and prudent judgements and estimates. The Directors also consider that all applicable approved accounting standards in Malaysia have been adopted and the financial statements have been prepared on a going concern basis.

The Directors are generally responsible for taking such steps to preserve the interests of stakeholders and to safeguard the assets of the Group and to detect and prevent fraud and other irregularities.

The financial statements of the Company and the Group for the financial year ended 31 December 2014 are set out on pages 36 to 95 of this annual report.

FINANCIAL STATEMENTS

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are as stated in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Net profit/(loss) for the financial year	245	(1,053)
Other comprehensive income, net of tax	-	-
Total comprehensive income/(loss) for the financial year	245	(1,053)
Attributable to:-		
Owners of the Company	245	(1,053)

DIVIDEND

No dividend was paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividends in respect of the financial year ended 31st December 2014.

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to be realised in the ordinary course of business, their values as shown in the accounting records of the Group and of the Company had been written down to an amount that they might be expected to be realised.

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

In the opinion of the directors, no contingent liabilities or other liabilities of the Group and of the Company have become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due other than as disclosed in Note 29 to the financial statements.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company did not issue any shares or debentures.

DIRECTORS

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

Dato' Lim Kim Huat
Loi Heng Sewn
Wong Heang Fine
Cheong Marn Seng
Yeoh Chong Keat

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM0.15 each			
	At 01.01.2014 '000	Bought '000	Sold '000	At 31.12.2014 '000
The Company				
Direct interests				
Dato' Lim Kim Huat	87,750	-	-	87,750
Loi Heng Sewn *	28,300	-	-	28,300
Cheong Marn Seng	9	-	-	9

	Number of Warrants 2012/2017			
	At 01.01.2014 '000	Bought '000	Exercised '000	At 31.12.2014 '000
The Company				
Direct interests				
Dato' Lim Kim Huat	9,750	-	-	9,750
Loi Heng Sewn *	450	-	-	450

* Held through nominee company, RHB Nominees (Tempatan) Sdn. Bhd.

By virtue of his substantial shareholding in the Company, Dato' Lim Kim Huat is deemed to have interests in shares in the Company and its related corporations to the extent of the Company's interest, in accordance with Section 6A of the Companies Act, 1965 in Malaysia.

Other than as disclosed in the above, the other directors holding office at the end of financial year had no interests in shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors shown in the financial statements), 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.

Neither during nor at the end of the financial year was the Company or any of its related corporations a party to any arrangement whose object was to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

AUDITORS

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

On behalf of the Board,

DATO' LIM KIM HUAT
Director

LOI HENG SEWN
Director

Kuala Lumpur
Date: 24th April 2015

STATEMENTS OF FINANCIAL POSITION

As At 31st December 2014

		Group		Company	
		2014	2013	2014	2013
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	1,275	1,078	45	60
Land held for property development	5(a)	-	-	-	-
Investment properties	6	691	707	691	707
Intangible assets	7	-	-	-	-
Investment in subsidiaries	8	-	-	3,000	3,000
Total non-current assets		1,966	1,785	3,736	3,767
Current assets					
Inventories	9	4,314	4,502	-	-
Property development costs	5(b)	32,075	29,736	-	-
Amount owing by contract customers	10	2,548	278	-	-
Trade and other receivables	11	8,840	3,980	475	1,029
Amount owing by subsidiaries	12	-	-	42,952	39,144
Tax recoverable		95	86	-	-
Fixed deposits placed with financial institutions	13	4,765	8,578	1,020	5,283
Cash and bank balances	14	640	601	12	70
Total current assets		53,277	47,761	44,459	45,526
TOTAL ASSETS		55,243	49,546	48,195	49,293
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	15	39,585	39,585	39,585	39,585
Other reserves	16	572	572	1,636	1,636
Retained profits		7,968	7,723	6,793	7,846
Shareholders' funds		48,125	47,880	48,014	49,067
Non-current liability					
Borrowings	17	73	5	-	-
Total non-current liability		73	5	-	-
Current liabilities					
Amount owing to contract customers	10	211	160	-	-
Trade and other payables	19	2,059	764	181	226
Borrowings	17	4,775	737	-	-
		7,045	1,661	181	226
TOTAL LIABILITIES		7,118	1,666	181	226
TOTAL EQUITY AND LIABILITIES		55,243	49,546	48,195	49,293

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

STATEMENTS OF COMPREHENSIVE INCOME

For The Financial Year Ended 31st December 2014

		Group		Company	
		2014	2013	2014	2013
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	20	18,749	5,141	-	-
Cost of sales		(16,111)	(3,763)	-	-
Gross profit		2,638	1,378	-	-
Other income		589	948	373	358
Selling and marketing expenses		(12)	(15)	-	-
Administrative expenses		(2,756)	(2,540)	(1,398)	(1,175)
Other expenses		(37)	(666)	(28)	(16)
Finance costs		(177)	(144)	-	-
Profit/(loss) before taxation		245	(1,039)	(1,053)	(833)
Taxation	21	-	-	-	-
Net profit/(loss) for the financial year	22	245	(1,039)	(1,053)	(833)
Other comprehensive expense to be reclassified to profit or loss in subsequent period					
Foreign currency translation		-	(26)	-	-
Other comprehensive expense, net of tax		-	(26)	-	-
Total comprehensive income/ (loss) for the financial year		245	(1,065)	(1,053)	(833)
Net profit/(loss) attributable to:-					
Owners of the Company		245	(1,039)	(1,053)	(833)
Total comprehensive income/ (loss) attributable to:-					
Owners of the Company		245	(1,065)	(1,053)	(833)
Earnings/(loss) per share attributable to owners of the Company					
- basic (per sen)	23	0.09	(0.39)		
- diluted (per sen)	23	0.09	(0.39)		

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

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31st December 2014

	Share Capital RM'000	Non-Distributable Other Reserves RM'000	Distributable Retained Profits RM'000	Total Equity RM'000
Group				
At 1st January 2013	39,585	601	8,762	48,948
Net loss for the financial year	-	-	(1,039)	(1,039)
Other comprehensive expense, net of tax				
Foreign currency translation	-	(26)	-	(26)
Total comprehensive loss for the financial year	-	(26)	(1,039)	(1,065)
Transactions with owners				
Reserve reclassified to profit or loss upon strike-off of a subsidiary	-	(3)	-	(3)
	-	(3)	-	(3)
At 31st December 2013	39,585	572	7,723	47,880
Net loss for the financial year	-	-	245	245
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the financial year	-	-	245	245
At 31st December 2014	39,585	572	7,968	48,125

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31st December 2014 (Cont'd)

	Share Capital RM'000	Warrants Reserves RM'000	Retained Profits RM'000	Total Equity RM'000
Company				
At 1st January 2013	39,585	1,636	8,679	49,900
Net loss for the financial year	-	-	(833)	(833)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive loss for the financial year	-	-	(833)	(833)
At 31st December 2013	39,585	1,636	7,846	49,067
Net loss for the financial year	-	-	(1,053)	(1,053)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive loss for the financial year	-	-	(1,053)	(1,053)
At 31st December 2014	39,585	1,636	6,793	48,014

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

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31st December 2014

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES:-				
Profit/(loss) before tax	245	(1,039)	(1,053)	(833)
Adjustments for:-				
Bad debts written off	-	79	-	17
Bad debts recovered	(224)	-	(224)	-
Depreciation of:-				
- property, plant and equipment	158	152	17	18
- investment property	16	16	16	16
Gain on disposal of investment property	-	(138)	-	-
Gain on disposal of property, plant and equipment	(10)	-	-	-
Gain on strike-off of a subsidiary	-	(3)	-	-
Impairment loss on trade and other receivables	34	579	28	-
Net unrealised gain on foreign exchange	(22)	(27)	(19)	(33)
Write-back of impairment loss on trade receivables	(144)	(79)	-	-
Write-back of trade and other payables	-	(433)	-	(123)
Interest expenses	177	144	-	-
Interest income	(166)	(260)	(114)	(198)
	64	(1,009)	(1,349)	(1,136)
Changes in working capital:-				
Property development costs	(2,339)	(1,534)	-	-
Inventories	188	(21)	-	-
Trade and other receivables	(6,774)	(181)	769	18
Trade and other payables	1,346	(910)	(45)	-
	(7,515)	(3,655)	(625)	(1,118)
Interest paid	(177)	(144)	-	-
Tax paid	(9)	(10)	-	-
Net Operating Cash Flows	(7,701)	(3,809)	(625)	(1,118)
CASH FLOWS FROM INVESTING ACTIVITIES:-				
(Advances to)/repayment from subsidiaries	-	-	(3,808)	98
Interest received	166	260	114	198
Proceeds from disposal of property, plant and equipment	10	-	-	-
Proceeds from disposal of investment property	-	1,785	-	-
Purchase of property, plant and equipment (Note 24)	(245)	(59)	(2)	(7)
Increase in investment in subsidiary	-	-	-	(3,000)
Net Investing Cash Flows	(69)	1,986	(3,696)	(2,711)
CASH FLOWS FROM FINANCING ACTIVITIES:-				
Increase in bankers' acceptance	370	136	-	-
Increase in trust receipts	2,602	-	-	-
Repayment of term loans	-	(1,338)	-	-
Net repayment of hire purchase obligations	(96)	(110)	-	-
Net Financing Cash Flows	2,876	(1,312)	-	-

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
NET CHANGE IN CASH AND CASH EQUIVALENTS	(4,894)	(3,135)	(4,321)	(3,829)
EFFECT OF EXCHANGE DIFFERENCES ON TRANSLATION	-	(21)	-	-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	9,179	12,335	5,353	9,182
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	4,285	9,179	1,032	5,353
ANALYSIS OF CASH AND CASH EQUIVALENTS:-				
Fixed deposits placed with financial institutions (Note 13)	4,765	8,578	1,020	5,283
Cash and bank balances (Note 14)	640	601	12	70
Bank overdraft (Note 17)	(1,120)	-	-	-
	4,285	9,179	1,032	5,353

As disclosed in Note 13 and Note 14 to the financial statements, certain fixed deposits and bank balances totalling RM3,525,000/- (2013: RM2,184,000/-) and RM42,000/- (2013: RM Nil) respectively have been pledged to financial institutions for banking facilities granted to the subsidiaries.

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 8 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.

The Company is a public company limited by shares and is incorporated under the Companies Act, 1965 in Malaysia, and domiciled in Malaysia.

The registered office of the Company is located at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur.

The principal place of business of the Company is located at Block D4-U2-10, Level 2, Solaris Dutamas, No. 1, Jalan Dutamas 1, 50480 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 24th April 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

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

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

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

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

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

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

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

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

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

<u>New IC Int</u>

IC Int 21	Levies

The adoption of the above amendments/improvements to FRSs and new IC Int do not have any effect on the financial statements of the Group and of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

A brief discussion on the above significant new FRSs and amendments/improvements to FRSs are summarised below. Due to the complexity of these new standards, the financial effects of their adoption are currently still being assessed by the Group and the Company.

FRS 9 Financial Instruments

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

FRS 9 Financial Instruments (Continued)

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

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

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

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

Amendments to FRS 2 Share-based Payment

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

Amendments to FRS 3 Business Combinations

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

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

Amendments to FRS 7 Financial Instruments: Disclosures

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Amendments to FRS 8 Operating Segments

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

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

Amendments to FRS 13 Fair Value Measurement

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

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

Amendments to FRS 101 Presentation of Financial Statements

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

Amendments to FRS 116 Property, Plant and Equipment

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

- the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset; and
- the accumulated depreciation/amortisation is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

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

Amendments to FRS 119 Employee Benefits

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Amendments to FRS 119 Employee Benefits (Continued)

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

Amendments to FRS 124 Related Party Disclosures

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

Amendments to FRS 127 Separate Financial Statements

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

Amendments to FRS 138 Intangible Assets

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

- in which the intangible asset is expressed as a measure of revenue, i.e. in the circumstance in which the predominant limiting factor that is inherent in an intangible asset is the achievement of a revenue threshold; or
- when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

Amendments to FRS 140 Investment Property

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

- Exemption from presenting consolidated financial statements:- the Amendments clarifies that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.
- Consolidation of intermediate investment entities:- the Amendments clarifies that only a subsidiary is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.
- Policy choice for equity accounting for investments in associates and joint ventures:- the Amendments allows a non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interest in subsidiaries, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture.

(c) MASB Approved Accounting Standards, MFRSs

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

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(c) MASB Approved Accounting Standards, MFRSs (Continued)

MFRS 15 Revenue from Contracts with Customers

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

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

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

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

Amendments to MFRS 141 Agriculture

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies

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

2.3.1 Basis of Consolidation

(i) 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 the 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.

(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 acquire; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquire; 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) Accounting for Acquisitions of Non-Controlling Interests

The Group treats 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 derecognised the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.1 Basis of Consolidation (Continued)

(v) 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 owners of the Company, are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the 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.

(vi) Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted associates are eliminated against the investment to the extent of the Group's interest in the associates. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2.3.2 Foreign Currency

(i) Functional and Presentation Currency

The separate financial statements of each entity in the Group are measured using the functional currency which is the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(ii) Foreign Currency Transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange difference arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in the profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.2 Foreign Currency (Continued)

(iii) Foreign Operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

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

2.3.3 Investment in Subsidiaries

Investment in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that their carrying values may not be recoverable.

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

2.3.4 Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The policy for recognition and measurement of impairment loss is disclosed in Note 2.3.11(b) to the financial statements.

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

Buildings	2% - 4.5%
Plant and machinery	9% - 10%
Motor vehicles	10% - 18%
Office and other equipment	10% - 18%

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.5 Property Development Activities

(i) Land held for property development

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

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

(ii) Property development costs

The cost of land under development, related development costs common to whole projects and direct building costs less amounts recognised as expenses in the profit or loss are carried forward in the statement of financial position as property development costs. Revenue and expense recognised in the profit or loss is determined by reference to the stage of completion of the development activity in respect of the development units sold. Any expected loss on development projects, is recognised as expense immediately.

Where revenue recognised on the development units sold exceed the billings to purchasers, the balance is shown as accrued billings under other receivables. Where the billings to purchasers exceed revenue recognised on the development units sold, the balance is shown as progress billings under other payables.

2.3.6 Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any identified impairment losses. The policy for recognition and measurement of impairment loss is disclosed in Note 2.3.11(b) to the financial statements.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

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

2.3.7 Intangible Assets - Goodwill

Goodwill arising on acquisition represents the excess of cost of business combination over the Group's share of the net fair values of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is stated at cost less impairment losses, if any.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.7 Intangible Assets - Goodwill (Continued)

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

As permitted under the transitional provision of FRS 121 *The Effects of Changes in Foreign Exchange Rates*, goodwill and fair value adjustments arising on the acquisition of foreign operation before and after 1st January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.3.2(iii) to the financial statements.

2.3.8 Inventories

Inventories are stated at the lower of cost and net realisable value, cost being determined on the weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of raw materials comprises the purchase price and incidentals incurred in bringing the raw materials to their present location and condition. Cost of finished goods and work-in-progress included the cost of materials, labour and an appropriate proportion of production overheads.

Where necessary, due allowance is made for all damaged, obsolete and slow-moving items. The Group writes down its obsolete or slow-moving inventories based on assessment of the condition and the future demand for the inventories. These inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recovered.

2.3.9 Construction Contracts

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.10 Financial Instruments

(a) Financial Assets

Initial Recognition

Financial assets within the scope of FRS 139 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity financial assets, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group and the Company determine the classification of its financial assets at initial recognition. Financial assets are recognised on the statement of financial position when, and only when the Group and the Company become a party to the contracted provisions of the financial instruments.

Financial assets are recognised initially at fair value, and in the case of financial assets not at fair value through profit or loss, at fair value plus directly attributable transaction costs. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way purchases) are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

Subsequent Measurement

The subsequent measurement of financial assets depends on their classification as follows:-

(i) <u>Financial Assets at Fair Value Through Profit or Loss</u>
Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in the profit or loss.

(ii) <u>Loans and Receivables</u>
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are subsequently measured at amortised cost using the effective interest rate ("EIR") method less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(iii) <u>Held-to-Maturity Financial Assets</u>
Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group and the Company have the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity financial assets are subsequently measured at amortised cost using the EIR method less impairment. The losses arising from impairment are recognised in the profit or loss. If the Group and the Company were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale and prevent the Group and the Company from classifying the afore mentioned financial assets as held-to-maturity for the current and the following two financial years. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

(iv) <u>Available-for-Sale Financial Assets</u>
Available-for-sale financial assets are non-derivative financial assets that are not classified in any of the three preceding categories. After initial recognition, available-for-sale financial assets are subsequently measured at fair value with unrealised gains or losses recognised directly in equity until the investment is derecognised, at which time the cumulative gain or loss recorded in equity is recognised in the profit or loss, or determined to be impaired, at which time the cumulative loss recorded in equity is recognised in the profit or loss. Available-for-sale financial assets are measured at cost if the fair value of the unquoted equity instrument cannot be reliably measured.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.10 Financial Instruments (Continued)

(a) Financial Assets (Continued)

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount in the fair value reserve relating to that asset is transferred to the profit or loss.

(b) Financial Liabilities

Initial Recognition

Financial liabilities within the scope of FRS 139 are classified as financial liabilities at fair value through profit or loss, or other financial liabilities. Financial liabilities are recognised initially at fair value and in the case of the other financial liabilities, at fair value plus directly attributable transaction costs.

Subsequent Measurement

The subsequent measurement of financial liabilities depends on their classification as follows:-

(i) <u>Financial Liabilities at Fair Value Through Profit or Loss</u>
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in the profit or loss.

At the reporting date, the Group and the Company have not designated any financial liabilities at fair value through profit or loss.

(ii) <u>Other Financial Liabilities</u>
Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Any difference between cost and redemption value is being recognised in the profit or loss over the period of the borrowings using the effective interest rate method.

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

Derecognition

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.10 Financial Instruments (Continued)

(c) Financial Guarantee Contracts

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

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

2.3.11 Impairment of Assets

(a) Financial Assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

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

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

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

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

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

(ii) Unquoted equity securities carried at cost

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.11 Impairment of Assets (Continued)

(a) Financial Assets (Continued)

(iii) Available-for-sale financial assets

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

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

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

(b) Non-Financial Assets other than Goodwill

Non-financial assets other than goodwill ("Non-financial assets") of the Group and of the Company are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value in use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use.

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples and or other available fair value indicators.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.12 Fair Value Measurement

Fair value is 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 fair value measurements is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:-

(i) In the principal market for the asset or liability, or
(ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset 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.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:-

(i) Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

(ii) Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

(iii) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.3.13 Cash and Cash Equivalents

For the purposes of the statements of cash flows, cash and cash equivalents include cash in hand and at bank, demand deposits, deposits pledged with financial institutions, bank overdrafts and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.3.14 Share Capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Interim dividends on ordinary shares are recognised in liabilities in the period in which they are declared.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.15 Leases

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the statement of financial position as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment.

2.3.16 Provisions for Liabilities

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

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

2.3.17 Borrowing Costs

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

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

2.3.18 Employee Benefits

(i) Short Term Employee Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined Contribution Plans

The Group contributions to defined contribution plans are recognised in profit or loss in the period to which they related. Once the contributions have been paid, the Group has no further liability in respect of the defined contributions plans.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.19 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:-

(i) Construction Contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.3.9 to the financial statements.

(ii) Sales of Goods

Revenue is recognised upon delivery of goods and customers' acceptance, and where applicable, net of returns and trade discounts.

(iii) Interest Income

Interest income is recognised on an accrual basis.

2.3.20 Income Taxes

(i) Current Tax

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

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

(ii) Deferred Tax

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

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

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.20 Income Taxes (Continued)

(ii) Deferred Tax (Continued)

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.3.21 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 related to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

2.3.22 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group. Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

2.3.23 Related Parties

A party is related to an entity if:-

(i) directly, or indirectly through one or more intermediaries, the party:-
- controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
- has an interest in the entity that gives it significant influence over the entity; or
- has joint control over the entity;
- controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries)

(ii) the party is a member of the key management personnel of the entity or its parent;

(iii) the party is a close member of the family of any individual referred to in (i) or (ii);

(iv) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (ii) or (iii); or

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.23 Related Parties (Continued)

(v) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

(i) Depreciation of Property, Plant and Equipment

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

The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

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

(ii) Income Taxes

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

(iii) Impairment of Non-Financial Assets

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

(iv) Classification between Investment Properties and Owner-Occupied Properties

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

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

(v) Contracts

Contracts accounting requires reliable estimation of the costs to complete the contract and reliable estimation of the stage of completion.

- *Contract Revenue*

  Contracts accounting requires that variation claims and incentive payments only be recognised as contract revenue to the extent that is probable that they will be accepted by the customers. As the approval process often takes some time, a judgement is required to be made of its probability and revenue recognised accordingly.

- *Contract Costs*

  Using experience gained on each particular contract and taking into account the expectations of the time and materials required to complete the contract, management estimates the cost and the profitability of the contract on an individual basis at any particular time.

(vi) Impairment of Loans and Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(vii) Allowance for Inventories

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

As at reporting date, the directors of the Company are of the opinion that there is no impact resulting from the impairment review.

(viii) Valuation of Warrants

The Group and the Company measure the value of the warrants by reference to the fair value at the date which they are granted. The estimation of fair value requires determining the most appropriate valuation model.

This estimate also requires the determination of the most appropriate inputs to the valuation model such as volatility, risk free interest rate, option life and making assumptions about them.

4. PROPERTY, PLANT AND EQUIPMENT

	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office and other equipment RM'000	Total RM'000
Group					
2014					
Cost					
At 1st January 2014	621	1,333	537	670	3,161
Additions	-	-	174	181	355
Disposals	-	-	(89)	-	(89)
At 31st December 2014	621	1,333	622	851	3,427
Accumulated depreciation					
At 1st January 2014	176	1,084	317	506	2,083
Depreciation for the financial year	12	52	61	33	158
Disposals	-	-	(89)	-	(89)
At 31st December 2014	188	1,136	289	539	2,152
Net book value as at 31st December 2014	433	197	333	312	1,275
Group					
2013					
Cost					
At 1st January 2013	621	1,322	537	622	3,102
Additions	-	11	-	48	59
At 31st December 2013	621	1,333	537	670	3,161
Accumulated depreciation					
At 1st January 2013	163	1,029	272	467	1,931
Depreciation for the financial year	13	55	45	39	152
At 31st December 2013	176	1,084	317	506	2,083
Net book value as at 31st December 2013	445	249	220	164	1,078

4. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Motor vehicles RM'000	Office and other equipment RM'000	Total RM'000
Company			
2014			
Cost			
At 1st January 2014	163	19	182
Additions	-	2	2
At 31st December 2014	163	21	184
Accumulated depreciation			
At 1st January 2014	114	8	122
Depreciation for the financial year	16	1	17
At 31st December 2014	130	9	139
Net book value as at 31st December 2014	33	12	45
2013			
Cost			
At 1st January 2013	163	12	175
Additions	-	7	7
At 31st December 2013	163	19	182
Accumulated depreciation			
At 1st January 2013	98	6	104
Depreciation for the financial year	16	2	18
At 31st December 2013	114	8	122
Net book value as at 31st December 2013	49	11	60

(a) Included in the buildings of the Group with net book value of RM432,418/- (2013: RM444,832/-) is an asset being constructed on a piece of leasehold land in which the Group has lease arrangement.

(b) The net book value of the property, plant and equipment of the Group at the end of the reporting period acquired under hire purchase terms were as follows:-

	Group	
	2014 RM'000	**2013 RM'000**
Plant and machinery	-	135
Motor vehicles	267	171
	267	306

5. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

(a) Land held for property development

	Group 2014 RM'000	Group 2013 RM'000
At the beginning of the financial year		
- land	-	28,202
	-	28,202
Add: Costs incurred during the financial year		
- development costs	-	1,534
	-	1,534
Less: Transfer to property development costs (Note 5(b))		
- land	-	(28,202)
- development costs	-	(1,534)
	-	(29,736)
At the end of the financial year		
- land	-	-
- development costs	-	-
	-	-

(b) Property development costs

	Group 2014 RM'000	Group 2013 RM'000
At the beginning of the financial year		
- land	28,202	-
- development costs	1,534	-
	29,736	-
Add: Costs incurred during the financial year		
- development costs	2,339	-
	2,339	-
Add: Transfer from land held for property development (Note 5(a))		
- land	-	28,202
- development costs	-	1,534
	-	29,736
At the end of the financial year		
- land	28,202	28,202
- development costs	3,873	1,534
	32,075	29,736

Staff costs capitalised during the financial year under property development costs amounted to RM1,536,486/- (2013: RM926,500/-).

6. INVESTMENT PROPERTIES

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Freehold buildings, at cost:-				
At 1st January	804	2,484	804	804
Disposal	-	(1,680)	-	-
At 31st December	804	804	804	804
Accumulated depreciation:-				
At 1st January	(97)	(114)	(97)	(81)
Depreciation for the financial year	(16)	(16)	(16)	(16)
Disposal	-	33	-	-
At 31st December	(113)	(97)	(113)	(97)
Net book value as at 31st December	691	707	691	707
At fair value	1,805	1,279	1,805	1,279

The fair value hierarchy disclosure for investment properties are disclosed in Note 32 to the financial statements.

7. INTANGIBLE ASSETS – GOODWILL

	Group	
	2014	**2013**
	RM'000	**RM'000**
At cost:-		
At 1st January/31st December	1,477	1,477
Accumulated impairment losses:-		
At 1st January/31st December	(1,477)	(1,477)
Net carrying amount		
At 31st December	-	-

8. INVESTMENT IN SUBSIDIARIES

	Company 2014 RM'000	Company 2013 RM'000
Unquoted shares, at cost		
At 1st January	15,825	12,825
Addition during the financial year	-	3,000
At 31st December	15,825	15,825
Accumulated impairment losses		
At 1st January/31st December	(12,825)	(12,825)
Net carrying amount as at 31st December	3,000	3,000

The details of the subsidiaries are as follows:-

Name of subsidiary	Country of Incorporation	Gross Equity Interest 2014 %	Gross Equity Interest 2013 %	Principal Activities
Syarikat Bukit Granite Sdn. Bhd. ("SBG")	Malaysia	100	100	Processing, trading, exporting and contract workmanship of high quality marble and granite slabs and investment holding.
Atlas Rhythm Sdn. Bhd. ("AR")	Malaysia	100	100	Property development.
Held through SBG				
SBG Trading (Labuan) Ltd. ^ +	Malaysia	-	-	Dormant.
Montana Madencilik Mermer Sanayi Insaat Ve Ticaret Limited Sirketi ("Montana") ^	Republic of Turkey	100	100	Ceased operations.

^ Subsidiaries without audited financial statements and Auditor's Reports but the financial statements of these subsidiaries were considered by the auditors for the purposes of the financial statements of the Group.

\+ Struck off in previous financial year.

SBG Trading (Labuan) Ltd. has been struck off in previous financial year.

	Group RM'000
Net assets	-
	-
Transfer from foreign exchange reserves	(3)
Gain on strike-off of a subsidiary	(3)

<u>Subscription of additional shares in wholly – owned subsidiary</u>
In previous financial year, SBG increased its paid-up share capital by 3,000,000 new ordinary shares of RM1/- each and this amount is fully subscribed by the Company for a total cash consideration of RM3,000,000/-.

9. INVENTORIES

	Group	
	2014 RM'000	2013 RM'000
At cost:-		
Finished goods	2,832	2,862
Goods-in-transit	287	417
	3,119	3,279
At net realisable value:-		
Finished goods	1,195	1,223
	4,314	4,502

During the financial year ended 31st December 2014, the amount of inventories recognised as an expense in the cost of sales of the Group was RM10,035,001/- (2013: RM1,506,053/-).

10. AMOUNT OWING BY/(TO) CONTRACT CUSTOMERS

	Group	
	2014 RM'000	2013 RM'000
Amount owing by:-		
Cost of contracts	21,482	3,092
Attributable profit recognised to date	4,434	1,280
	25,916	4,372
Less: Progress billings	(23,368)	(4,094)
	2,548	278
Amount owing to:-		
Cost of contracts	2,998	6,405
Attributable profit recognised to date	987	1,442
	3,985	7,847
Less: Progress billings	(4,196)	(8,007)
	(211)	(160)

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade receivables	9,541	4,212	-	-
Less: Allowance for impairment (Note 11(a))	(1,722)	(1,865)	-	-
	7,819	2,347	-	-
Other receivables				
Other receivables	2,472	3,044	2,111	2,640
Deposits	1,448	1,455	8	9
Prepayments	25	30	7	3
	3,945	4,529	2,126	2,652
Less: Allowance for impairment (Note 11(b))	(2,924)	(2,896)	(1,651)	(1,623)
	1,021	1,633	475	1,029
Total trade and other receivables	8,840	3,980	475	1,029

(a) Trade receivables

The Group's normal trade credit terms range from 30 to 60 days (2013: 30 to 60 days). Other credit terms are assessed and approved based on a case-by-case basis.

The movement in allowance for impairment is as follows:-

	Group	
	2014	**2013**
	RM'000	**RM'000**
At 1st January	(1,865)	(2,014)
Addition during the financial year	(6)	-
Write-back during the financial year	144	79
Written off dring the financial year	-	59
Foreign exchange translation differences	5	11
At 31st December	(1,722)	(1,865)

(b) Other receivables

The movement in allowance for impairment is as follows:-

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 1st January	(2,896)	(2,426)	(1,623)	(1,732)
Addition during the financial year	(28)	(579)	(28)	-
Written off during the financial year	-	109	-	109
At 31st December	(2,924)	(2,896)	(1,651)	(1,623)

12. AMOUNT OWING BY SUBSIDIARIES

Amount owing by subsidiaries are non-trade, unsecured, interest free and are repayable on demand.

13. FIXED DEPOSITS PLACED WITH FINANCIAL INSTITUTIONS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Fixed deposits placed with				
- licensed bank	4,765	7,667	1,020	5,283
- other corporation	-	911	-	-
	4,765	8,578	1,020	5,283

Included in fixed deposits placed with financial institutions of the Group are deposits totalling RM3,525,000/- (2013: RM2,184,000/-) which have been pledged as security to financial institutions for banking facilities granted to the subsidiaries as disclosed in Note 17 and Note 29 to the financial statements.

The effective interest rates of the fixed deposits with licensed banks range from 2.55% to 3.20% (2013: 2.30% to 3.20%) per annum at the end of the reporting period.

The effective interest rates of the deposits with other corporation at Nil (2013: 2.97%) at the end of the reporting period.

14. CASH AND BANK BALANCES

Included in bank balances is an amount totalling RM42,000/- (2013: RM Nil) which is pledged as security for bank guarantee as disclosed in Note 29 to the financial statements.

15. SHARE CAPITAL

	Group and Company			
	2014		2013	
	Number of Shares Unit'000	RM'000	Number of Shares Unit'000	RM'000
Ordinary shares of RM0.15 each				
Authorised:-				
At the beginning/end of the financial year	490,000	490,000	490,000	490,000
Issued and fully paid:-				
At the beginning/end of the financial year	263,900	39,585	263,900	39,585

16. OTHER RESERVES

Group	Foreign currency translation reserve RM'000	Warrant reserve RM'000	Total RM'000
At 1st January 2013	(1,035)	1,636	601
Arising from the current financial year	(26)	-	(26)
Reserve reclassified to profit or loss upon strike-off of a subsidiary	(3)	-	(3)
At 31st December 2013	(1,064)	1,636	572
Arising from the current financial year	-	-	-
At 31st December 2014	(1,064)	1,636	572

(a) Foreign Currency Translation Reserve

The foreign exchange translation reserve arose from the translation of the financial statements of foreign subsidiaries and is not distributable by way of dividends.

(b) Warrant Reserve

Warrant reserves represent the fair value adjustment for the free detachable warrants issued pursuant to the rights issue. The fair value of the warrants is measured using the Black Scholes model with the following inputs:-

Group	Warrant Reserve RM'000
At 1st January 2014/31st December 2014	1,636

Fair value of warrants and assumptions

	RM
Fair value of warrants at issue date	0.075
Exercise price	0.15
Expected volatility (weighted average volatility)	94%
Option life (expected weighted average life)	5 years
Risk-free interest rate (based on rates of 5 years Malaysian government bonds)	4.088%

17. BORROWINGS

	Group 2014 RM'000	Group 2013 RM'000
Short term borrowings		
Bankers' acceptance	1,027	657
Bank overdraft	1,120	-
Hire purchase payables (Note 18)	26	80
Trust receipts	2,602	-
	4,775	737
Long term borrowing		
Hire purchase payables (Note 18)	73	5
	73	5
Total borrowings	4,848	742

The bankers' acceptance, bank overdraft and trust receipts are secured by:-

(a) a pledge of the fixed deposits placed with financial institutions as disclosed in Note 13 to the financial statements; and

(b) a corporate guarantee of the Company.

18. HIRE PURCHASE PAYABLES

	Group 2014 RM'000	Group 2013 RM'000
Future minimum lease payaments:-		
- not later than one year	30	83
- later than one year but not later than five years	78	5
	108	88
Less: Future finance charges	(9)	(3)
Present value of finance lease liabilities	99	85
Represented by:-		
Current		
- not later than one year	26	80
Non-current		
- later than one year but not later than five years	73	5
	99	85

19. TRADE AND OTHER PAYABLES

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Trade payables	1,658	244	-	-
Other payables				
Other payables	206	251	51	78
Accruals	195	269	130	148
	401	520	181	226
	2,059	764	181	226

(a) Trade payables

The normal trade credit terms granted to the Group range from 30 to 60 days (2013: 30 to 60 days).

(b) Accruals

Included in accruals was accrual for directors' fee amounting to RM41,000/- (2013: RM41,000/-).

20. REVENUE

	Group 2014 RM'000	Group 2013 RM'000
Sale of marble slabs and blocks	804	1,531
Contract revenue	17,945	3,610
	18,749	5,141

21. TAXATION

The income tax is calculated at the Malaysian statutory tax rate of 25% (2013: 25%) of the estimated assessable profit for the fiscal year.

The Malaysian statutory tax rate will be reduced to 24% from the current year's rate of 25% effective from Year of Assessment 2016. The computation of deferred tax as at 31st December 2014 has been reflected with these changes.

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit/(loss) before taxation	245	(1,039)	(1,053)	(833)
Tax at applicable statutory tax rate of 25% (2013: 25%)	(61)	260	263	208
Tax effects arising from:-				
- non-taxable income	37	93	-	-
- non-deductible expenses	(284)	(380)	(263)	(208)
- differential tax rate	(62)	-		-
- deferred tax assets not recognised during the financial year	(3)	27	-	-
- utilisation of previous unrecognised tax losses	373	-	-	-
Tax expense for the financial year	-	-	-	-

No deferred tax assets were recognised at the end of the reporting period on the following items:-

	Group	
	2014 RM'000	2013 RM'000
Property, plant and equipment	545	(176)
Unabsorbed capital allowances	-	292
Unutilised tax losses	(6,719)	(7,522)
	(6,174)	(7,406)
Potential deferred tax assets	(1,482)	(1,852)

22. NET PROFIT/(LOSS) FOR THE FINANCIAL YEAR

Net profit/(loss) for the financial year has been arrived at:-

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
After charging/(crediting):-				
Audit fee				
- current year	49	48	33	32
- prior year	12	-	10	-
Bad debts written off				
- trade and other receivables	-	79	-	17
Bad debts recovered	(224)	-	(224)	-
Depreciation of:-				
- property, plant and equipment	158	152	17	18
- investment property	16	16	16	16
Directors' remuneration:-				
- fees	164	164	164	164
- others	135	135	135	135
Gain on disposal of property, plant and equipment	(10)	-	-	-
Gain on disposal of investment property	-	(138)	-	-
Gain on strike-off of a subsidiary	-	(3)	-	-
(Gain)/loss on foreign exchange:-				
- realised	(9)	6	(16)	3
- unrealised	(22)	(27)	(19)	(33)
Impairment loss on trade and other receivables	34	579	28	-
Interest expense:-				
- bank overdraft	23	-	-	-
- bankers' acceptance and trust receipts	147	50	-	-
- hire purchase	7	9	-	-
- term loans	-	85	-	-
Interest income	(166)	(260)	(114)	(198)
Rental of premises	228	257	-	-
Staff costs:-				
- salaries, wages, bonuses and allowances	1,766	1,554	540	480
- defined contribution plan	195	154	65	57
- other benefits	29	40	7	5
Write-back of trade and other payables	-	(433)	-	(123)
Write-back of impairment loss on trade receivables	(144)	(79)	-	-

23. EARNINGS/(LOSS) PER SHARE

	Group	
	2014	2013
	RM'000	RM'000
Profit/(loss), net of tax attributable to owners of the Company	245	(1,039)
Weighted average number of ordinary shares on issue	263,900	263,900
Basic earnings/(loss) per share for the financial year (sen)	0.09	(0.39)

Diluted earnings/(loss) per ordinary share

The diluted earnings/(loss) per ordinary share calculation is not disclosed as the potential ordinary shares arising from the exercise of free warrants at fair value have anti-dilutive effects.

24. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Cost of property, plant and equipment purchased	355	59	2	7
Amount financed through hire purchase	110	-	-	-
Cash disbursed for purchase of property, plant and equipment	245	59	2	7
	355	59	2	7

25. DIRECTORS' REMUNERATION

(a) The aggregate amounts of remuneration received and receivables by the directors of the Group and the Company during the financial year are as follows:-

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Executive Directors' remuneration				
- Salaries, bonus and other emoluments	121	121	121	121
- Defined contribution plans	14	14	14	14
	135	135	135	135
Total Directors' non-fee emoluments	135	135	135	135
Non-executive Directors' fee	164	164	164	164
Total Directors' remuneration including benefits-in-kind	299	299	299	299

The number of directors of the Group and of the Company at the end of the financial year whose total remuneration during the financial year fell within the following bands are analysed below:-

	Group 2014	Group 2013
Executive Directors		
RM100,000 - RM250,000	1	1
RM250,001 - RM300,000	-	-
RM400,001 - RM450,000	-	-
Non-executive Directors		
Below RM50,000	4	4
	5	5

26. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Identification of Related Parties

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

Related parties of the Company include:-

(i) Subsidiaries;
(ii) The directors who are the key management personnel; and
(iii) An entity controlled by the directors.

(b) Significant Related Party Transactions and Balances

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

	Group	
	2014 RM'000	2013 RM'000
Sales of stones and provision of contract workmansip and other related services to a company in which a director has interest in	993	895

Individually significant outstanding balances arising during the financial year from transactions other than normal trade transactions with related parties are as follows:-

	Company	
	2014 RM'000	2013 RM'000
Amount owing by subsidiaries	42,952	39,144

(c) Compensation of Key Management Personnel

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Key management personnel compensation including directors' remuneration:-				
- Short term employee benefits	861	812	639	620

27. OPERATING SEGMENTS

For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into 3 main business segments as follows:-

(i) Building material segment – involved in supply, delivery and installation of stone and tiling works.

(ii) Investment holding – involved in investment holding.

(iii) Property development segment – involved in property development activity.

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

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

Transfer prices between operating segments are at arm's length basis in a manner similar to transactions with third parties.

(i) BUSINESS SEGMENTS

	Building Material RM'000	Investment Holding RM'000	Property Development RM'000	Group RM'000
2014				
Revenue				
External customer	18,749	-	-	18,749
Inter-segment	-	-	-	-
	18,749	-	-	18,749
Adjustments and eliminations				-
Consolidated revenue				18,749
Results				
Segment results	1,455	(1,330)	(39)	86
Interest income	49	114	3	166
Other material items of income	154	224	-	378
Depreciation of property, plant and equipment and investment property	(122)	(33)	(19)	(174)
Other non-cash expenses	(6)	(28)	-	(34)
	1,530	(1,053)	(55)	422
Finance costs				(177)
Income tax expense				-
Consolidated profit after taxation				245

27. OPERATING SEGMENTS (Continued)

(i) BUSINESS SEGMENTS (Continued)

	Building Material RM'000	Investment Holding RM'000	Property Development RM'000	Group RM'000
2014				
Assets				
Segment assets	19,523	2,242	33,383	55,148
Unallocated assets				95
Consolidated total assets				55,243
Liabilities				
Segment liabilities	6,842	181	95	7,118
Consolidated total liabilities				7,118
Other segment items				
Additions to non-current assets other than financial instruments:-				
- property, plant and equipment	53	2	300	355
2013				
Revenue				
External customer	5,141	-	-	5,141
Inter-segment	-	-	-	-
	5,141	-	-	5,141
Adjustments and eliminations				-
Consolidated revenue				5,141
Results				
Segment results	114	(1,103)	(40)	(1,029)
Interest income	50	198	12	260
Other material items of income	527	123	-	650
Depreciation of property, plant and equipment and investment property	(132)	(34)	(2)	(168)
Other non-cash expenses	(641)	(17)	-	(658)
	(82)	(833)	(30)	(945)
Finance costs				(144)
Income tax expense				-
Consolidated loss after taxation				(1,089)

27. OPERATING SEGMENTS (Continued)

(i) BUSINESS SEGMENTS (Continued)

2013	**Building Material RM'000**	**Investment Holding RM'000**	**Property Development RM'000**	**Group RM'000**
Assets				
Segment assets	11,623	7,149	30,688	49,460
Unallocated assets				86
Consolidated total assets				49,546
Liabilities				
Segment liabilities	1,437	226	3	1,666
Consolidated total liabilities				1,666
Other segment items				
Additions to non-current assets other than financial instruments:-				
- property, plant and equipment	12	7	40	59

Reconciliation of reported revenue and profit or loss

	2014 RM'000	**2013 RM'000**
Revenue		
Total revenue for reportable segment	18,749	5,141
Profit or loss		
Total profit or loss for reportable segment	245	(1,089)
Realisation of reserves on strike-off of subsidiary	-	47
Gain on strike-off of subsidiary	-	3
Net profit/(loss) for the financial year	245	(1,039)

27. OPERATING SEGMENTS (Continued)

(i) BUSINESS SEGMENTS (Continued)

(a) Other material items of income consist of the following:-

	Group 2014 RM'000	Group 2013 RM'000
Bad debts recovered	224	-
Gain on disposal of property, plant and equipment	10	-
Gain on disposal of investment property	-	138
Write-back of trade and other payables	-	433
Write-back of impairment loss on trade receivables	144	79
	378	650

(b) Other non cash expenses consist of the following:-

	Group 2014 RM'000	Group 2013 RM'000
Impairment loss on trade and other receivables	34	579
Bad debts written off	-	79
	34	658

(ii) GEOGRAPHICAL INFORMATION

	Revenue 2014 RM'000	Revenue 2013 RM'000	Non-current assets 2014 RM'000	Non-current assets 2013 RM'000
Malaysia	18,583	4,075	1,966	1,785
Singapore	166	1,066	-	-
	18,749	5,141	1,966	1,785

(iii) MAJOR CUSTOMERS

Revenue from one (2013: two) major customers contributed an aggregate revenue of RM16,538,000/- (2013: RM2,019,000/-) of the Group's total revenue in the manufacturing segment.

28. FINANCIAL GUARANTEES

	Company 2014 RM'000	Company 2013 RM'000
Financial guarantees given to licensed banks for banking facilities granted to a subsidiary	4,749	657

29. CONTINGENT LIABILITIES

	Group 2014 RM'000	Group 2013 RM'000
Performance bonds extended to third parties		
- project related	1,803	897
Bank guarantees issued in favour of third parties		
- project related	1,415	-
	3,218	897

The facilities are secured over the fixed deposits and bank balances of the Group as disclosed in Note 13 and Note 14 to the financial statements.

30. FOREIGN EXCHANGE RATES

	Group 2014 RM	Group 2013 RM
United States Dollar	3.50	3.16
Chinese Renminbi	0.57	0.54
New Turkish Lira	1.44	1.54
Singapore Dollar	2.64	2.59

31. FINANCIAL INSTRUMENTS

(a) Financial Risk Management and Objectives

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

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currency giving rise to these risks are primarily United States Dollar, Chinese Renminbi and Singapore Dollar. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

31. FINANCIAL INSTRUMENTS (Continued)

(a) Financial Risk Management and Objectives (Continued)

(i) Foreign Currency Risk (Continued)

The currency exposure profile of the Group is as follows:-

	United States Dollar RM'000	Chinese Renminbi RM'000	Singapore Dollar RM'000	New Turkish Lira RM'000	Ringgit Malaysia RM'000	Total RM'000
Group						
2014						
Financial assets						
Amount owing by contract customers	-	-	-	-	2,548	2,548
Trade and other receivables *	2	123	298	-	8,392	8,815
Fixed deposits placed with financial institutions	-	-	-	-	4,765	4,765
Cash and bank balances	-	-	52	16	572	640
	2	123	350	16	16,277	16,768
Financial liabilities						
Trade and other payables	10	-	-	13	2,036	2,059
Bankers' acceptance	-	-	-	-	1,027	1,027
Bank overdraft	-	-	-	-	1,120	1,120
Hire purchase payables	-	-	-	-	99	99
Trust receipts	-	-	-	-	2,602	2,602
	10	-	-	13	6,884	6,907
Net financial assets/ (liabilities)	(8)	123	350	3	9,393	9,861
Less: Net financial (assets)/liabilities denominated in the respective entities' functional currencies	-	-	-	(3)	(9,393)	(9,396)
Currency exposure	(8)	123	350	-	-	465

** Exclude prepayments*

31. FINANCIAL INSTRUMENTS (Continued)

(a) Financial Risk Management and Objectives (Continued)

(i) Foreign Currency Risk (Continued)

	United States Dollar RM'000	Chinese Renminbi RM'000	Singapore Dollar RM'000	New Turkish Lira RM'000	Ringgit Malaysia RM'000	Total RM'000
Group						
2013						
Financial assets						
Amount owing by contract customers	-	-	-	-	278	278
Trade and other receivables *	2	679	365	-	2,904	3,950
Fixed deposits placed with financial institutions	-	-	-	-	8,578	8,578
Cash and bank balances	-	-	-	17	584	601
	2	679	365	17	12,344	13,407
Financial liabilities						
Trade and other payables	12	-	-	13	739	764
Bankers' acceptance	-	-	-	-	657	657
Hire purchase payables	-	-	-	-	85	85
	12	-	-	13	1,481	1,506
Net financial assets/ (liabilities)	(10)	679	365	4	10,863	11,901
Less: Net financial (assets)/liabilities denominated in the respective entities' functional currencies	-	-	-	(4)	(10,863)	(10,867)
Currency exposure	(10)	679	365	-	-	1,034

** Exclude prepayments*

31. FINANCIAL INSTRUMENTS (Continued)

(a) Financial Risk Management and Objectives (Continued)

(i) Foreign Currency Risk (Continued)

	Chinese Renminbi RM'000	Ringgit Malaysia RM'000	Total RM'000
Company			
2014			
Financial assets			
Other receivables *	123	345	468
Amount owing by subsdiaries	-	42,952	42,952
Fixed deposits placed with financial institutions	-	1,020	1,020
Cash and bank balances	-	12	12
	123	44,329	44,452
Financial liability			
Other payables	-	181	181
	-	181	181
Net financial assets	123	44,148	44,271
Less: Net financial (assets) denominated in the entity's functional currencies	-	(44,148)	(44,148)
	123	-	123
Company			
2013			
Financial assets			
Other receivables *	679	347	1,026
Amount owing by subsdiaries	-	39,144	39,144
Fixed deposits placed with financial institutions	-	5,283	5,283
Cash and bank balances	-	70	70
	679	44,844	45,523
Financial liability			
Other payables	-	226	226
	-	226	226
Net financial assets	679	44,618	45,297
Less: Net financial (assets) denominated in the entity functional currencies	-	(44,618)	(44,618)
Currency exposure	679	-	679

** Exclude prepayments*

31. FINANCIAL INSTRUMENTS (Continued)

(a) Financial Risk Management and Objectives (Continued)

(i) Foreign Currency Risk (Continued)

Sensitivity analysis for foreign currency

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

	Group	
	2014 Increase/ (Decrease) RM'000	**2013 Increase/ (Decrease) RM'000**
Effects on profit after taxation		
United States Dollar		
- strengthened by 5%	-	(1)
- weakened by 5%	-	1
Chinese Renminbi		
- strengthened by 5%	6	34
- weakened by 5%	(6)	(34)
Singapore Dollar		
- strengthened by 5%	18	18
- weakened by 5%	(18)	(18)
Effects on equity		
United States Dollar		
- strengthened by 5%	-	(1)
- weakened by 5%	-	1
Chinese Renminbi		
- strengthened by 5%	6	34
- weakened by 5%	(6)	(34)
Singapore Dollar		
- strengthened by 5%	18	18
- weakened by 5%	(18)	(18)

	Company	
	2014 Increase/ (Decrease) RM'000	**2013 Increase/ (Decrease) RM'000**
Effects on loss after taxation		
Chinese Renminbi		
- strengthened by 5%	6	34
- weakened by 5%	(6)	(34)
Effects on equity		
Chinese Renminbi:-		
- strengthened by 5%	6	34
- weakened by 5%	(6)	(34)

31. FINANCIAL INSTRUMENTS (Continued)

(a) Financial Risk Management and Objectives (Continued)

(ii) Interest Rate Risk

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

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Note 31(a)(ii) to the financial statements.

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Fixed rate instruments				
Fixed deposits placed with financial institutions	4,765	8,578	1,020	5,283
Hire purchase payables	(99)	(85)	-	-
	4,666	8,493	1,020	5,283
Floating rate instruments				
Bankers' acceptance	(1,027)	(657)	-	-
Bank overdraft	(1,120)	-	-	-
Trust receipts	(2,602)	-	-	-
	(4,749)	(657)	-	-

<u>Interest rate risk sensitivity analysis</u>

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

	Group	
	2014 Increase/ (Decrease) RM'000	2013 Increase/ (Decrease) RM'000
Effects on profit after taxation		
Increase of 100 basis points (bp)	(47)	(7)
Decrease of 100 bp	47	7
Effects on equity		
Increase of 100 bp	(47)	(7)
Decrease of 100 bp	47	7

31. FINANCIAL INSTRUMENTS (Continued)

(a) Financial Risk Management and Objectives (Continued)

(iii) Credit Risk

The Group's exposure to credit risks, or the risk of counter parties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

Credit risk concentration profile

The Group's major concentration of credit risk relates to the amount owing by one (2013: two) customers which constituted approximately 79% (2013: 39%) of its trade receivables as at the end of the reporting period.

Exposure to credit risk

As the Group does not held any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

The exposure of credit risk for trade receivables by geographical region is as follows:-

	Group	
	2014	**2013**
	RM'000	**RM'000**
Malaysia	7,521	1,982
Singapore	298	365
	7,819	2,347

Ageing analysis

The ageing analysis of the Group's trade receivables is as follows:-

	Gross Amount RM'000	**Individual Impairment RM'000**	**Carrying Value RM'000**
Group			
2014			
Not past due	2,784	-	2,784
Past due:-			
- less than 3 months	4,046	-	4,046
- 3 to 6 months	127	-	127
- over 6 months	2,584	(1,722)	862
	9,541	(1,722)	7,819

31. FINANCIAL INSTRUMENTS (Continued)

(a) Financial Risk Management and Objectives (Continued)

(iii) Credit Risk (Continued)

Ageing analysis (Continued)

	Gross Amount RM'000	Individual Impairment RM'000	Carrying Value RM'000
Group			
2013			
Not past due	186	-	186
Past due:-			
- less than 3 months	428	-	428
- 3 to 6 months	104	-	104
- over 6 months	3,494	(1,865)	1,629
	4,212	(1,865)	2,347

At the end of reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The collective impairment allowance is determined based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

Financial assets that are past due but not impaired

The Group believes that no impairment allowance is necessary of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

Financial assets that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 1 year, which are deemed to have higher credit risk, are monitored individually.

(iv) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

31. FINANCIAL INSTRUMENTS (Continued)

(a) Financial Risk Management and Objectives (Continued)

(iv) Liquidity Risk (Continued)

Maturity analysis

The table below summarises the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

	Weighted average effective rate %	Carrying amount RM'000	Contractual undiscounted cash flows RM'000	Within one year RM'000	One to five years RM'000	Over five years RM'000
Group						
2014						
Financial liabilities						
Trade and other payables		2,059	2,059	2,059	-	-
Bankers' acceptance	1.75% above bank cost	1,027	1,027	1,027	-	-
Bank overdraft	1.25% above bank cost	1,120	1,120	1,120	-	-
Hire purchase payables	4.55% - 5.23%	99	108	30	78	-
Trust receipts	1.25% above bank cost	2,602	2,602	2,602	-	-
		6,907	6,916	6,838	78	-
Group						
2013						
Financial liabilities						
Trade and other payables		764	764	764	-	-
Bankers' acceptance	1.75% above bank cost	657	657	657	-	-
Hire purchase payables	5.15% - 7.91%	85	88	83	5	-
		1,506	1,509	1,504	5	-

31. FINANCIAL INSTRUMENTS (Continued)

(b) Classification of Financial Instruments

	Loans and receivables RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
Group			
2014			
Financial assets			
Amount owing by contract customers	2,548	-	2,548
Trade and other receivables *	8,815	-	8,815
Fixed deposits placed with financial institutions	4,765	-	4,765
Cash and bank balances	640	-	640
	16,768	-	16,768
Financial liabilities			
Trade and other payables	-	2,059	2,059
Bankers' acceptance	-	1,027	1,027
Bank overdraft	-	1,120	1,120
Hire purchase payables	-	99	99
Trust receipts	-	2,602	2,602
	-	6,907	6,907
2013			
Financial assets			
Amount owing by contract customers	278	-	278
Trade and other receivables *	3,950	-	3,950
Fixed deposits placed with financial institutions	8,578	-	8,578
Cash and bank balances	601	-	601
	13,407	-	13,407
Financial liabilities			
Trade and other payables	-	764	764
Bankers' acceptance	-	657	657
Hire purchase payables	-	85	85
	-	1,506	1,506

** Exclude prepayments*

31. FINANCIAL INSTRUMENTS (Continued)

(b) Classification of Financial Instruments (Continued)

	Loans and receivables RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
Company			
2014			
Financial assets			
Other receivables *	468	-	468
Amount owing by subsidiaries	42,952	-	42,952
Fixed deposits placed with financial institutions	1,020	-	1,020
Cash and bank balances	12	-	12
	44,452	-	44,452
Financial liability			
Other payables	-	181	181
	-	181	181
2013			
Financial assets			
Other receivables *	1,026	-	1,026
Amount owing by subsidiaries	39,144	-	39,144
Fixed deposits placed with financial institutions	5,283	-	5,283
Cash and bank balances	70	-	70
	45,523	-	45,523
Financial liability			
Other payables	-	226	226
	-	226	226

** Exclude prepayments*

31. FINANCIAL INSTRUMENTS (Continued)

(c) Fair Values of Financial Instruments

The carrying amounts of financial assets and financial liabilities of the Group as at the reporting date approximate their fair value except for the following:-

	Carrying Amount RM'000	Fair value RM'000
Group		
2014		
Hire purchase payables	99	100
2013		
Hire purchase payables	85	85

The methods and assumption used to determine the fair value of the following classes of financial assets and financial liabilities are as follows:-

(i) Current Receivables, Cash and Cash Equivalents and Current Payables

The carrying amount of these financial assets and financial liabilities are reasonable approximation of fair value due to the relatively short term nature of these financial instruments, or they are variable rate investments that are re-priced to market interest rates on or near the reporting date. The fair values of these financial instrument are within Level 2 of the fair value hierarchy.

The fair value of these financial instruments is estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending or borrowing engaged at the reporting date.

(ii) Hire Purchase Payables

The fair value of hire purchase payables is estimated using discounted cash flows analysis, based on the current lending rate for similar types of borrowings. The fair values are within Level 2 of the fair value hierarchy.

The fair value of these financial instruments is estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending or borrowing engaged at the reporting date.

32. FAIR VALUE MEASUREMENT

The fair value measurement hierarchies used to measure assets and liabilities carried at fair value in the statement of financial position as at balance sheet date are as follows:-

(a) Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

(b) Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).

(c) Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

32. FAIR VALUE MEASUREMENT (Continued)

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Company				
2014				
Asset				
Investment property				
- Freehold buildings	-	1,805	-	1,805
2013				
Asset				
Investment property				
- Freehold buildings	-	1,279	-	1,279

There were no material transfer between Level 1, Level 2 and Level 3 during the financial year.

33. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents.

The debt-to-equity ratio of the Group as at the end of the reporting period was as follows:-

	Group	
	2014 RM'000	2013 RM'000
Trade and other payables	2,059	764
Bankers' acceptances	1,027	657
Bank overdraft	1,120	-
Hire purchase payables	99	85
Trust receipts	2,602	-
Less: Fixed deposits placed with financial institutions	(4,765)	(8,578)
Less: Cash and bank balances	(640)	(601)
Net debt	1,502	(7,673)
Equity attributable to the owners of the Company	48,125	47,880
Total capital	48,125	47,880
Debt-to-equity ratio	0.03	(0.16)

Under the requirement of Bursa Malaysia Practise Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity (total equity attributable to owners of the Company) equal to or not less than the 25% of the issued and paid-up share capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

On 25th March 2010, Bursa Malaysia Securities Berhad (Bursa Malaysia) issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of the Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained profits or accumulated losses as at the reporting date, into realised and unrealised profits or losses.

On 20th December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

Pursuant to the directive, the amounts of realised and unrealised profits or losses included in the retained profits of the Group and the Company as at 31st December 2014 and 31st December 2013 are as follows:-

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Total retained profits				
- realised	3,861	3,611	6,774	7,813
- unrealised	22	27	19	33
	3,883	3,638	6,793	7,846
Add: Consolidation adjustments	4,085	4,085	-	-
At 31st December	7,968	7,723	6,793	7,846

The determination of realised and unrealised profits is complied based on Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20th December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

STATEMENT BY DIRECTORS

We, **DATO' LIM KIM HUAT** and **LOI HENG SEWN**, being two of the directors of the Company, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 36 to 95 are properly drawn up in accordance with the Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31st December 2014 and of the financial performance and cash flows of the Group and of the Company for the financial year ended on that date.

The supplementary information set out on page 96 have been prepared in accordance with the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants.

On behalf of the Board,

DATO' LIM KIM HUAT
Director

LOI HENG SEWN
Director

Kuala Lumpur

Date: 24th April 2015

STATUTORY DECLARATION

I, **TAN CHING PDING**, being the officer primarily responsible for the financial management of AbleGroup Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 36 to 95 and the supplementary information set out on page 96 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, I960.

TAN CHING PDING

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 24th April 2015.

Before me,

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ABLEGROUP BERHAD

Report on the Financial Statements

We have audited the financial statements of AbleGroup Berhad, which comprise the statements of financial position as at 31st December 2014 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 36 to 95.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with the Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Report on Other Legal and Regulatory Requirements

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

(a) In our opinion, the accounting and other records and the registers required by the Companies Act, 1965 in Malaysia to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Companies Act, 1965 in Malaysia.

(b) We have not considered the auditor's report of the subsidiaries of which we have not acted as auditors, as they are not available. However, we have considered the financial statements of the subsidiaries of which we have not acted as auditors, which are indicated in Note 8 to the financial statements.

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

(d) Other than those subsidiaries without auditor's reports as disclosed in Note 8 to the financial statements, the auditor's reports on the financial statements of the subsidiaries did not contain any qualification, or any adverse comments made under Section 174(3) of the Companies Act, 1965 in Malaysia.

Other Reporting Responsibilities

The supplementary information set out on page 96 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

Tan Ban Tatt
No. 3099/03/16 (J)
Chartered Accountant

Kuala Lumpur

Date: 24th April 2015

LIST OF PROPERTIES

As At 31 December 2014

Location	Description and Existing Usage	Tenure	Approximate Area	Approximate Age of Building (Years)	Year of Acquisition	Net Book Value as at 31.12.2014 RM'000
Lot No. 18-15, HS(M) 8806-HS(M) 8829, PT20412-PT20435, HS(M) 20856, PT27083, Mukim Kapar and GM 5802, Lot 1034 all of Mukim Kapar, Daerah Klang.	Office unit	Freehold	260m^2(Built-up)	4	2007	691
289, Lot No. 1589, Mukim Of Batu, District Of Kuala Lumpur, State Of Wilayah Persekutuan Kuala Lumpur	Land held for property development	Freehold	1.214 Hectares	N/A	2012	28,202

ANALYSIS OF SHAREHOLDINGS

As At 20 April 2015

SHARE CAPITAL

Authorised Capital	:	RM550,000,000 divided into 3,600,000,000 Ordinary Shares of RM0-15 each and 100,000,000 Irredeemable Convertible Preference Shares of RM0-10 each
Issued and Paid Up Capital	:	RM39,584,962.80 divided into 263,899,752 Ordinary Shares of RM0-15 each
Class of Shares	:	Ordinary Shares of RM0-15 each and
Number of Shareholders	:	3,917 Ordinary Shareholders
Voting Rights	:	On a show of hands - one vote On a poll - one vote for each share held

DISTRIBUTION OF SHAREHOLDINGS
(as per Record of Depositors)

Size of Holdings	No. of Holders	%	No. of Shares Held	% of Issued Share Capital
Less than 100 shares	55	1.404	2,060	0.000
100 to 1,000 shares	2,443	62.369	782,604	0.297
1,001 to 10,000 shares	609	15.548	3,019,071	1.144
10,001 to 100,000 shares	635	16.211	25,418,040	9.632
100,001 to less than 5% of issued shares	172	4.391	105,127,977	39.836
5% and above of issued shares	3	0.077	129,550,000	49.091
TOTAL	3,917	100.000	263,899,752	100.000

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS
(as per Register of Substantial Shareholders' Shareholdings)

		No. of Shares Held			
No.	**Name**	**Direct**	**%**	**Indirect**	**%**
1	Dato' Lim Kim Huat	87,750,000	33.251	-	-
2	Loi Heng Sewn	28,300,000 [a]	10.723	-	-
3	Golden Knights International Ltd	13,500,000 [b]	5.115	-	-
4	UBS Trustees (Bahamas) Ltd	-	-	13,500,000 [c]	5.115

Note: (a) Held through RHB Nominees (Tempatan) Sdn Bhd
(b) Held through HSBC Nominees (Asing) Sdn Bhd
(c) Deemed interested through its ownership and controlling interest in Golden Knights International Ltd pursuant to Section 6A(4)(b) of the Companies Act, 1965

DIRECTORS' SHAREHOLDINGS
(as per Register of Directors' Shareholdings)

		No. of Shares Held			
No.	**Name**	**Direct**	**%**	**Indirect**	**%**
1	Dato' Lim Kim Huat	87,750,000	33.251	-	-
2	Loi Heng Sewn	28,300,000 [a]	10.723	-	-
3	Yeoh Chong Keat	43,000	0.016	-	-
4	Cheong Marn Seng	9,000	0.003	-	-
5	Wong Heang Fine	-	-	-	-

Note: (a) Held through RHB Nominees (Tempatan) Sdn Bhd

ANALYSIS OF SHAREHOLDINGS

As At 20 April 2015 (Cont'd)

LIST OF TOP THIRTY (30) LARGEST SHAREHOLDERS
(as per Record of Depositors)

No.	Name of Shareholders	No. of Shares Held	%
1	Dato' Lim Kim Huat	87,750,000	33.251
2	RHB Nominees (Tempatan) Sdn Berhad DMG & Partners Securities Pte Ltd for Loi Heng Sewn (164099)	28,300,000	10.724
3	HSBC Nominees (Asing) Sdn Bhd Exempt AN for Credit Suisse (SG BR-TST-ASING)	13,500,000	5.116
4	CitiGroup Nominees (Asing) Sdn Bhd UBS AG Hong Kong for Vivia Wealth Asset Ltd	11,250,000	4.263
5	Affin Hwang Nominees (Tempatan) Sdn Berhad Pledged Securities Account for Hwang Ai Mor (M05)	6,100,300	2.312
6	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lo Ga Lung	4,803,000	1.820
7	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Toh Pik Chai	4,210,900	1.596
8	RHB Nominees (Tempatan) Sdn Bhd RHB Islamic Asset Management Sdn Bhd for Perbadanan Nasional Berhad	4,010,700	1.520
9	Lifetime Learning Sdn Bhd	3,300,000	1.250
10	Seo Aik Leong	2,595,004	0.983
11	Teo Chiang Hong	2,532,000	0.959
12	Maybank Nominees (Tempatan) Sdn Bhd CIMB Bank for Lim Yu Heng	2,490,000	0.944
13	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Gan Ching Han @ Paul Ngan Ching Han (011)	2,300,000	0.872
14	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Datuk Azizan Bin Abd Rahman (MY0531)	2,250,000	0.853
15	Wang Sze Yao @ Wang Ming Way	2,087,975	0.791
16	Chan Chou Chian	2,000,000	0.758
17	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mohd Dom Bin Ahmad	1,650,000	0.625
18	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Khoo Soo Chai (E-IMO)	1,500,000	0.568
19	Yap Chin Seng	1,500,000	0.568
20	Lim Gaik Bway @ Lim Chiew Ah	1,395,000	0.529
21	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Gan Ching Han @ Paul Ngan Ching Han (011)	1,200,000	0.455
22	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chung Liong Yien	1,098,000	0.416
23	Toh Pik Chai	1,031,000	0.391
24	Low Khian Seng	1,000,000	0.379
25	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Pang Go Song	1,000,000	0.379
26	Lim Hua Khiang @ Lim Hua Kiang	958,000	0.363
27	Sew Paul	885,000	0.335
28	Chung Man Li	776,400	0.294
29	Cimsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teong Chee Hooi (PB)	750,000	0.284
30	Teoh Hin Heng	729,200	0.276

ANALYSIS OF WARRANTS HOLDINGS

As At 20 April 2015

Issued Size : 21,819,950 Warrants 2012/2017

No. of Warrants Holders : 282

DISTRIBUTION OF WARRANTS HOLDINGS
(as per Record of Depositors)

Size of Holdings	No. of Warrants Holders	%	No. of Warrants Held	% of Issued Warrants
Less than 100 warrants	24	8.791	1,162	0.005
100 to 1,000 warrants	76	27.839	37,078	0.170
1,001 to 10,000 warrants	81	29.670	336,880	1.544
10,001 to 100,000 warrants	65	23.810	2,996,345	13.732
100,001 to less than 5% of issued warrants	24	8.791	5,948,485	27.262
5% and above of issued warrants	3	1.099	12,500,000	57.287
TOTAL	273	100.00	21,819,950	100.00

DIRECTORS' WARRANTS HOLDINGS
(as per Register of Directors' Warrants Holdings)

No.	Name	No. of Warrants Held Direct	%	No. of Warrants Held Indirect	%
1	Dato' Lim Kim Huat	9,750,000	44.683	-	-
2	Loi Heng Sewn	450,000 [(a)]	2.062	-	-
3	Yeoh Chong Keat	-	-	-	-
4	Cheong Marn Seng	-	-	-	-
5	Wong Heang Fine	-	-	-	-

Note: (a) Held through RHB Nominees (Tempatan) Sdn Bhd

ANALYSIS OF WARRANTS HOLDINGS

As At 20 April 2015 (Cont'd)

LIST OF TOP THIRTY (30) LARGEST WARRANTS HOLDERS
(as per Record of Depositors)

No.	Name of Warrants Holders	No. of Warrants Held	%
1	Dato' Lim Kim Huat	9,750,000	44.684
2	HSBC Nominees (Asing) Sdn Bhd Exempt AN for Credit Suisse (SG BR-TST-ASING)	1,500,000	6.874
3	CitiGroup Nominees (Asing) Sdn Bhd UBS AG Hong Kong for Vivia Wealth Asset Ltd	1,250,000	5.729
4	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Vincent Phua Chee Ee	1,000,000	4.583
5	RHB Nominees (Tempatan) Sdn Berhad Pledged Securities Account for Loi Heng Sewn	450,000	2.062
6	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Teong Chee Hooi (PB)	400,100	1.834
7	Chap Kar Kar	340,000	1.558
8	Lim Poh Fong	283,000	1.297
9	Teo Chiang Hong	281,400	1.290
10	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Azizan Bin Abd Rahman (MY0531)	250,000	1.146
11	Yee Kong Way	250,000	1.146
12	HLIB Nominees (Tempatan) Sdn Bhd CIMB Bank for Teong Chee Hooi	245,000	1.123
13	Roney B Zaidell	235,000	1.077
14	Wang Sze Yao @ Wang Ming Way	229,775	1.053
15	CIMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Geok Wah (BBRKLANG-CL)	207,500	0.951
16	Chan Chou Chian	200,000	0.917
17	Hew Tai Chin @ Hew Tai Moi	200,000	0.917
18	Ngu See Hing	200,000	0.917
19	Wong Wai Cheng @ Mrs Lok Kok Onn	168,540	0.772
20	Lee Fook On	167,400	0.767
21	Lau Ngie King	150,000	0.687
22	Yee Seng Keng	150,000	0.687
23	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chung Liong Yien	122,000	0.559
24	Chow Kam Hong	108,750	0.498
25	Chong Kah An	105,000	0.481
26	CIMSEC Nominees (Tempatan) Sdn Berhad Pledged Securities Account for Sim Guek Lian (B Tinggi-CL)	105,000	0.481
27	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chai Kok Kheang	100,020	0.458
28	Liew Fung Shia @ Liew Fung Lian	100,000	0.458
29	Lim Siu Kun	100,000	0.458
30	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goh Wen Chien	100,000	0.458

NOTICE IS HEREBY GIVEN THAT the Eleventh Annual General Meeting of the Company will be held at Atlanta East, Level 3, Hotel Armada Petaling Jaya, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan on Friday, 12 June 2015 at 3.30 p.m. to transact the following business:-

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2014 and the Reports of the Directors and Auditors thereon. ***Explanatory Note A***

2. To approve the payment of Directors' fees in respect of the financial year ended 31 December 2014. **(Resolution 1)**

3. To re-elect the following Directors retiring pursuant to Article 89 of the Company's Articles of Association:-

   i Yeoh Chong Keat **(Resolution 2)**
   ii Wong Heang Fine **(Resolution 3)**

4. To re-appoint Messrs Baker Tilly Monteiro Heng as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 4)**

SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions, with or without modifications, as Ordinary Resolutions of the Company:-

5. RETENTION OF CHEONG MARN SENG AS INDEPENDENT DIRECTOR **(Resolution 5)**

"THAT in accordance with the Malaysian Code on Corporate Governance 2012 ("MCCG 2012"), Cheong Marn Seng be and is hereby retained as Independent Non-Executive Director of the Company and be designated as such until the conclusion of the next Annual General Meeting, subject to the provisions of the relevant regulatory authorities."

6. AUTHORITY FOR DIRECTORS TO ISSUE SHARES **(Resolution 6)**

"THAT pursuant to Section 132D of the Companies Act, 1965, and subject to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approvals of the relevant governmental and/or regulatory authorities (if any), the Directors be and are hereby empowered to issue new shares in the Company at any time, to such person or persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per cent (10%) of the nominal value of the total issued and paid-up share capital of the Company at the time of issue AND THAT the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

7. PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF RRPT MANDATE") **(Resolution 7)**

"THAT subject always to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries to enter into Recurrent Related Party Transactions of a revenue or trading nature as stated in Section 2.4 of the Circular to Shareholders dated 20 May 2015 with the specified classes of related parties mentioned therein which are necessary for the Group's day-to-day operations and are carried out in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company.

THAT the approval shall continue to be in force until:-

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the AGM whereby the authority is renewed;

(ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("the Act") (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

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

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the Proposed Renewal of RRPT Mandate."

8. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

BY ORDER OF THE BOARD

LIM FEI CHIA (MAICSA 7036158)
Company Secretary

Kuala Lumpur
20 May 2015

Notes:-

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 8 June 2015 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at this meeting.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company, an advocate, an approved company auditor or a person approved by the Registrar (the provisions of Section 149(1) of the Companies Act, 1965 shall not apply).
3. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at this meeting and where a member appoints more than one (1) proxy, he shall specify the proportion of his shareholdings to be represented by each proxy.
4. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
6. The original instrument appointing a proxy and the power of attorney (if any) under which it is signed or a certified copy thereof shall be deposited at the Registered Office of the Company at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur not less than forty-eight (48) hours before the time set for holding this meeting or at any adjournment thereof.
7. The Personal Data Protection Act 2010, which regulates the processing of personal data in commercial transactions, applies to the Company. By providing to the Company personal data which may include the name, contact details and mailing address, a member of the Company hereby consent, agree and authorise the processing and/ or disclosure of any personal data of or relating to the member for the purposes of issuing the notice of this meeting and convening the meeting (including any adjournment thereof), including but not limited to preparation and compilation of documents and other matters, whether or not supplied by the member. The member further confirms to have obtained the consent, agreement and authorisation of all persons whose personal data the member have disclosed and/ or processed in connection with the foregoing.

Explanatory Note A

This agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the audited financial statements. As such, this item is not put forward for voting.

Explanatory Notes on Special Business:-

1. **Resolution 5 – Retention of Cheong Marn Seng as Independent Director**

   The proposed resolution is to seek shareholders' approval to retain Cheong Marn Seng as an Independent Non-Executive Director. Mr Cheong was appointed a Director of the Company on 28 September 2006 and will reach the nine (9) years term limit prescribed by the MCCG 2012 prior to the convening of the next AGM of the Company in 2016.In accordance with the MCCG 2012, the Board of Directors of the Company and the Nomination Committee had assessed the independence of Mr Cheong and recommended that he be retained as an Independent Non-Executive Director of the Company based on amongst others, the following justifications:-

   (i) He has confirmed and declared that he is an Independent Director as defined under Paragraph 1.01 of the Listing Requirements of Bursa Securities;
   (ii) He does not have any conflict of interest with the Company and has not been entering/is not expected to enter into contract(s) especially material contract(s) with the Company and/or its subsidiary companies;
   (iii) He is currently not sitting on the board of any other public and/or private companies having the same nature of business as that of the Company and its subsidiary companies; and
   (iv) He has devoted sufficient time and attention to his responsibilities as an Independent Director and has provided unbiased, objective and independent view and judgment to Board deliberations and in view of his understanding of the Company's business, the challenges faced by the Company and the environment in which the Company operates, the Board is of the view that he will continues to provide invaluable contributions to the Board as an Independent Non-Executive Director of the Company.

2. **Resolution 6 - Authority for Directors to Issue Shares**

   This proposed resolution, if passed, will renew the authority given to the Directors of the Company to issue and allot new shares in the Company at any time, to such person or persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit ("General Mandate"), provided that the number of shares issued pursuant to this General Mandate, when aggregated with the nominal value of any such shares issued during the preceding twelve (12) months, does not exceed 10% of the total issued share capital of the Company at the time of issue. This renewed General Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

   The General Mandate procured and approved in the preceding year 2014 which was not exercised by the Company during the year, will expire at the forthcoming Tenth Annual General Meeting of the Company.

   With this renewed General Mandate, the Company will be able to raise funds expeditiously for the purpose of funding future investment, working capital and/or acquisition(s) without having to convene a general meeting to seek shareholders' approval when such opportunities or needs arise.

3. **Resolution 7 – Proposed Renewal of RRPT Mandate**

   This proposed resolution, if passed, will authorise the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature, particulars of which are as set out in the Circular to Shareholders of the Company dated 20 May 2015 despatched together with the Annual Report 2014. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting of the Company.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Directors retiring in accordance with Article 89 of the Company's Articles of Association:-

1. Yeoh Chong Keat; and
2. Wong Heang Fine.

Details of the above Directors are set out in the Directors' Profile from page 4 and 5.

ABLEGROUP BERHAD (654188-H)
(Incorporated in Malaysia)

Number of ordinary shares held:
CDS Account No.:
Contact No.:

FORM OF PROXY

I/We ____ NRIC / Company No. ____________________________
(Full name in block letters)

of ____
(Full address)

being a member of **ABLEGROUP BERHAD**, hereby appoint ____
(Full name in block letters and NRIC No.)

______________________________________ of ____
(Full address)

____

or failing him/her ____
(Full name in block letters and NRIC No.)

of ____
(Full address)

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Eleventh Annual General Meeting of the Company to be held at Atlanta East, Level 3, Hotel Armada Petaling Jaya, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan on Friday, 12 June 2015 at 3.30 p.m. or at any adjournment thereof.

My/Our Proxy(ies) is/are to vote as indicated below:-

No.	Resolutions	For	Against
1.	To approve the payment of Directors' fees in respect of the financial year ended 31 December 2014.		
2.	To re-elect Yeoh Chong Keat as Director.		
3.	To re-elect Wong Heang Fine as Director.		
4.	To re-appoint Messrs Baker Tilly Monteiro Heng as the Company's Auditors and to authorise the Directors to fix their remuneration.		
5.	To retain Cheong Marn Seng as Independent Director.		
6.	To authorise Directors to issue shares pursuant to Section 132D of the Companies Act, 1965.		
7.	Proposed renewel of RRPT Mandate.		

(Please indicate with a " x " in the space provided on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.)

Dated this __________ day of __________, 2015

____
Signature/Common Seal of Member

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 8 June 2015 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at this meeting.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company, an advocate, an approved company auditor or a person approved by the Registrar (the provisions of Section 149(1) of the Companies Act, 1965 shall not apply).
3. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at this meeting and where a member appoints more than one (1) proxy, he shall specify the proportion of his shareholdings to be represented by each proxy.
4. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
6. The original instrument appointing a proxy and the power of attorney (if any) under which it is signed or a certified copy thereof shall be deposited at the Registered Office of the Company at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur not less than forty-eight (48) hours before the time set for holding this meeting or at any adjournment thereof.
7. The Personal Data Protection Act 2010, which regulates the processing of personal data in commercial transactions, applies to the Company. By providing to the Company personal data which may include the name, contact details and mailing address, a member of the Company hereby consent, agree and authorise the processing and/ or disclosure of any personal data of or relating to the member for the purposes of issuing the notice of this meeting and convening the meeting (including any adjournment thereof), including but not limited to preparation and compilation of documents and other matters, whether or not supplied by the member. The member further confirms to have obtained the consent, agreement and authorisation of all persons whose personal data the member have disclosed and/ or processed in connection with the foregoing.

Fold here

Affix
Stamp
Here

The Company Secretary

ABLEGROUP BERHAD
(654188-H)

Suite 11.1A, Level 11
Menara Weld
76 Jalan Raja Chulan
50200 Kuala Lumpur

Fold here

AbleGroup Berhad

Block D4-U2-10, Level 2,
Solaris Dutamas,
No. 1, Jalan Dutamas 1,
50480 Kuala Lumpur.

Tel : 03-6207 8186/286/386
Fax : 03-6207 8786