

PLB ENGINEERING BERHAD

PLB 國雲集團有限公司

(418224-X)

annual report 2014



• PLB-KH Bina Sdn Bhd • PLB Land Sdn Bhd • PLB Terang Sdn Bhd • PLB Green Construction Sdn Bhd • Era Pujiaan Sdn Bhd • Excelgrand Properties Sdn Bhd
• PLB Bio Green Sdn Bhd • Fattigold Sdn Bhd • Landsdale Development Sdn Bhd • Pelangi Sehati Development Sdn Bhd • Sehati Corporation Sdn Bhd • Hektar Pujiaan Sdn Bhd
• PLB Bio Wood Sdn Bhd • Indah Mulia Development Sdn Bhd • QM Power Machinery Sdn Bhd • Diligent Success Sdn Bhd • Dynabricks Sdn Bhd • United Empire Development Sdn Bhd
• PLB Steel Engineering Sdn Bhd • United Empire Development Sdn Bhd • PLB-Wonder Bay Development Sdn Bhd • PLB-Cemerlang Sdn Bhd • PLB Leisure Sdn Bhd • Hektar Pujiaan Sdn Bhd
• PLB Ventures Sdn Bhd • Gaitrend Sdn Bhd • PLB-Wonder Bay Development Sdn Bhd • PLB-Cemerlang Sdn Bhd • PLB Leisure Sdn Bhd • Hektar Pujiaan Sdn Bhd

www.plb.com.my

www.plbhomes.com.my

Vision & Mission

CORPORATE VISION

To be a progressive and technology-driven global conglomerate by capitalizing on our core business, while seeking new opportunities to constantly enhance the economic value for our stakeholders.

CORPORATE MISSION



Focusing on customer needs which meet their requirements and drive their success.



Applying Information Technology to enhance our business efficiency and Supply Chain Management.



Monitor continued improvement and upgrade our operation technologies, facilities and Human Resource capabilities.



Inculcate a passion for excellence and commitment while contributing towards nation building and welfare of society.



Supporting our enterprising employees through "Intrapreneurship" schemes.



Identifying new ventures for growth.

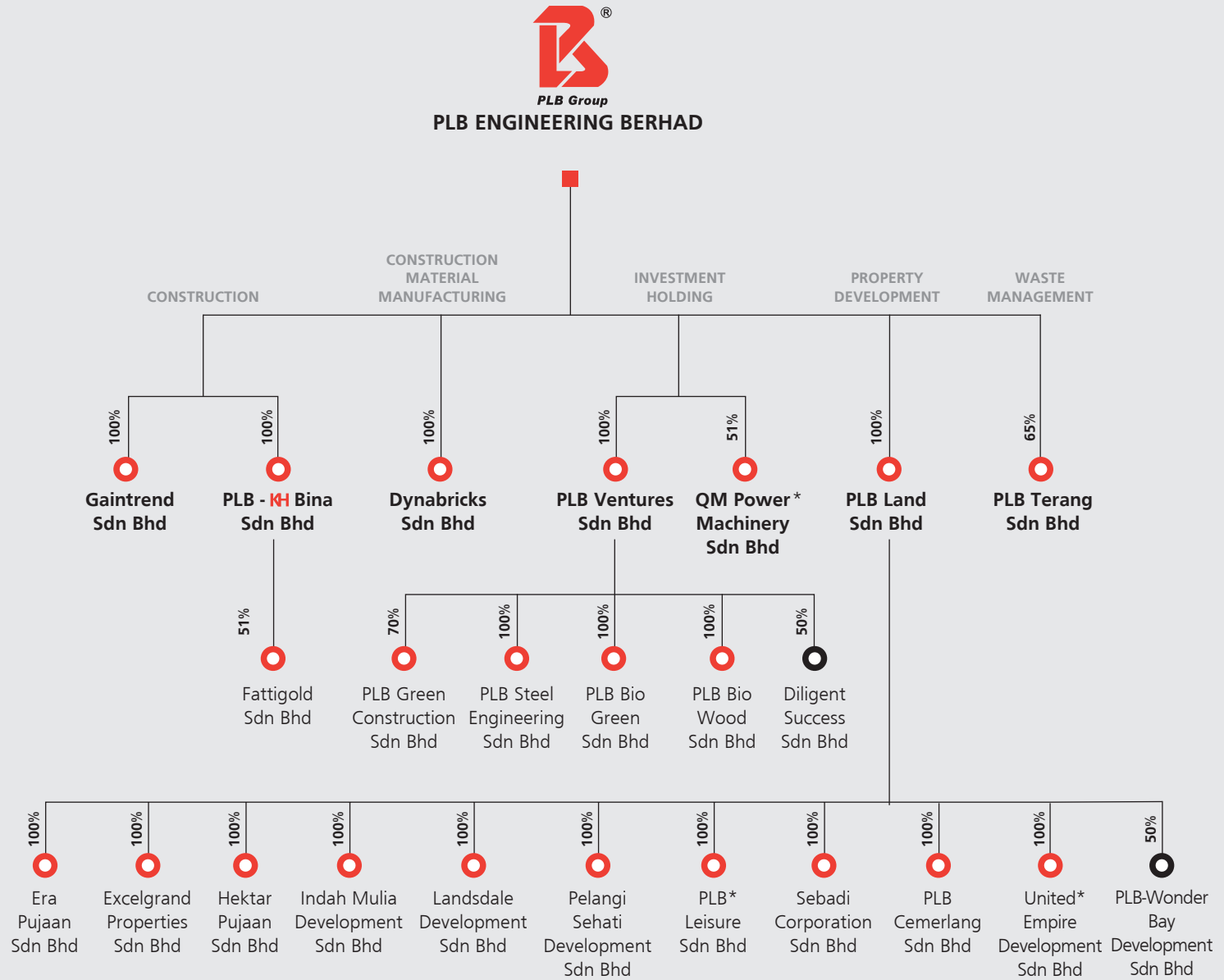
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Corporate Information

Board of Directors	<p>Dato' Seri Ong Choo Hoon (<i>Group Executive Chairman</i>) Dato' Dr. Ong Seng Soon (<i>Group Managing Director</i>) Encik Mardzukhi Bin Abu Bakar (<i>Executive Director</i>) Dato' Mohd. Shariff Bin Ibrahim (<i>Alternate Director to Encik Mardzukhi Bin Abu Bakar</i>) Madam Ong Guat Beng (<i>Executive Director</i>) Mr. Ong Seng Chye (<i>Executive Director</i>) Mr. Saw Chin Eng (<i>Independent Non-Executive Director</i>) Dato' Noordin Bin Md. Noor (<i>Independent Non-Executive Director</i>) Madam Teoh Siew Tin (<i>Independent Non-Executive Director</i>)</p>
Company Secretaries	<p>Mr. Chee Wai Hong (BC/C/1470) Ms Foo Li Ling (MAICSA 7019557)</p>
Registered Office	<p>51-13-A Menara BHL Bank Jalan Sultan Ahmad Shah 10050 Penang Tel. : 04-2289700 Fax : 04-2279800 E-mail : enquiry@fastrack.com.my</p>
Auditors	<p>Messrs Grant Thornton 51-8-A Menara BHL Bank Jalan Sultan Ahmad Shah 10050 Penang Tel : 04-2287828 Fax : 04-2279828</p>
Share Registrar	<p>Agriteum Share Registration Services Sdn. Bhd. 2nd Floor, Wisma Penang Garden 42 Jalan Sultan Ahmad Shah 10050 Penang Tel : 04-2282321 Fax : 04-2272391</p>
Audit Committee	<p><u>Chairman</u> Mr. Saw Chin Eng (<i>Independent Non-Executive Director</i>)</p> <p><u>Members</u> Dato' Noordin Bin Md. Noor (<i>Independent Non-Executive Director</i>) Madam Teoh Siew Tin (<i>Independent Non-Executive Director</i>)</p>
Bankers	<p>Malayan Banking Berhad Affin Bank Berhad RHB Bank Berhad AmIslamic Bank Berhad CIMB Bank Berhad Hong Leong Bank Berhad AmBank (M) Berhad OCBC Bank (Malaysia) Berhad Bank Islam Malaysia Berhad Alliance Bank Malaysia Berhad</p>
Solicitors	<p>Messrs Azman Davidson & Co. Messrs B.C. Teh & Yeoh Messrs Ghazi & Lim Messrs Mahinder Singh Dulku & Co. Messrs Presgrave & Matthews Messrs Salina, Lim Kim Chuan & Co.</p>
Stock Exchange Listing	<p>Main Market of Bursa Malaysia Securities Berhad Stock Short Name : PLB Stock Code : 7055</p>

Corporate Structure



○ Subsidiary ● Associate Company

* Struck-off during the financial year

Directors' Profile

Dato' Seri Ong Choo Hoon

Group Executive Chairman

Member of the Remuneration Committee

Dato' Seri Ong Choo Hoon, a Malaysian aged 75, was appointed to the Board of the Company on 11 October 1997 as the Group Executive Chairman. Dato' Seri Ong is the founder of the PLB Group with more than 50 years of experience in machinery, engineering and construction industry. After having been actively involved in machinery engineering contracts and provision of maintenance services from 1962 to 1975, Dato' Seri Ong subsequently ventured into the construction business in 1976 and was the primary moving force behind a number of the Group's successful property development projects over the years. He is responsible for the overall management and strategic planning of the PLB Group.

Dato' Seri Ong is also a member of The People's Volunteer Corps (RELA), holding the position of Major (Honorary).

Dato' Seri Ong represents PLB-KH Bina Sdn Bhd ("PKH"), a wholly owned subsidiary of the Company, as the patron of the Penang State Foundry and Engineering Industries Association.

Dato' Seri Ong does not hold any other directorships in other public companies.

Dato' Seri Ong is the father of Dato' Dr. Ong Seng Soon, Madam Ong Guat Beng and Mr. Ong Seng Chye who are also Executive Directors of the Company. He is a director and major shareholder of Leading Builders Sdn. Bhd., which is a major shareholder of the Company. He has no conflict of interest with the Company and has no convictions for offences within the past ten years.

Dato' Dr. Ong Seng Soon

Group Managing Director

Chairman of the Corporate Governance Committee

Dato' Dr. Ong Seng Soon, a Malaysian aged 49, was appointed as the Group Managing Director of the Company on 11 October 1997. He holds a degree of Doctorate of Philosophy in Construction Management from Clayton University, United States of America. He joined PKH as a Site Engineer in 1989 and was responsible for the site and construction management of all major construction projects undertaken by PKH. Since his appointment to the Board of PKH and the Company, his in-depth knowledge of the construction industry has contributed significantly to the growth and the expansion of PLB Group. Dato' Dr. Ong oversees the operations management, corporate development and business development of PLB Group.

Dato' Dr. Ong is the Chairman of the Corporate Governance Committee and various working committees in the Group. He is a Major (Associate Officer) of the Department of Civil Defence Malaysia (Ministry of Internal Security), a member of the Board of Engineers of Malaysia, a graduate member of The Institution of Engineers, Malaysia, General Committee Member of Penang Chinese Chamber of Commerce, represents PKH as an Alternate Committee Member of Penang Master Builders & Building Materials Dealers Association, Director of Penang Han Chiang Associated Chinese Schools Association and Honorary Director of S.M.J.K Heng Ee.

Dato' Dr. Ong does not hold any other directorships in other public companies.

Dato' Dr. Ong is the son of Dato' Seri Ong Choo Hoon and the brother of Madam Ong Guat Beng and Mr. Ong Seng Chye. He is a director and major shareholder of Leading Builders Sdn. Bhd., which is a major shareholder of the Company. He has no conflict of interest with the Company and has not been convicted of any offence within the past ten years.

Directors' Profile (Cont'd)

Encik Mardzukhi Bin Abu Bakar

Executive Director

Member of the Corporate Governance Committee

Encik Mardzukhi Bin Abu Bakar, a Malaysian aged 58, was appointed as the Executive Director of the Company on 11 October 1997 and oversees the business development of the Group. Currently, he also oversees the Safety and Security Department. He obtained a Certificate in Building Structural Draughtsmanship from MARA Institute in 1979 and subsequently received his Diploma in Business Administration from the Institute of Business Administration and Management. He has also attended Safety and Health Officer course by National Institute of Occupational Safety and Health (NIOSH). He was admitted as a fellow of The International Management Association, London i.e. F.I.M.A (UK) in April 2008. He has more than 26 years of invaluable experience through his involvement in construction industry. He was appointed as a Councilor to Majlis Perbandaran Seberang Perai from 1989 to 1990. He was a Project Manager of Gurun Corporation Sdn. Bhd. from 1990 to 1992. He had attended several intensive courses and seminars on construction and safety management to keep abreast with the latest developments in the industry.

Encik Mardzukhi does not hold any other directorships in other public companies.

Encik Mardzukhi is not related to any other Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has not been convicted of any offences within the past ten years.

Dato' Mohd. Shariff Bin Ibrahim

Alternate Director to Encik Mardzukhi Bin Abu Bakar

Dato' Mohd. Shariff Bin Ibrahim, a Malaysian aged 70, was appointed as the Alternate Director to Encik Mardzukhi Bin Abu Bakar, an Executive Director of the Company on 30 May 2001. Dato' Mohd. Shariff completed his high school education and has more than 25 years of experience in the area of property development. He is the Executive Director of PR Builders Sdn. Bhd. which is a registered "Class A" contractor with PKK and a Grade 7 contractor with CIDB. He is active in the socio-political circle where he sits in various committees.

Dato' Mohd. Shariff does not hold any other directorships in other public companies.

Dato' Mohd. Shariff is not related to any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has not been convicted of any offences within the past ten years.

Madam Ong Guat Beng

Executive Director

Member of the Corporate Governance Committee

Madam Ong Guat Beng, a Malaysian aged 56, was appointed as an Executive Director of the Company on 11 October 1997. After completing high school in 1976, Madam Ong joined PKH to assist Dato' Ong Choo Hoon to oversee the overall operation of PKH. She has almost 34 years of working experience in purchasing, accounting and office administration. Subsequently, she oversaw the Finance, Human Resources and Administration departments before taking up the Procurement department of the Company as well. Madam Ong also assists the Group Executive Chairman and Group Managing Director in the overall operations and management of the Company on site management, financial management and human resources management.

Madam Ong does not hold any other directorships in other public companies.

Madam Ong is the daughter of Dato' Seri Ong Choo Hoon and the sister of Dato' Dr. Ong Seng Soon and Mr. Ong Seng Chye. She is a director and shareholder of Leading Builders Sdn. Bhd., which is a major shareholder of the Company. She has no conflict of interest with the Company and has no convictions for offences within the past ten years.

Directors' Profile (Cont'd)

Mr. Ong Seng Chye

Executive Director

Member of the Corporate Governance Committee

Mr. Ong Seng Chye, a Malaysian aged 47, was appointed as an Executive Director of the Company on 11 October 1997. He completed his high school education in 1985 and joined PKH in 1987 to assume various responsibilities for plant and machinery scheduling, security maintenance, site management, logistics and manufacturing. Currently, he oversees the Property Development operations of the PLB Group and represents the PLB Group by being actively involved in the public and social responsibilities of PLB Group. He is a member of the Board of Directors and Chartered Treasurer as well as Past Secretary and Past President of the Lions Club of Prai. He is also the Committee Member of Business Development and Infrastructure & Public Facilities Committee of the Penang Chinese Chamber of Commerce as well as the Past Treasurer of the Penang Chinese Chamber of Commerce Young Entrepreneur Section. He represents PKH as a Committee Member and Immediate Past President of Penang Master Builders & Building Materials Dealers Association. Mr. Ong has attended numerous seminars to supplement his on-the-job experience.

Mr. Ong does not hold any other directorships in other public companies.

Mr. Ong is the son of Dato' Seri Ong Choo Hoon and the brother of Dato' Dr Ong Seng Soon and Madam Ong Guat Beng. He is a director and shareholder of Leading Builders Sdn. Bhd., which is a major shareholder of the Company. He has no conflict of interest with the Company and has no convictions for offences within the past ten years.

Mr. Saw Chin Eng

Independent Non-Executive Director

Chairman of the Audit Committee

Chairman of the Remuneration Committee

Member of the Nominating Committee

Mr. Saw Chin Eng, a Malaysian aged 57, was appointed as an Independent Non-Executive Director of the Company on 30 May 2001. He obtained his Bachelor of Commerce degree from University of Otago, New Zealand in 1981. He started his career as an Audit Assistant in an accounting firm. He was later promoted to a position of an Audit Manager in charge of a wide portfolio of clients. Currently, he is practicing under Messrs. Saw & Co., a member firm of the Malaysian Institute of Accountants. A Chartered Accountant by profession, Mr. Saw is a member of Chartered Accountants Australia and New Zealand and also a Chartered Accountant with the Malaysian Institute of Accountants as well as a Chartered Tax Practitioner (CTP) and a member of the Chartered Tax Institute of Malaysia and a qualified Certified Financial Planner (CFP) and Registered Financial Planner (RFP). In July 2008, Mr. Saw was admitted as Fellow Certified Practising Accountant (FCPA) of CPA Australia.

Mr. Saw does not hold any other directorships in other public companies.

Mr. Saw is the spouse of Madam Teoh Siew Tin. He has no conflict of interest with the Company and has no convictions for offences within the past ten years.

Directors' Profile (Cont'd)

Dato' Noordin Bin Md. Noor

Independent Non-Executive Director

Chairman of the Nominating Committee

Member of the Audit Committee

Member Remuneration Committee

Dato' Noordin Bin Md. Noor, a Malaysian aged 57, was appointed as an Independent Non-Executive Director of the Company on 11 October 1997. He obtained his Diploma in Business Studies from Universiti Teknologi MARA (UiTM) in 1976. He has 26 years of experience in business, construction, service, IT, manufacturing (rubber based products, food and fisheries) and transport industry.

Dato' Noordin has been actively involved in the nation's political scene since 1976. He has held various positions in UMNO Malaysia at the Division, State and National level such as Exco Pemuda UMNO Malaysia (1993 – 2002), Timbalan Pengerusi Biro Pendidikan Pemuda UMNO Malaysia (1993 – 1996), Pengerusi Majlis Pembangunan Usahawan Pemuda UMNO Malaysia (1996 – 1998), Pengerusi Majlis Ekonomi dan Pembangunan Usahawan Pemuda UMNO Malaysia (1998 – 2002) and Ahli Jawatankuasa Pengurusan dan Pentadbiran Pergerakan Pemuda UMNO Malaysia.

Dato' Noordin is an Independent Non-Executive Director of TH Plantations Berhad.

Dato' Noordin is not related to any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has not been convicted of any offences within the past ten years.

Madam Teoh Siew Tin

Independent Non-Executive Director

Chairperson of the Risk Management Committee

Member of the Audit Committee

Member of the Nominating Committee

Madam Teoh Siew Tin, a Malaysian aged 57, was appointed as an Independent Non-Executive Director of the Company on 30 October 2008. She received her upper secondary and tertiary education in Australia graduating with Bachelor of Economics (Accounting) degree from Monash University, Clayton Campus, Melbourne, Australia in 1979.

She began her career with international accounting firms and stayed in the industry for 4 years. Her work covers areas of audit, tax and company secretarial. Subsequently, she spent the next 18 years in a Main Board listed company in the steel industry. She started as an Accountant and moved up to General Manager level to hold the position of Group Financial Controller in the Group of Companies. Her work experience covers accounting, finance, corporate tax planning, licensing, administrative and corporate services including human resources management, corporate communications, information technology, credit control and debt recover, equity call and fund raising, mergers and takeovers and feasibility study of projects.

She is a Fellow member of the CPA Australia, Chartered Accountant with the Malaysian Institute of Accountants and a member of the Chartered Tax Institute of Malaysia. She is involved in her own consultancy business.

Madam Teoh does not hold any other directorships in other public companies.

Madam Teoh is the spouse of Mr. Saw Chin Eng. She has no conflict of interest with the Company and has no convictions for offences within the past ten years.

Chairman's Statement

Dear Valued Shareholders,

On behalf of the Board of Directors of **PLB ENGINEERING BERHAD** ("PLB" or "the Company"), it is my pleasure to present the Annual Report and Audited Financial Statements of the Company for the financial year ended 31 August 2014.

Financial Performance

For the financial year ended 31 August 2014, the Group recorded revenue of RM191.7 million and profit before tax of RM19.3 million compared to revenue of RM229.7 million and profit before tax of RM18.3 million respectively in the preceding year. The significant improvement of the profit before taxation for this year was contributed by the on-going construction and property development projects.

The net tangible assets of the Group increased from RM127.6 million in the financial year of 2013 to RM138.7 million in the financial year of 2014.

Dividend

The Board of Directors has recommended a first and final single tier dividend of 10% for financial year ended 31 August 2014 for shareholders' approval at the forthcoming Annual General Meeting.

Industry Trend & Development

Throughout 2014, the domestic economy is expected to register between 5.5% to 6% growth and the government expects the Malaysian economy to chart a steady growth path of 5% to 6% in year 2015 which remains driven by the private sector.

The Construction industry is to be supported through various infrastructure and public transportation projects such as the Klang Valley Mass Rapid Transit (MRT), elongation of the Light Rail Transit line by stretching the Kelana Jaya and Ampang route until Putra Height, the Electrified Double Track Project between Ipoh to Padang Besar, Perlis and the implementation of affordable housing scheme, among others.

The property market industry on the other hand remains competitive where the demand for properties still remain high especially for projects located at prime locations. However, there is cautious sentiment in the property market due to the measures introduced by Bank Negara Malaysia to curb property speculation, such as stringent bank loan lending guidelines, increase in interest rates and the upcoming implementation of Goods and Services Tax.

Review of Operations

Construction

PLB-KH Bina Sdn Bhd ("PKH"), Gaintrend Sdn Bhd ("GtSB") and PLB Green Construction Sdn Bhd ("PGC") continue to contribute to the construction sector.

PLB will continue focusing in securing contracts from existing established clients, new reputable customers and the public sector including abandoned schemes to enhance the profitability of the Group in the forthcoming financial year.

Property Development

The Group's subsidiary PLB Land Sdn Bhd ("PLd") received overwhelming response for its 98 Nibong Residence project currently being developed at Sungai Nibong, Penang. The Group continues to diligently plan the development of various projects in the pipeline scheduled to commence for business sustainability and continuity.

Apart from the above, the Group is now geared on the development planning of a large housing scheme project located at Paya Terubong, Penang, comprising of 8,000 units of affordable homes in line with the Penang State Government's Affordable Housing Scheme.

In addition to the various development projects and the 8,000-units affordable housing scheme, the Company will be looking to realize the next large scale mixed development project on a 200-acre land at Jarak, Seberang Perai Utara, which is strategically located between the Penang Port, the Penang Bridge, the upcoming undersea tunnel and the proposed Kulim Airport.

Chairman's Statement (Cont'd)

Solid Waste Management

Currently, the revenue in waste management services is only derived from the tipping fees collected from the existing landfills at Pulau Burung sanitary landfill site. Under the twenty-year Concession Agreement to operate and manage the Pulau Burung sanitary landfill site, the company anticipates surfeit in revenue after the handover of the new land fill site at the 300-acre Phase 3 site from the Penang State municipal councils. This revenue increase is expected from the Material Recovering Facility's operation and shall be the main contributor for the waste management business at Pulau Burung sanitary landfill site.

Quality System

During the financial year, PKH had successfully passed the re-certification for the MS ISO 9001:2008 in respect of Provision of Construction Services in Building and Civil Engineering Works and Design Coordination and Management of Turnkey Projects.

The other subsidiaries of the Group, GtSB and PGC had successfully passed the yearly surveillance audit for MS ISO 9001: 2008 certification.

With the commitment and dedication of our management and employees who are periodically briefed on the importance of Quality Policy and Objective to further strengthen and maintain the Quality Management System, PLB is confident of the continuity of the certification.

Prospects

Moving forward, the Group will maintain its focus on the on-going development projects, namely 98 Nibong Residences and final phases of the Prestige III project at Balik Pulau.

The Group aims to continue with its development of quality and affordable properties on its existing development land banks.

Barring any unforeseen circumstances, the prospects of the Group for next Financial Year 2015 remains positive.

Appreciation

I would like to express our sincere appreciation and thanks to the members of the Board of Directors, Management and Staff for their support and contributions to the Company. On behalf of Board of Directors, I would also like to extend my appreciation to the Malaysian Government and all its ministries, agencies, departments, state government, local councils and last but not least to our valued stakeholders for their continued cooperation and support during the financial year 2014.

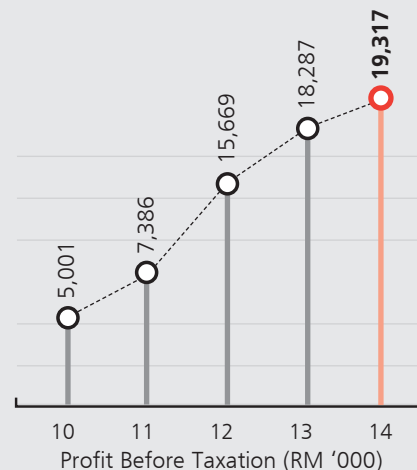
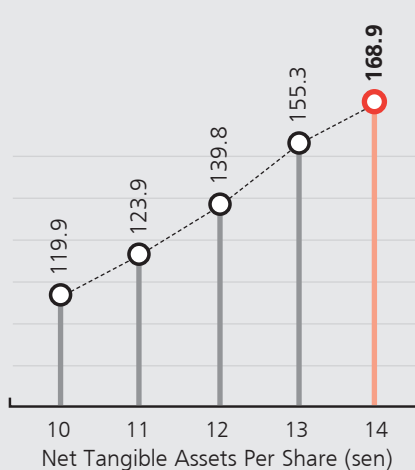
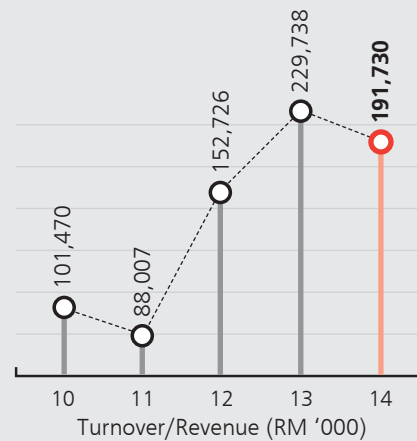
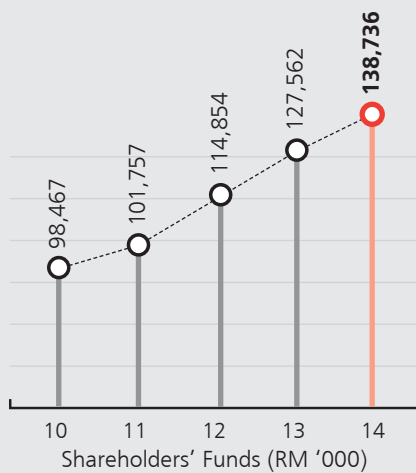
DATO' SERI ONG CHOO HOON

Chairman

Financial Highlights

	Audited (RM '000)				
	2010	2011	2013	2014	2014
Turnover/Revenue	101,470	88,007	152,726	229,738	191,730
Profit Before Taxation	5,001	7,386	15,669	18,287	19,317
Profit For The Year @	4,502	7,127	10,870	12,553	12,808
Paid Up Capital	91,282	91,282	91,282	91,282	91,282
Shareholders' Funds	98,467	101,757	114,854	127,562	138,736
Earnings Per Share (sen)	5.48	8.67	13.23	15.28	15.59
Net Tangible Assets Per Share (sen)	119.9	123.9	139.8	155.3	168.9
Total Assets	208,590	185,278	220,057	273,596	299,783
Gross Dividend (%)	1.50	1.50	3.00	5.00	10.00

@ Profit for the year represents profit after taxation and non-controlling interests.



Audit Committee Report

Objectives

The principal objective of the Audit Committee is to assist the Board of Directors in discharging its duties and responsibilities in the area of corporate governance and internal audit with particular reference to the public accountability of the Company and its subsidiaries.

Membership

The present member of the Audit Committee consists of:

Chairman : Mr. Saw Chin Eng (Independent Non-Executive Director)
Members : Dato' Noordin Bin Md. Noor (Independent Non-Executive Director)
 : Madam Teoh Siew Tin (Independent Non-Executive Director)

Terms of Reference

Membership

The Audit Committee shall be appointed by the Board from amongst the Directors and shall consist of:

- not less than three members
- the majority of whom must be Independent Non-Executive Directors of the Company
- all members of the Audit Committee should be Non-Executive Directors
- all members of the Audit Committee should be financially literate

No Alternate Directors shall be appointed as a member of the Audit Committee. The members of the Audit Committee shall elect a Chairman from amongst themselves who shall be an Independent Non-Executive Directors. At least one of the members of the Audit Committee must:

- i. be a member of the Malaysian Institute of Accountants; or
- ii have at least three (3) years' working experience and:-
 - must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967, or
 - must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967.

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

Meetings

The Audit Committee shall regulate its own proceedings. The Audit Committee shall meet not less than four (4) times a year. Additional meetings may be held at the discretion of the Audit Committee or at the request of external auditors.

The quorum of the meeting is two (2) and majority of Members present must be Independent Directors.

The Company Secretary shall be the Secretary of the Audit Committee.

The finance director, the head of internal audit and a representative of the external auditors should normally attend meetings.

Other board members may attend meetings upon the invitation of the Audit Committee.

The Audit Committee should meet with the external auditors without Executive Board Members present at least twice a year.

The Chairman of the Audit Committee should engage on a continuous basis with senior management, such as the chairman, the chief executive officer, the finance director, the head of the internal audit and the external auditors in order to be kept informed of matters affecting the Company.

Audit Committee Report (Cont'd)

Authority

The Audit Committee has explicit authority by the Board to investigate any activity within its terms of reference, the resources to do so and full access to information.

The Audit Committee is empowered to obtain independent professional advice and to invite outsiders with relevant experience to attend, if necessary.

Functions & Duties

The functions and duties of the Audit Committee shall include:-

- to consider the appointment and annual re-appointment of external auditors, their audit fees and any question of their resignation or dismissal and to recommend to the Board.
- to discuss with the external auditors before the audit commences, the nature and scope of their audit, their evaluation of the system of internal accounting controls and to ensure co-ordination where more than one audit firm is involved.
- to discuss problems and reservations arising from the interim and final audits, and any matters the external auditors may wish to discuss (in the absence of management where necessary).
- to review with the external auditor's management letter and management's response.
- to do the following, in relation to the internal audit function:-
 - review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
 - review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
 - review any appraisal or assessment of the performance of members of the internal audit function;
 - approve any appointment or termination of senior members of the internal audit function; and
 - take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- to review the quarterly results and year-end financial statements of the Group and the Company, prior to the approval by the Board, whilst ensuring that they are prepared in a timely and accurate manner, focusing particularly on
 - changes in accounting policies and practices;
 - implementation of major accounting policies and practices;
 - going concern assumption;
 - significant and unusual events; and
 - compliance with accounting standards and other legal requirements.
- to consider/review any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- to consider the major findings of internal investigations and management's response.
- to review with the external auditor, his audit report.
- to review with the external auditor the assistance given by the employees of the Company.
- to review with the Board of Directors of the Company whether there is reason (supported by grounds) to believe that the listed issuer' external auditor is not suitable for re-appointment.
- to consider/perform any other topics/functions as authorised by the Board.

Meetings held during the Financial Year Ended 31 August 2014

During the financial year, four meetings were held and the table of attendance of each committee member is as follows:-

<u>Director</u>	<u>No. of Meetings attended</u>
Mr. Saw Chin Eng	4
Dato' Noordin Bin Md. Noor	2
Madam Teoh Siew Tin	4

Audit Committee Report (Cont'd)

Summary of Activities of Audit Committee

The activities of the Audit Committee for the financial year under review includes the following:-

- Reviewed the quarterly unaudited financial results and recommended to the Board for approval and for announcement to Bursa Securities and Securities Commission;
- Reviewed the annual audited financial statements with external auditors to ensure compliance with the provisions of the Companies Act, 1965, Listing Requirements of Bursa Securities, applicable Financial Reporting Standards and other legal and regulatory requirements prior to the submission to the Board for approval;
- Reviewed the Internal Audit Plan and its scope of work;
- Reviewed the internal audits reports, which highlighted the audit findings, recommendations and management response. Discussed with Management the corrective action taken to improve the system of internal control based on improvement opportunities identified in the internal audit reports;
- Established and formalised risk management framework and action plan to manage the risk identified on an on-going process;
- Reviewed any related party transactions and conflict of interests situation that may arise within the group;
- Reviewed and discussed with the external auditors on their audit plan and scope of work for the year as well as the audit procedures to be utilised; and
- Considered the re-appointment and remuneration of external auditors.

Internal Audit Function

The Internal Audit Department assists the Audit Committee in discharging its duties and responsibilities.

Summary of Activities of the Internal Audit Department ("IAD")

The Internal Audit Department assists the Audit Committee in discharging its duties and responsibilities. Its role is to undertake independent, regular and systematic reviews of the systems of internal controls, so as to provide reasonable assurance that such systems continue to operate satisfactorily, effectively and in compliance with the Group's established policies and procedures. The Internal Audit Department adopts a risk-based audit approach when preparing its annual audit plan which is approved by the Audit Committee.

During the financial year, the IAD conducted various audit assignments on the operations, management and financial systems of the Group as well as compliance audits in accordance with the approved annual audit plan. The results of the internal audit reviews and the recommendations for improvement are presented to the Audit Committee for deliberation. The Internal Audit Department also conducted follow-up audit reviews to monitor and ensure that audit recommendations for improvement have been effectively implemented by Management.

The internal audit costs incurred during the financial year were RM83,157.45.

Corporate Governance Statement

The Board is committed and will continue to endeavour to comply with the principles and recommendations as set out in the Malaysian Code of Corporate Governance 2012 (“MCCG 2012”) in order to ensure that a good corporate governance is practised throughout the Group as a fundamental part of discharging its responsibilities in ensuring continuous and sustainable growth for the interests of all its stakeholders. The Board is pleased to provide the following statement which outlined how the Group had applied the principles and recommendations of the MCCG 2012 that were in place throughout the financial year.

PRINCIPLE 1 : ESTABLISH CLEAR ROLES & RESPONSIBILITIES

Board Balance

The Board comprises of eight (8) members of which five (5) are Executive Directors, while the remaining three (3) are Independent Non-Executive Directors. Each member brings with them a diversity in experience, expertise and perspective of the Group’s business operations.

With Dato’ Seri Ong Choo Hoon as the Group Executive Chairman and Dato’ Dr Ong Seng Soon as the Group Managing Director, there is clear division of responsibilities between these roles to ensure a balance of power and authority. The Board takes cognizance of the Chairman being in an executive position but is of the view that there are sufficient experiences and independent non-executive Directors on Board to provide assurance that there is adequate check and balance. Furthermore, the complementary role of non-executive directors ensure an effective Board with a mix of industry-specific knowledge, technical, and commercial experience. This balance enables the Board to provide a clear and effective leadership to the Company and to bring informed and independent judgment into various aspects of the Company’s strategies and performance.

The Board recognises the key role it plays in charting the strategic direction of the Company and has assumed the following principal responsibilities in discharging its fiduciary and leadership functions:

- reviewing, approving and monitoring the overall strategies and direction of the Group, including sustainability of the Group’s businesses;
- overseeing and evaluating the conduct and performance of the Group’s businesses;
- identifying and managing principal risks facing the Group and ensuring the implementation of appropriate systems to manage these risks;
- reviewing the adequacy of the Group’s internal control policy and safeguarding assets of the Company;
- ensuring appropriate corporate disclosure policy and procedures are in place for effective dissemination of Information which is comprehensive, accurate and timely, and leverage on information technology, where applicable;
- reviewing and monitoring the systems of risk management and internal controls, continuous disclosure, legal and regulatory compliance and other significant corporate policies; and
- succession planning, including appointing, training, fixing the compensation of and, where appropriate, replacing members of the Board

Board responsibilities

The Board is led and managed by experienced Board members with a wide range of expertise. It is collectively responsible for promoting the success of the Company and the Group by directing and supervising its business and affairs. The Board’s principal responsibilities are as prescribed under the best practices of the Code. These include: charting and reviewing the strategic direction for the Company and the Group; overseeing its business operations thereof; evaluating whether these are being properly managed; and providing leadership to enable the achievement of the Group’s business objectives.

The Board has a formal schedule of matters reserved to itself for decisions, including the overall Group strategy and direction, acquisition policy, approval of major capital expenditure projects and significant financial matters.

The Board practices a clear division of responsibilities between the Chairman, Managing Director, Executive Directors and Non-Executive Directors. The Chairman and the Executive Directors are primarily responsible for the orderly conduct and function of the Board, the day to day running of the Group’s business, implementation of the Board’s policies and the overall operational and management decisions.

On the other hand, the Non-Executive Directors ensure that the strategies proposed by the Management are fully deliberated and examined, taking into account the long term interest of the stakeholders including contributing to the formulation of policy and other decision-making process through their expertise and experience. As they are independent of the Management, it is ensured that no single individual or group dominates the Board’s decision-making process.

Corporate Governance Statement (Cont'd)

Directors' Code of Conduct/Ethics

The Board has adopted a Code of Ethics & Conduct for its Directors ("Code"). The Code was formulated to enhance the standard of corporate governance and promote ethical conduct of the Directors. This Code which will also be applicable for all its employees and Directors is to ensure a high standard of ethical and professional conduct is upheld by all its employees and Directors in the performance of their duties and responsibilities.

Strategies Promoting Sustainability

The Board views the commitment to sustainability and environmental, social and governance performance as part of its broader responsibility to clients, shareholders and communities in which it operates. The Company's approach to sustainability for the financial year under review is set out in the Corporate Social Responsibility Statement on page 24 of this Annual Report.

Access to Information and advice

The Board has full and unimpeded access to information relating to the Group in discharge of their duties. Senior Management Officers are invited to attend the Board meetings to update the Directors on their respective functions and operations and also to clarify issues that may be raised by the Directors.

The Chairman of the Audit Committee would report to the Board at Board meetings on pertinent issues that have been raised at Audit Committee meetings, and he would highlight to the Directors the vital areas as may be expressed by the Audit Committee.

The agenda and Board meeting papers are circulated to the Directors for their perusal the business reports and appraise the issues to be deliberated at the Board meeting well before the date of the meeting.

Board reports and minutes of the every Board meeting are sent to the Directors prior to the meeting to allow them to fully digest the contents of the reports to be discussed. The Directors are provided with ample opportunities to make enquiries, obtain information and explanation on any issue at any time within the Group whether as a full Board or in their individual capacity in furtherance of their duties.

Company Secretary

All Directors have direct access to the advice of the Company Secretaries whether as a full board or in their individual capacities. The Board also avails itself to independent professional advice in the course of fulfilling its responsibilities and if so required, at the expense of the Company.

Board Charter

The Company's Board Charter sets out the duties, responsibilities and functions of the Board in accordance with the principles of good corporate governance. The Board Charter will be periodically reviewed and published on the Company's corporate website <http://www.plb.com.my>.

PRINCIPLE 2 – STRENGTHENING COMPOSITION

During the financial year under review, the Board consisted of eight (8) members, comprising five (5) Executive Directors and three (3) Independent Non-Executive Directors. This composition fulfils the Listing Requirements, which stipulate that at least two (2) Directors or one-third of the Board, whichever is higher, must be Independent. The profile of each Director is set out on pages 5 to 8 of this Annual Report. The Directors, with their diverse backgrounds and qualifications, collectively bring with them a wide range of experience and expertise on property development, engineering, entrepreneurship, accounting, audit and economics.

(i) The Nominating Committee

The Nominating Committee comprises entirely of Independent Non-Executive Directors. The Committee is authorised to identify and recommend the appointment of new directors to the Board. The Nominating Committee has established a formal and transparent procedure for appointment of new directors.

Corporate Governance Statement (Cont'd)

(i) The Nominating Committee (cont'd)

The Nominating Committee continues to meet on a yearly basis to review the performance of the Directors seeking re-election at the forthcoming Annual General Meeting. Currently, Dato' Noordin Bin Md. Noor, Mr. Saw Chin Eng and Madam Teoh Siew Tin are the members of the Committee.

The Nominating Committee's responsibilities include, amongst others, reviewing the Board composition and making recommendations to the Board for appointments of new Directors (including gender considerations) by evaluating and assessing the suitability of candidates as Board member or board Committee member. In making these recommendations, due consideration is given to the required mix of skills, knowledge, expertise and experience, professionalism and integrity that the proposed Directors shall bring to the Board.

The Nominating Committee also assesses the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director, including Independent Non-Executive Directors on an annual basis. All assessments and evaluation carried out by the Nominating Committee in discharging its duties were also properly documented.

In respect of the assessment for the financial year ended 31 August 2014, the Board was satisfied that the Board and Board Committees have discharged their duties and responsibilities effectively. The Board was also satisfied that the Board composition in terms of size, the balance between executive, non-executive and independent Directors and mix of skills and experience was adequate. The Board acknowledges the recommendation of MCCG 2012 on the establishment of boardroom gender diversity policy and will take the necessary measures to comply with the recommendation. The current Board composition has two female board members.

Re-election of Directors

The Nominating Committee also conducted an assessment of the Directors who are subject to retirement at the forthcoming annual general meeting ("AGM") in accordance with the provisions of the Articles of Association of the Company and the relevant provisions of the Companies Act, 1965. The Company's Articles of Association provides that a Director appointed during the year is required to retire and seek election by shareholders at the following AGM immediately after their appointment. The Articles also requires that one-third of the Directors to retire by rotation and seek re-election at each AGM and that each Director shall submit himself or re-election once every three years.

Pursuant to Section 129 (2) of the Companies Act, 1965, Directors who are over the age of 70 years shall retire at every Annual General Meeting and may offer themselves for re-appointment to hold office until the next Annual General Meeting.

(ii) The Remuneration Committee

The Remuneration Committee comprising mainly non-executive directors and is responsible to recommend the remuneration packages for the Executive Directors of the Company to the Board on a yearly basis. The Board determines the remuneration of Non-Executive Directors who abstains from deliberations and decisions made in respect of their individual remuneration. Currently, the members include Dato' Seri Ong Choo Hoon, Mr. Saw Chin Eng and Dato' Noordin Bin Md. Noor.

Details of Directors' Remuneration

The details of the Directors' remuneration comprising of received and/or receivable for the financial year ended 31 August 2014 are as follows:-

<u>Particulars</u>	<u>Executive Directors</u>	<u>Non-Executive Directors</u>	<u>Total</u>
Fees (RM)	-	78,000	78,000
Salaries (RM)	2,628,000	-	2,628,000
Bonuses (RM)	670,500	-	670,500
Allowances (RM)	69,000	9,000	78,000
EPF (RM)	319,850	-	319,850
Benefit in kind (RM)	110,652	-	110,652
Total (RM)	3,798,002	87,000	3,885,002

Corporate Governance Statement (Cont'd)

(ii) The Remuneration Committee (cont'd)

The remuneration of the Directors summarised in bands of RM50,000 for the financial year ended 31 August 2014 are as follows:-

<u>Range of Remuneration</u>	<u>Number of Directors</u>	
	<u>Executive</u>	<u>Non-Executive</u>
Below RM50,000	-	3
RM50,001 to RM100,000	-	-
RM100,001 to RM150,000	-	-
RM150,001 to RM200,000	1	-
RM200,001 to RM250,000	-	-
RM250,001 to RM300,000	-	-
RM300,001 to RM350,000	-	-
RM350,001 to RM400,000	-	-
RM400,001 to RM450,000	-	-
RM450,001 to RM500,000	1	-
Above RM500,000	3	-

PRINCIPLE 3 : REINFORCE INDEPENDENCE

Assessment of Independent director

There is a clear division of responsibilities between the Executive Chairman and the Group Managing Director/Chief Executive Officer to ensure a balance of power and authority. The Executive Chairman is responsible for the Board's effectiveness and standard of conduct whilst management of the Group's businesses, implementation of policies and the day-to-day running of the businesses are the responsibilities of the Group Managing Director/Chief Executive Officer.

With more than 50 years of experience in the construction and the property development industry and being the founder and major shareholder of the Company, the Executive Chairman's interest is aligned to that of the Company's shareholders and is well positioned to provide leadership to the Company's Board.

The Independent Non-Executive Directors bring to bear objective and independent views, advice and judgment on interests, not only of the Group, but also of shareholders, employees, customers, suppliers and the communities in which the Group conducts its business. Independent Non-Executive Directors are essential for protecting the interests of minority shareholders and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality.

The Board is of the view that the significant composition of Independent Non-Executive Directors, which comprises one third of the current Board's size, coupled with the adoption of Board Charter which sets out the Board's reserved Matters as well as the designation of a Senior Independent Non-Executive Director, all provide for the relevant check and balance to ensure no one individual has unfettered powers in making Board's decision.

Tenure of Independent director

Following a review of the tenure of Independent Non-Executive Directors, Dato' Noordin Bin Md. Noor and Mr. Saw Chin Eng, who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years each as at the end of the financial year under review, have been recommended by the Board to continue to act as Independent Non-Executive Directors, subject to shareholders' approval at the forthcoming Annual General Meeting of the Company. Key justifications for their recommended continuance as Independent Non-Executive Directors are as follows:

- they fulfil the criteria under the definition on Independent Director as stated in the Listing Requirements and, therefore, are able to bring independent and objective judgment to the Board;
- their experience in the relevant industries enable them to provide the Board and the Audit Committee, as the case may be, with pertinent expertise, skills and competence; and
- they have been with the Company long enough to understand the Company's business operations which enable them to contribute actively during deliberations or discussions at the Audit Committee and Board Meeting.

Corporate Governance Statement (Cont'd)

Chairman and Managing Director to be held by different individuals

The positions of the Chairman and the Managing Director are held by two different individuals in line with the Code's recommendations. There is a clear division of responsibility between the Executive Chairman and the Managing Director to ensure that there is a balance of power and authority.

The Chairman is responsible for leading the Board and ensuring its effectiveness whilst the Managing Director is responsible for running the Group's business.

Chairman to be a Non-Executive Director

MCCG 2012 recommends that the Chairman of the Board to be a non-executive member of the Board and in the event, the Chairman is not an independent director, the Board must comprise a majority of independent directors. The Company's Chairman is an executive member of the Board and is not an independent director by virtue of his substantial interest in the Group.

The Board is mindful that this is not in compliance with best practice, but takes into consideration the fact that as Dato' Seri Ong Choo Hoon is also the single largest shareholder, there is the advantage of shareholder leadership and a natural alignment of interests.

In respect of potential conflicts of interest, the Board is comfortable that there is no undue risk involved as all related party transactions are disclosed and strictly dealt with in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

In addition, the presence of Independent Directors with distinguished records and credentials ensures that there is independence of judgement. As such, the Board believes that the Chairman is capable of acting in the best interest of the shareholders and hence does not see the necessity of nominating an independent non-executive chairman at this juncture.

PRINCIPLE 4 : FOSTER COMMITMENT

The Board meets at least four (4) times annually, with the meetings scheduled well in advance at the beginning of each financial year to facilitate the Directors in managing their meeting plans. Additional meetings are convened when urgent and important decisions need to be made between scheduled meetings.

At the quarterly Board meetings, the Board reviews the business performance of the Group and discusses major operational and financial issues. All pertinent issues discussed at Board meetings in arriving at decisions and conclusions are properly recorded by the Company Secretary by way of minutes of meetings. During the financial year under review, the number of Board of Directors' meeting attended by each Director is as follows:-

<u>Name of Director</u>	<u>No of meetings attended</u>
Dato' Seri Ong Choo Hoon	4
Dato' Dr. Ong Seng Soon	4
Madam Ong Guat Beng	4
Mr. Ong Seng Chye	4
En. Mardzukhi Bin Abu Bakar	4
Mr. Saw Chin Eng	4
Dato' Noordin Bin Md. Noor	2
Madam Teoh Siew Tin	4

To ensure effective conduct of board meetings, a structured formal agenda and board meeting papers relating to the agenda are circulated to all Directors prior to each board meeting. Senior management are invited to attend board meetings to furnish details or clarifications on matters tabled for the Board's consideration.

The Board has also delegated certain responsibilities to the Audit Committee, which operates within a clear defined terms of reference.

Corporate Governance Statement (Cont'd)

Training and Development of Directors

All Directors appointed to the Board have attended relevant trainings and seminars organised by relevant regulatory and professional bodies to be apprised of latest developments and changes to regulatory requirements.

The Board identifies the training needs of each Director via the performance evaluation for the individual Directors. During the financial year, all Directors of the Company have attended relevant conferences, seminars and briefings in areas of leadership, corporate governance, finance and competitive strategies organised by the Regulatory Authorities and members of professional bodies, in order to broaden their knowledge and perspectives and to keep abreast with developments in the market place and with new statutory and regulatory requirements to better enable them to fulfill their responsibilities.

<i>Director</i>	<i>Training</i>	<i>Date</i>	
Dato' Seri Ong Choo Hoon	PAM International Design Lecture Series "Buildings That Breathe"	24 October 2013	
	Briefing on 'Tax Awareness & Record Keeping'	12 June 2014	
Dato' Dr. Ong Seng Soon	Zero Waste Management by Wong Tack	21 September 2013	
	BioMalaysia Bioeconomy Asia Pacific 2013 Conference & Exhibition.	21-23 October 2013	
	The New Development Framework & The Penang Paradigm: Gender, Governance and Nation Building	19 December 2013	
	Briefing by the Hons Chief Minister of Penang : "Penang's Promise of an Internal & Intelligent City"	13 March 2014	
	Seminar on Roles & Functions of Bank Negara Malaysia	06 May 2014	
	Briefing on 'Tax Awareness & Record Keeping'	12 June 2014	
	Taklimat Tanggungjawab Pemaju Perumahan Berlesen Berdasarkan Akta 118 Zon Utara	24 June 2014	
	Seminar-GST Impact on Construction Industry	01 July 2014	
	Saw Chin Eng	Updates on Company Laws and Practices	19-20 September 2013
		Tax Audit and Investigation-Case Study Approach	25 September 2013
Seminar Percukaian Kebangsaan 2013		12 November 2013	
Essential Audit Quality Control Practice (With practice Review findings)		19-20 November 2013	
Audit Committee Conference 2014		20 March 2014	
Goods & Services Tax (GST) & Business Preparation		24 March 2014	
IRBM-CTIM Tax Forum 2014		07 April 2014	
Goods and Services Tax (GST) Training Course		02-04 June 2014	
Goods and Services Tax (GST) Training Course		09 June 2014	
Goods and Services Tax (GST) Training Course		11 June 2014	
Tax Amendment Seminar 2014		17 July 2014	
A Comprehensive Review of Malaysian Private Entity Reporting Standards	18-19 August 2014		
Ong Seng Chye	PAM International Design Lecture Series "Buildings That Breathe"	24 October 2013	
	A Briefing and Visitation to Penang 2 nd Bridge Project Site	18 November 2013	
	Briefing by the Hons Chief Minister of Penang : "Penang's Promises of an International & Intelligent City"	13 March 2014	
	Strata Titled Property Management Seminar Issues, Laws & Updates-know Your Rights & Obligation	19 April 2014	
	Seminar on Roles & Functions of Bank Negara Malaysia	06 May 2014	
	Briefing on 'Tax Awareness & Record Keeping'	12 June 2014	
	Automated Waste Collection Systems (AWCS) by stream Environment Sdn Bhd	24 June 2014	
	Seminar-GST Impact on Construction Industry	01 July 2014	
	Bengkel Pengeluaran Ke Arah Kelestarian	12 August 2014	
	Half Day Seminar "No Man's Land"	23 August 2014	

Corporate Governance Statement (Cont'd)

Training and Development of Directors (cont'd)

<i>Director</i>	<i>Training</i>	<i>Date</i>
Ong Guat Beng	2014 Tax & Budget Outlook	01 November 2013
	Personal Data Protection Act 2010	16 January 2014
	Briefing on 'Tax Awareness & Record Keeping'	12 June 2014
	Seminar-GST Impact on Construction Industry	01 July 2014
Teoh Siew Tin	Public Practice Programme	06-07 November 2013
	GST From A Legal Perspective: GST Operations, Powers of Customs, Rights of taxpayers And Appeals	25 February 2014
	Kursus Khas Cukai Barang dan Perkhidmatan (GST) Untuk Ejen Cukai Anjuaran Jab. Kastam Diraja M'sia Bersama MIA	13 March – 04 April 2014
Mardzukhi Bin Abu Bakar	Training on Managing Contractors Safety & Health Performance Effectively	30-31 October 2013
	GST Nationwide Roadshow	25 April 2014
	Seminar-GST Impact on Construction Industry	01 July 2014

The Company also conducted the following in-house training programmes for the Directors and senior management of the Company facilitated by industry experts:-

- Women Self Defence Tips (13.09.2013)
- Personal Data Protection Act (10.10.2013)
- HR For Beginner (08.11.2013)
- Fundamental of GST and its Impact Towards the Company (20.11.2013)
- Risk Management Workshop (27.11.2013)
- IFCA Software Solution-Contract plus System Demo (24.04.2014)
- Meet up with KPMG-Risk Management & GST Services (05.06.2014)
- Briefing on GHS Programme (24.06.2014)
- GST Impact on Property Sector and Construction Sector (27.06.2014)

PRINCIPLE 5 : UPHOLD INTEGRITY IN FINANCIAL REPORTING

Financial Reporting

The Board is assisted by the Audit Committee to oversee the Group's financial reporting process and the quality of financial reporting and ensuring that the financial statements comply with the provisions of the Companies Act, 1965 and the applicable Financial Reporting Standards in Malaysia.

In presenting the annual audited financial statements to the shareholders, the Board takes responsibility to present a balanced and meaningful assessment of the Group's financial performance and prospects and ensure that the financial statements reviewed and recommended by the Audit Committee for Board's approval are prepared in accordance with the provisions of the Companies Act, 1965 and the applicable Financial Reporting Standards so as to present a true and fair view of the state of affairs of the Group.

Statement of directors' responsibility in respect of the Financial Statements

The Board is responsible for ensuring that the financial statements give a true and fair view of the state of affairs of the Group and the Company as at the end of the reporting period and of their results and cash flows for the period then ended. This is achieved by keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and of the Group and which will enable them to ensure that the financial statements comply with the Companies Act, 1965. The Directors are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Corporate Governance Statement (Cont'd)

Statement of directors' responsibility in respect of the Financial Statements (cont'd)

It is the Board's commitment to provide and present a clear, balanced and comprehensive assessment of the Group's financial performance and prospects at the end of each reporting period and financial year, primarily through the quarterly announcement of the Group's results to Bursa, the annual financial statements of the Group and of the Company as well as the Report of the Board of Directors and the Managing Director's review of operations in the Annual Report, where relevant.

In assisting the Board to discharge its duties on financial reporting, the Board has established an Audit Committee, comprising wholly Independent Non-Executive Directors, with Mr. Saw Chin Eng as the Committee Chairman. The composition of the Audit Committee, including its roles and responsibilities, are set out in the Audit Committee Report on pages 12 to 14 of this Annual Report.

The Directors are satisfied that in preparing the financial statements of the Group and of the Company for the financial year ended 31 August 2014, the Group has used appropriate accounting policies and applied them consistently. The Directors are also of the view that relevant approved accounting standards have been followed in the preparation of these financial statements.

Relationship with External Auditors

The Group has established transparent and appropriate relationship with the external auditors through the Audit Committee of the Company. From time to time, the external auditors will highlight matters that require further attention of the Audit Committee and the Board of Directors.

It is the Audit Committee's policy to meet with the external auditors at least twice annually or whenever deemed necessary without the presence of the Executive Directors to discuss their audit plans, audit findings and their reviews of PLB's financial results/statutory statement of accounts.

In addition, the external auditors are invited to attend the Annual General Meeting of the Company and are available to clarify and answer shareholders' questions on their conduct of the audit as well as the preparation and contents of the audit report.

A summary of the activities of the Audit Committee during the year, including the evaluation of the independent audit process, are set out in the Audit Committee's Report on page 14 of the Annual Report.

The Board believes that the provision of these services by the external auditors to PLB and the Group were cost effective and efficient due to their knowledge and understanding of the operations of the Company and the Group, and did not compromise their independence and objectivity.

PRINCIPLE 6 : RECOGNISE AND MANAGE RISKS

The Board regards risk management and internal controls as an integral part of the overall management processes. The following represent the key elements of the Group's risk management and internal control structure:

- (a) An organisational structure in the Group with formally defined lines of responsibility and delegation of authority;
- (b) Review and approval of annual business plans and budget of all major business units by the Board. This plan sets out the key business objectives of the respective business units, the major risks and opportunities in the operations and ensuing action plans;
- (c) Quarterly review of the Group's business performance by the Board, which also covers the assessment of the impact of changes in business and competitive environment;
- (d) Active participation and involvement by the Group Managing Director/Chief Executive Officer in the day-to-day running of the major businesses and regular discussions with the senior management of smaller business units on operational issues; and
- (e) Monthly financial reporting by subsidiaries to the Company.

Recognising the importance of having risk management processes and practices, the Board has established a Risk Management Committee ("RMC"), which is chaired by an Independent Non-Executive Director, to oversee the identification, evaluation, control, monitoring and reporting of the critical risks faced by the Group on an ongoing basis, including remedial measure to be taken to address the risks vis-à-vis the risk parameters of the Group. Meetings of the RMC are observed by a representative from Audit Committee, who then briefs the Audit Committee on the outcome of risk assessment and the corresponding recommendations.

Corporate Governance Statement (Cont'd)

PRINCIPLE 6 : RECOGNISE AND MANAGE RISKS (cont'd)

In line with the MCCG 2012 and Listing Requirements, the Company has an internal audit function, which reports directly to the Audit Committee on the adequacy and effectiveness of the current system of internal controls from the perspectives of governance, risk and controls. All internal audits carried out are guided by internal auditing standards promulgated by the Institute of Internal Auditors Inc, a globally recognised professional body for internal auditors. The internal audit function of the Company whose scope of work covered during the financial year under review is provided in the Audit Committee Report as set out on pages 12 to 14 of this Annual Report.

PRINCIPLE 7: ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

The Board is aware of the need to establish corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures relating to the Company and its subsidiaries to be made to the regulators, shareholders and stakeholders.

Accordingly, the Board will consider developing pertinent corporate disclosure policies to enhance its existing information disclosure practices adopted from the Listing Requirements.

The Company continues to recognise the importance of transparency and accountability to its shareholders and investors. The Board endeavours to keep its shareholders and investors informed of its progress through a comprehensive annual report and financial statements, circulars to shareholders, quarterly financial reports, periodic press releases and the various announcements made during the year. These will enable the shareholders, investors and members of the public to have an overview of the Group's performance and operation.

The Group also maintains a corporate website at www.plb.com.my whereby shareholders as well as members of the public may access for the latest information on the Group. Alternatively, they may obtain the Company's latest announcements via the website of Bursa Malaysia Securities Berhad at www.bursamalaysia.com.

PRINCIPLE 8 : STRENGTHEN RELATIONSHIPS BETWEEN COMPANY AND SHAREHOLDERS

The Company's Annual General Meeting ("AGM") remains the principal forum for Dialogue with shareholders. At each AGM, the Board presents the progress and performance of the Company's businesses and shareholders are encouraged to participate in the proceedings and question and answer session and thereafter to vote on all resolutions.

The Company will provide information to the shareholders with regards to, amongst others, details of any shareholders' meetings, their entitlement to attend the said meeting, the right to appoint a proxy and also the qualifications of a proxy.

All members present at each meeting have the rights to demand for a poll in accordance with the provisions of the Articles of Association of the Company on the voting for any resolutions. The voting process at each meeting shall be by way of show of hands unless a poll is demanded. The Chairman may demand for a poll for any substantive resolutions put forward for voting at the shareholders' meetings, if so required.

COMPLIANCE WITH THE MCCG 2012

The Board is satisfied that, save as disclosed earlier, the Company has in all material aspects, complied with the principles and recommendations set out in MCCG 2012 that were in place during the financial year ended 31 August 2014.

Corporate Social Responsibility ('CSR') Statement

The PLB Group continued to carry out its CSR through activities which include of the following:-

Human Capital Development

The Group organises various trainings, seminars and workshops to upgrade and enhance the skills and knowledge of employees. The training programmes for last year ranged from job-related technical trainings to soft skills, motivational talks as well as management and administrative courses as highlighted in the Corporate Governance Statement.

Safety and Health

Safety and health are of paramount importance to the Group. Apart from having appropriate plans to deal with emergencies, concerted effort is made to prevent accidents and injuries at the workplace. Trainings and awareness programmes were held to inculcate a conscientious attitude and increase awareness towards safety and health among the employees.

Work-Life Balance

To promote work-life balance and a healthy working environment among the employees, a leisure room was created for the employees to unwind during breaks and after work within the Company's premise.

Employee Welfare

The Group bears the cost of outpatient medical attention and fees of the employees as well as all trainees. Employees are insured under the Group's Hospitalisation and Surgical Scheme for hospitalisation and critical illnesses and are also covered by the Group's personal accident insurance scheme.

Industrial Trainings

The Group continues to take in students from various universities and polytechnics to undergo practical trainings with durations ranging from 3 to 9 months with the objective of equipping students with the necessary working skills and knowledge. Students who successfully completed the trainings are presented with certificates of completion. Last year, 42 students from various local educational institutions completed their respective trainings with the Group with a total RM79,742.40 given to them as allowance.

Sports

To promote healthy activities among the youths, PLB continued its support in sponsoring sports activities and building of sports amenities.

Community & Social Activities

During the financial year, the Group had made monetary donation amounting to RM451,595.21 to various organizations like charities, sports activities, schools, religious establishments as well as natural disaster relief funds.

The Group's continued commitment to creating shared value is reflected in the effort of one of its development arm, PLB Land Sdn Bhd in undertaking a project to build a Settlement Village for squatters on one of its development located in Balik Pulau, Penang in order to preserve the historical background as well as to maintain social balance within the village community in the vicinity.

Environmental Consciousness

The Group strongly believes and adopts environmentally-safe practices in its operations. A total amount of 1.607 tones recycle items were collected during the financial year and the revenue therefrom donated to charity. Further, the Group supported the Earth Hour Program on 29 March 2014 from 8.30 pm to 9.30 pm initiated by the World Wildlife Fund.

Statement Of Directors' Responsibility In Relation To The Financial Statements

The Directors are required by the Companies Act, 1965 ("Act") to prepare the financial statements for each financial year, which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and the results of the Group and the Company for the financial year. The Directors have responsibility in ensuring that the financial statements have been prepared in accordance with Financial Reporting Standards and the Act in Malaysia.

The Directors consider that in preparing the financial statements, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates. The Directors have responsibility for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy of the financial position of the Group and the Company which enable them to ensure that the financial statements comply with the Act. The Directors have general responsibility for taking such steps as is reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Additional Disclosure Statements

Utilisation of Proceeds

Not applicable as none was proposed.

Share Buy-Back

The Company did not have a share buyback programme in place during the financial year.

Options or Convertible Securities

There were no issuance of options, warrants or convertible securities during the financial year.

Depository Receipt Programme

During the financial year, the Company did not sponsor and/ or enter into any depository receipt programme.

Sanctions and/or Penalties

There were no sanctions or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies during the financial year.

Non-Audit Fees

During the financial year, the non-audit fees paid to the external auditors of the Group was RM7,000.00. The Taxation fee totaling RM37,250.00 is payable to a company in which certain partners of the audit firm are shareholders and directors.

Variation in Results

There were no variances of 10% or more between the audited results for the financial year ended 31 August 2014 and the unaudited results announced to Bursa Securities on 28 October 2014. The Company did not issue or announce any profit estimate, forecast or projection to the public for the financial year.

Profit Guarantee

There was no profit guarantee for the financial year.

Material Contracts

There were no material contracts of the Company and the Group involving Directors and major shareholders entered into since the end of the previous financial year or still subsisting at the end of the financial year ended 31 August 2014.

Recurrent Related Party Transactions of Revenue Nature

Details of transactions with Related Party undertaken by the Group during the financial year are disclosed in Note 32 of the Financial Statements.

Statement on Risk Management & Internal Control

BOARD RESPONSIBILITY

The Board recognizes the importance of a sound system of internal control and an effective risk management framework to good corporate governance. The Board further affirms that it is ultimately responsible for the Group's system of internal controls that includes the assurance of its adequacy and integrity at all times, and its alignment with our business objectives.

However, it should be noted that these controls are designed to manage rather than to eliminate the risks of failure to achieve business objectives. As such, the controls can only provide reasonable but not absolute assurance against material misstatement or loss.

RISK MANAGEMENT

The Board is pleased to disclose that the risk management framework clearly defines there is an ongoing process by the management in identifying, evaluating and managing significant risks faced by their respective areas of business and in formulating suitable internal controls to mitigate and control these risks throughout the financial year.

Each risk management unit within the Group is required to identify and document all possible risks that can affect their achievement by taking into consideration the effectiveness of controls that are capable of mitigating such risks.

Through this process, each business unit's identified risks, the controls and processes for managing them are tabulated in a risk assessment report. Significant risks of each business units have been presented to the Risk Management Committee for their deliberation and tabled bi-annually to the Board.

INTERNAL CONTROL

The Board, throughout the financial year under review, has identified, evaluated and managed the significant risks faced by the Group through the monitoring of the Group's performance and profitability at its Board meeting. The Board has assigned the Audit Committee with the duty of reviewing and monitoring the effectiveness of the Group's internal control.

The Board summarises below the process applied in reviewing the adequacy and integrity of the system of internal control:

- a) The Group has an Internal Audit Department which independently reviews the adequacy and integrity of the Group's systems of internal control in managing the key risks and report accordingly to the Audit Committee on a quarterly basis. Where any significant weaknesses have been identified as a result of the reviews, improvement measures are recommended to strengthen controls, with follow-up audits by Internal Audit to assess the status of implementation thereof by Management. A risk-based approach towards planning and conduct of audits was used by the Internal Auditors in prioritizing their review of the various risk areas of the Group.
- b) The Group's Risk Management Framework is outlined in the Risk Management Policy. The Group has a Risk Management Committee who reports to the Board on a quarterly basis on all major risk areas. The Risk Management Committee coordinates the overall risk management activities within the Group.
- c) The framework of the Group's system of internal control and key procedures include the following:
 - There is an organization structure in place, which formally defines lines of responsibility and delegation of authority.
 - Key functions such as finance, tax, treasury, corporate, legal matters and contract awarding are controlled centrally.
 - There is strategic planning, annual budgeting and target-setting process, which includes forecasts for each area of business with detailed reviews at all levels of operations.
 - Actual performance compared with budget is regularly reviewed.
 - The Group Managing Director together with the senior management team manages the day-to-day operations of the Group and addresses significant matters through management, operations, and site meetings held on a regular basis. Senior management also receives and reviews such reports provided during the meetings.
 - Standard Operating Procedures which include policies and procedures within the Group are continuously updated.
 - The Divisional Heads and Business Unit Heads are responsible for the identification and evaluation of significant risks applicable to their areas of business together with the design and operation of suitable internal controls.
 - In addition, the Board meets on a quarterly basis to discuss matters brought to its attention, thus ensuring effective supervision over the operations of the Group. The Board is updated on the operations and activities of the Group which include the strategies and goals and an assessment of its current position and future prospects.
 - Corporate values, which emphasize ethical behavior are set out in the Group's Employee Handbook.

The Board is committed towards operating and maintaining a sound system of internal control and recognizes that the system must continuously evolve to support the type of business and size of operations of the Group. As such, the Board will, when necessary, put in place appropriate action plans to rectify any potential weaknesses or further enhance the system of internal control. There were no material losses incurred during the financial year as a result of weaknesses in internal control.

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Directors' Report

For The Financial Year Ended 31 August 2014

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

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of investment holding and the provision of management services.

The principal activities of the subsidiaries are shown in Note 6 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	GROUP RM	COMPANY RM
Profit after taxation for the year	<u>12,380,662</u>	<u>9,574,923</u>
Attributable to:		
Owners of the parent	12,808,304	9,574,923
Non-controlling interests	<u>(427,642)</u>	<u>-</u>
	<u>12,380,662</u>	<u>9,574,923</u>

In the opinion of the directors, the results of the operations of the Group and of the Company for the financial year ended **31 August 2014** have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report, except for bad debts amounting to RM5,797,670 recognised by the Group.

RESERVES AND PROVISIONS

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

DIVIDENDS

Since the end of the previous financial year, the Company had paid a first and final single tier dividend of 5% amounting to RM4,107,858 in respect of the financial year ended 31 August 2013.

The directors now recommend the payment of a first and final single tier dividend of 10% amounting to RM8,215,717 in respect of the financial year ended 31 August 2014 subject to the approval of shareholders at the forthcoming Annual General Meeting.

SHARE CAPITAL AND DEBENTURE

During the financial year, the Company did not issue any share or debenture and did not grant any option to anyone to take up unissued shares of the Company.

TREASURY SHARES

During the financial year, the Company did not repurchase any of its issued ordinary shares from the open market.

Out of the total 91,281,667 issued and fully paid ordinary shares as at 31 August 2014, 9,124,500 are held as treasury shares by the Company. As at 31 August 2014, the number of outstanding ordinary shares in issue and fully paid is therefore 82,157,167 ordinary shares of RM1 each.

Further relevant details are disclosed in Note 18 to the financial statements.

Directors' Report (Cont'd)

For The Financial Year Ended 31 August 2014

ULTIMATE HOLDING COMPANY

The directors regard Leading Builders Sdn. Bhd., a company incorporated in Malaysia, as the ultimate holding company.

DIRECTORS

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

Dato' Seri Ong Choo Hoon
Dato' Dr. Ong Seng Soon
Mardzukhi Bin Abu Bakar
Ong Guat Beng
Ong Seng Chye
Saw Chin Eng
Dato' Noordin Bin Md. Noor
Teoh Siew Tin
Dato' Mohd. Shariff Bin Ibrahim (Alternate Director to Mardzukhi Bin Abu Bakar)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests of the directors in office at the end of the financial year in shares and options over unissued shares in the Company and its related corporations during the financial year are as follows:

	Number of ordinary shares of RM1 each			Balance at 31.8.14
	Balance at 1.9.13	Bought	Sold	
The Company				
Direct Interest:				
Dato' Seri Ong Choo Hoon	2,733,095	-	-	2,733,095
Dato' Dr. Ong Seng Soon	65,333	-	-	65,333
Mardzukhi Bin Abu Bakar	8,333	-	-	8,333
Ong Guat Beng	52,333	-	-	52,333
Ong Seng Chye	52,333	-	-	52,333
Dato' Noordin Bin Md. Noor	13,333	-	-	13,333
Deemed Interest:				
Dato' Seri Ong Choo Hoon	53,949,936	-	-	53,949,936
Dato' Dr. Ong Seng Soon	53,949,936	-	-	53,949,936
Ultimate Holding Company - Leading Builders Sdn. Bhd.				
Direct Interest:				
Dato' Seri Ong Choo Hoon	1,703,337	-	-	1,703,337
Dato' Dr. Ong Seng Soon	634,575	-	-	634,575
Ong Guat Beng	333,988	-	-	333,988
Ong Seng Chye	333,988	-	-	333,988
Other Interest:				
* Dato' Seri Ong Choo Hoon	700,667	-	-	700,667
Dato' Dr. Ong Seng Soon	145,667	-	-	145,667
Ong Seng Chye	129,000	-	-	129,000

* By virtue of interest of the spouse and children.

By virtue of their interests in the ultimate holding company, **Dato' Seri Ong Choo Hoon** and **Dato' Dr. Ong Seng Soon** are deemed interested in the shares of the subsidiaries, to the extent that the ultimate holding company has interests.

Directors' Report (Cont'd)

For The Financial Year Ended 31 August 2014

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements) by reason of a contract made by the Company or a related corporation with a director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, other than those related party transactions disclosed in the notes to the financial statements.

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:

- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts, and
- (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

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

- (i) that would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the Group and in the Company inadequate to any substantial extent, and
- (ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, and
- (iii) that would render any amount stated in the financial statements of the Group and of the Company misleading, and
- (iv) 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.

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

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

Directors' Report (Cont'd) For The Financial Year Ended 31 August 2014

AUDITORS

The auditors, **Grant Thornton**, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the directors:

Dato' Dr. Ong Seng Soon

Penang,

Date: 8 December 2014

Ong Guat Beng

Directors' Statement

In the opinion of the directors, the financial statements set out on pages 36 to 97 are properly drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at **31 August 2014** and of their financial performance and cash flows for the financial year then ended.

In the opinion of the directors, the supplementary information set out on page 98 has been compiled in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the directors:

Dato' Dr. Ong Seng Soon

Ong Guat Beng

Date: 8 December 2014

Statutory Declaration

I, **Ong Guat Beng**, the director primarily responsible for the financial management of **PLB Engineering Berhad** do solemnly and sincerely declare that the financial statements set out on pages 36 to 97 and the supplementary information set out on page 98 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
 the abovenamed at Penang, this 8th)
 day of December 2014)

Ong Guat Beng

Before me,

Goh Suan Bee
No : P125
Commissioner for Oaths

Independent Auditors' Report To The Members Of PLB Engineering Berhad Company No. 418224-X (Incorporated In Malaysia)

Report on the Financial Statements

We have audited the financial statements of **PLB Engineering Berhad**, which comprise the statements of financial position as at **31 August 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 notes, as set out on pages 36 to 97.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act,
- (b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes, and
- (c) The auditors' reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out on page 98 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Independent Auditors' Report To The Members Of PLB Engineering Berhad Company No. 418224-X (Incorporated In Malaysia) (Cont'd)

Other Matters

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

Grant Thornton
No. AF: 0042
Chartered Accountants

John Lau Tiang Hua, DJN
No. 1107/03/16 (J)
Chartered Accountant

Date: 8 December 2014

Penang

Statements Of Financial Position

As At 31 August 2014

	NOTE	GROUP		COMPANY	
		2014 RM	2013 RM	2014 RM	2013 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	24,814,395	24,660,796	26,217	29,768
Investment properties	5	11,150,916	11,441,898	-	-
Investment in subsidiaries	6	-	-	83,636,862	83,636,862
Investment in an associate	7	372,340	376,285	-	-
Investment in a jointly controlled entity	8	1,341,307	1,385,306	-	-
Land held for development	9	57,126,137	21,547,086	-	-
Other investments	10	9,310,004	7,069,405	-	-
		104,115,099	66,480,776	83,663,079	83,666,630
Current assets					
Inventories	11	5,980,463	927,823	-	-
Property development costs	12	120,206,027	126,750,510	-	-
Gross amount due from customers on contracts	13	1,558,007	599,713	-	-
Trade and other receivables	14	41,622,784	56,331,001	80,113,562	63,172,218
Tax recoverable		52,223	10,760	-	-
Fixed deposits with licensed banks	15	5,595,613	6,163,930	-	-
Cash and bank balances	16	20,653,070	16,331,917	50,078	15,716
		195,668,187	207,115,654	80,163,640	63,187,934
TOTAL ASSETS		299,783,286	273,596,430	163,826,719	146,854,564
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	17	91,281,667	91,281,667	91,281,667	91,281,667
Treasury shares	18	(10,508,115)	(10,508,115)	(10,508,115)	(10,508,115)
Reserves	19	57,962,339	46,788,580	52,553,149	47,086,084
		138,735,891	127,562,132	133,326,701	127,859,636
Non-controlling interests		904,055	1,781,697	-	-
Total equity		139,639,946	129,343,829	133,326,701	127,859,636
Non-current liabilities					
Borrowings	20	61,161,769	57,634,610	-	-
Deferred tax liabilities	21	1,220,884	1,002,157	-	-
		62,382,653	58,636,767	-	-
Current liabilities					
Gross amount due to customers on contracts	13	6,851,232	23,664,444	-	-
Trade and other payables	22	46,524,413	25,209,280	30,295,018	18,660,090
Borrowings	20	42,957,141	35,444,944	-	-
Provision for taxation		1,427,901	1,297,166	205,000	334,838
		97,760,687	85,615,834	30,500,018	18,994,928
Total liabilities		160,143,340	144,252,601	30,500,018	18,994,928
TOTAL EQUITY AND LIABILITIES		299,783,286	273,596,430	163,826,719	146,854,564

The notes set out on pages 43 to 97 form an integral part of these financial statements.

Statements Of Comprehensive Income

For The Financial Year Ended 31 August 2014

	NOTE	GROUP		COMPANY	
		2014 RM	2013 RM	2014 RM	2013 RM
Revenue	23	191,729,605	229,737,660	14,704,489	14,467,448
Cost of sales/Direct operating costs	24	(147,789,203)	(193,787,460)	-	-
Expected loss on development project		(1,433,741)	(1,817,341)	-	-
Gross profit		42,506,661	34,132,859	14,704,489	14,467,448
Other income		466,900	279,065	13,911	892
General and administrative expenses		(20,903,317)	(14,709,164)	(4,427,379)	(3,683,746)
Profit from operations		22,070,244	19,702,760	10,291,021	10,784,594
Finance costs		(2,705,489)	(1,710,112)	-	-
Share of results of an associate		(3,945)	(3,964)	-	-
Share of results of a jointly controlled entity		(43,999)	297,913	-	-
Profit before taxation	25	19,316,811	18,286,597	10,291,021	10,784,594
Taxation	26	(6,936,149)	(7,208,638)	(716,098)	(700,052)
Profit for the financial year		12,380,662	11,077,959	9,574,923	10,084,542
Other comprehensive income, net of tax					
Item that may be reclassified subsequently to profit or loss					
Fair value adjustment on available-for-sale financial assets		2,473,313	2,003,324	-	-
Total comprehensive income for the financial year		14,853,975	13,081,283	9,574,923	10,084,542

The notes set out on pages 43 to 97 form an integral part of these financial statements.

Statements Of Comprehensive Income (Cont'd)

For The Financial Year Ended 31 August 2014

	NOTE	GROUP		COMPANY	
		2014 RM	2013 RM	2014 RM	2013 RM
Profit attributable to:					
Owners of the parent		12,808,304	12,553,330	9,574,923	10,084,542
Non-controlling interests		(427,642)	(1,475,371)	-	-
		<u>12,380,662</u>	<u>11,077,959</u>	<u>9,574,923</u>	<u>10,084,542</u>
Total comprehensive income attributable to:					
Owners of the parent		15,281,617	14,556,654	9,574,923	10,084,542
Non-controlling interests		(427,642)	(1,475,371)	-	-
		<u>14,853,975</u>	<u>13,081,283</u>	<u>9,574,923</u>	<u>10,084,542</u>
Basic/Diluted earnings per share attributable to owners of the parent (sen)					
	27	<u>15.59</u>	<u>15.28</u>		

The notes set out on pages 43 to 97 form an integral part of these financial statements.

Consolidated Statement Of Changes In Equity

For The Financial Year Ended 31 August 2014

NOTE	Attributable to Owners of the Parent						Non-controlling Interests	Total Equity
	Non-distributable			Distributable				
	Share Capital	Treasury Shares	Share Premium	Fair Value Reserve	Retained Profits	Total		
RM	RM	RM	RM	RM	RM	RM	RM	
2014								
Balance at beginning	91,281,667	(10,508,115)	15,951,063	2,477,624	28,359,893	127,562,132	1,781,697	129,343,829
Total comprehensive income for the financial year	-	-	-	2,473,313	12,808,304	15,281,617	(427,642)	14,853,975
Dividend to non-controlling interests	-	-	-	-	-	-	(450,000)	(450,000)
Transaction with owners:								
Dividend	28	-	-	-	(4,107,858)	(4,107,858)	-	(4,107,858)
Balance at end	91,281,667	(10,508,115)	15,951,063	4,950,937	37,060,339	138,735,891	904,055	139,639,946
2013								
Balance at beginning	91,281,667	(10,508,115)	15,951,063	474,300	17,655,099	114,854,014	324,628	115,178,642
Total comprehensive income for the financial year	-	-	-	2,003,324	12,553,330	14,556,654	(1,475,371)	13,081,283
Issuance of shares to non-controlling interests	-	-	-	-	-	-	3,150,000	3,150,000
Dividend to non-controlling interests	-	-	-	-	-	-	(217,560)	(217,560)
Transaction with owners:								
Dividend	28	-	-	-	(1,848,536)	(1,848,536)	-	(1,848,536)
Balance at end	91,281,667	(10,508,115)	15,951,063	2,477,624	28,359,893	127,562,132	1,781,697	129,343,829

The notes set out on pages 43 to 97 form an integral part of these financial statements.

Statement Of Changes In Equity

For The Financial Year Ended 31 August 2014

NOTE	Share Capital RM	----- Non-distributable -----		Distributable Retained Profits RM	Total Equity RM
		Treasury Shares RM	Share Premium RM		
2014					
Balance at beginning	91,281,667	(10,508,115)	15,951,063	31,135,021	127,859,636
Total comprehensive income for the financial year	-	-	-	9,574,923	9,574,923
Transaction with owners:					
Dividend	28	-	-	(4,107,858)	(4,107,858)
Balance at end	91,281,667	(10,508,115)	15,951,063	36,602,086	133,326,701
2013					
Balance at beginning	91,281,667	(10,508,115)	15,951,063	22,899,015	119,623,630
Total comprehensive income for the financial year	-	-	-	10,084,542	10,084,542
Transaction with owners:					
Dividend	28	-	-	(1,848,536)	(1,848,536)
Balance at end	91,281,667	(10,508,115)	15,951,063	31,135,021	127,859,636

The notes set out on pages 43 to 97 form an integral part of these financial statements.

Statements Of Cash Flows

For The Financial Year Ended 31 August 2014

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	19,316,811	18,286,597	10,291,021	10,784,594
Adjustments for:				
Bad debts	5,797,670	2	2,269	-
Deemed gain on deconsolidation of a subsidiary	(2)	-	-	-
Depreciation	2,558,437	1,042,259	3,551	2,023
Dividend income	(348,831)	(80)	-	-
Expected loss on development project	1,433,741	1,817,341	-	-
Gain on disposal of other investments	(140,427)	-	-	-
Gain on disposal of property, plant and equipment	(1,455)	(90,356)	-	-
Impairment loss on receivables	174,655	562,238	-	-
Interest expense	2,705,489	1,710,112	-	-
Interest income	(311,209)	(236,539)	-	-
Property, plant and equipment written off	10,406	18,815	-	-
Share of results of a jointly controlled entity	43,999	(297,913)	-	-
Share of results of an associate	3,945	3,964	-	-
Waiver of debts by a subsidiary	-	-	(11,978)	-
Operating profit before working capital changes	31,243,229	22,816,440	10,284,863	10,786,617
Increase in inventories	(5,052,640)	(394,693)	-	-
Decrease/(Increase) in property development costs	8,076,501	(35,218,400)	-	-
(Increase)/Decrease in gross amount due from/to customers on contracts	(17,401,051)	30,889,026	-	-
Decrease/(Increase) in receivables	8,735,892	(12,402,283)	1,453,123	(1,479,652)
Increase/(Decrease) in payables	21,315,133	7,784,920	(425,749)	(2,654,641)
Cash generated from operations	46,917,064	13,475,010	11,312,237	6,652,324
Dividend received	-	500,000	-	-
Income tax paid	(6,899,006)	(8,729,876)	(845,936)	(833,414)
Income tax refund	358,044	227,055	-	-
Interest paid	(5,886,561)	(4,137,037)	-	-
Interest received	206,849	104,677	-	-
Net cash from operating activities	34,696,390	1,439,829	10,466,301	5,818,910
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash flow from deconsolidation of a subsidiary	2	-	-	-
Dividend received	261,643	80	-	-
Net change in subsidiaries' balances	-	-	(6,324,081)	538,866
(Increase)/Decrease in land held for development	(35,579,051)	3,810,127	-	-
Withdrawal/(Placement) of fixed deposits	678,727	(1,382,687)	-	-
Proceeds from disposal of other investments	373,141	-	-	-
Proceeds from disposal of property, plant and equipment	12,436	94,817	-	-
Purchase of investment in a subsidiary	-	-	-	(5,850,000)
Purchase of investment properties	-	(169,848)	-	-
* Purchase of property, plant and equipment	(1,900,245)	(7,726,490)	-	(30,550)
Net cash used in investing activities	(36,153,347)	(5,374,001)	(6,324,081)	(5,341,684)
Balance carried forward	(1,456,957)	(3,934,172)	4,142,220	477,226

The notes set out on pages 43 to 97 form an integral part of these financial statements.

Statements Of Cash Flows (Cont'd)

For The Financial Year Ended 31 August 2014

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Balance brought forward	(1,456,957)	(3,934,172)	4,142,220	477,226
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid	(4,107,858)	(1,848,536)	(4,107,858)	(1,848,536)
Dividend paid to non-controlling interests	(450,000)	(217,560)	-	-
Drawdown of Bai' Bithaman Ajil	3,884	-	-	-
Drawdown of invoice financing	353,700	-	-	-
(Repayment)/Drawdown of bankers acceptance	(3,652,371)	1,021,005	-	-
Payment of finance lease	(480,673)	(377,275)	-	-
Proceeds from issuance of shares to non-controlling interests of subsidiaries	-	3,150,000	-	-
Proceeds from term loans	23,795,900	25,241,670	-	-
Repayment of term loans	(9,063,510)	(11,526,133)	-	-
Net cash from/(used in) financing activities	6,399,072	15,443,171	(4,107,858)	(1,848,536)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	4,942,115	11,508,999	34,362	(1,371,310)
CASH AND CASH EQUIVALENTS AT BEGINNING	15,330,893	3,821,894	15,716	1,387,026
CASH AND CASH EQUIVALENTS AT END	20,273,008	15,330,893	50,078	15,716
Represented by:				
Fixed deposit with a licensed bank	211,928	205,878	-	-
Cash and bank balances	20,653,070	16,331,917	50,078	15,716
Bank overdrafts	(591,990)	(1,206,902)	-	-
	20,273,008	15,330,893	50,078	15,716
* Purchase of property, plant and equipment				
Total acquisition cost	2,597,583	15,152,185	-	30,550
Acquired under term loan	(268,338)	(6,871,695)	-	-
Acquired under finance lease liabilities	(429,000)	(554,000)	-	-
Total cash acquisition	1,900,245	7,726,490	-	30,550

The notes set out on pages 43 to 97 form an integral part of these financial statements.

Notes To The Financial Statements

For The Financial Year Ended 31 August 2014

1. GENERAL INFORMATION

General

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The directors regard Leading Builders Sdn. Bhd., a company incorporated in Malaysia, as the ultimate holding company.

The registered office of the Company is located at 51-13-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang.

The principal place of business of the Company is located at 1320, Jalan Baru, Taman Chai Leng, 13700 Prai, Penang.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 8 December 2014.

Principal Activities

The principal activities of the Company consist of investment holding and the provision of management services.

The principal activities of the subsidiaries are shown in Note 6 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

At the beginning of the current financial year, the Group and the Company have adopted new and revised FRSs which are mandatory for the reporting period as described fully in Note 2.4.

2.2 Basis of Measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention unless otherwise indicated in the summary of accounting policies under Note 3.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or 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 Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic 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 Group 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 their fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2014

2. BASIS OF PREPARATION (cont'd)

2.3 Functional and Presentation Currency

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

2.4 Adoption of FRSs, Amendments/Improvements to FRSs and IC Interpretations

The accounting policies adopted by the Group and by the Company are consistent with those of the previous financial years except for the adoption of the following amendments/improvements to FRSs, and IC Int that are mandatory for the current financial year:

Effective for financial periods beginning on or after 1 January 2013

FRS 10	Consolidated Financial Statements
FRS 11	Joint Arrangements
FRS 12	Disclosure of Interests in Other Entities
FRS 13	Fair Value Measurement
FRS 119	Employee Benefits
FRS 127	Separate Financial Statements
FRS 128	Investments in Associates and Joint Ventures
Amendments to FRS 1	Government Loans
Amendments to FRS 7	Disclosures - Offsetting Financial Assets and Liabilities
Amendments to FRS 11	Joint Arrangements: Transition Guidance
Amendments to FRS 12	Disclosure of Interests in Other Entities: Transition Guidance
IC Interpretation 20	Stripping Cost in the Production of a Surface Mine
Improvements to FRSs issued in 2012	

Initial application of the above standards, amendments and interpretations did not have any material impact to the financial statements of the Group and of the Company except for the following:

FRS 13 Fair Value Measurement

The Group and the Company have applied FRS 13 for the first time in the current period. FRS 13 established a single source of guidance and disclosure for fair value measurements. The scope of FRS 13 is broad. The fair value measurement requirements of FRS 13 apply to both financial instrument items and non-financial instrument items for which other FRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of FRS 2 Share-based Payment, leasing transaction that are within the scope of FRS 117 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

FRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under FRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, FRS 13 includes extensive disclosure requirements.

FRS 13 requires prospective application from 1 January 2013. In addition, specific transition provisions were given to entities such that they need not apply the disclosure requirements set out in the FRS 13 in comparative information provided for periods before the initial application of the FRS 13. In accordance with these transitional provisions, the Group and the Company have not made any new disclosures required by FRS 13 for the comparative period. Other than the additional disclosures, the application of FRS 13 did not have any material impact on the amounts recognised in the Group's and in the Company's financial statements.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2014

2. BASIS OF PREPARATION (cont'd)

2.5 Standards Issued But Not Yet Effective

2.5.1 Malaysian Financial Reporting Standards

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework").

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual period beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venturer ("Transitioning Entities").

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2017.

The Company and certain subsidiaries fall within the definition of Transitioning Entities and has opted to defer the adoption of MFRS Framework. However, for subsidiaries which financial statements are prepared in accordance with MFRS Framework, their financial statements were converted to FRSs for the purpose of the preparation of the Group financial statements.

In presenting its first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of the MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group and the Company have not completed its quantification of the financial effects of the differences between FRSs and accounting standards under the MFRS Framework and are in the process of assessing the financial effects of the differences. Accordingly, the financial performance and financial position as disclosed in these financial statements for the financial year ended 31 August 2014 could be different if prepared under the MFRS Framework.

The Group and the Company expect to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 August 2018.

2.5.2 FRSs and Amendments to FRSs Issued But Not Yet Effective

The following are accounting standards and amendments that have been issued by the MASB but have not been adopted by the Group and by the Company:

Amendments to IC Int and FRSs effective for financial periods beginning on or after 1 January 2014

FRS 10, FRS 12 and FRS 127	Consolidated Financial Statement, Disclosure of Interests in Other Entities and Separated Financial Statements: Investment Entities
FRS 132	Offsetting Financial Assets and Liabilities
FRS 136	Recoverable Amount Disclosures for Non Financial Assets
FRS 139	Novation of Derivatives and Continuation Hedge Accounting
IC Int 21	Levies

Effective for financial periods beginning on or after 1 July 2014

Amendments to FRS 119	Defined Benefit Plans: Employee Contributions
Annual improvements to FRSs 2010-2012 Cycle	
Annual improvements to FRSs 2011-2013 Cycle	

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2014

2. BASIS OF PREPARATION (cont'd)

2.5 Standards Issued But Not Yet Effective (cont'd)

2.5.2 FRSs and Amendments to FRSs Issued But Not Yet Effective (cont'd)

Effective for financial periods beginning on or after 1 January 2016

FRS 14	Regulatory Deferral Accounts
Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operations

Effective date yet to be confirmed

Amendments to FRS 7	Financial Instrument: Disclosures - Mandatory Date of FRS 9 and Transition Disclosures
FRS 9	Financial Instruments (2009,2010)
FRS 9	Hedge Accounting and Amendments to FRS 9, FRS 7 and FRS 139

The new FRSs and Amendments to FRSs above are expected to have no significant impact on the financial statements of the Group and of the Company upon its initial application except for the changes in presentation and disclosures of financial information arising from the adoption of certain FRSs and Amendments to FRSs above.

The Group's and the Company's financial statements for annual period beginning on 1 September 2017 will be prepared in accordance with the MFRSs issued by MASB and IFRSs. As a result, the Group and the Company will not be adopting FRSs, Interpretations and amendments that are effective for annual periods beginning on or after 1 September 2017.

2.6 Significant Accounting Estimates and Judgements

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

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

2.6.1 Judgements made in applying accounting policies

There are no significant areas of critical judgement in applying accounting policies that have any significant effect on the amount recognised in the financial statements.

2.6.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Useful lives of depreciable assets

The depreciable costs of plant and equipment are allocated on the straight line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 5 to 20 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and residual values of these assets affecting future depreciation charges.

(ii) Property development

The Group recognises property development revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is determined by survey of work performed.

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

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2014

2. BASIS OF PREPARATION (cont'd)

2.6 Significant Accounting Estimates and Judgements (cont'd)

2.6.2 Key sources of estimation uncertainty (cont'd)

(iii) Construction contracts

The Group recognises construction contract revenue and expenses in the profit or loss using the stage of completion method. The stage of completion is measured by reference to the proportion of the survey of works performed to date bear to the estimated total contract sum.

Significant judgement is required in determining the stage of completion, the extent of the costs incurred and the estimated total revenue and costs, as well as recoverability of the construction projects. Total revenue also includes an estimation of the recoverable variation works that are recoverable from the customers. 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 profitability of the contract on an individual basis at any particular time.

(iv) Impairment of loans and receivables

The Group and the Company assess at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, 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.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience of assets with similar credit risk characteristics.

3. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies adopted by the Group and by the Company are consistent with those adopted in the previous financial years unless otherwise indicated below.

3.1 Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Company.

The Group adopted FRS 10, *Consolidated Financial Statements* in the current financial year. This resulted in changes to the following policies:

- Control exists when the Group is exposed, or has rights, to variable returns through its power over the entity. In the previous financial years, control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.
- Potential voting rights are considered when assessing control only when such rights are substantive. In the previous financial years, potential voting rights are considered when assessing control when such rights are presently exercisable.
- The Group considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return. In the previous financial years, the Group did not consider *de facto* power in its assessment of control.

The change in accounting policy has been made retrospectively and in accordance with the transitional provision of FRS 10. However, the adoption of FRS 10 has no significant impact to the financial statements of the Group for the current financial year.

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

Upon disposal of investment in subsidiaries, the difference between the net disposal proceeds and their carrying amount is included in profit or loss.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2014

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Basis of Consolidation (cont'd)

(ii) Business combination

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 interest in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount at fair value of the identifiable assets acquired and liabilities assumed.

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

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

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

(iii) Acquisitions of non-controlling interests

The Group 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 reserve.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises 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.

(v) Associate

An associate is defined as one in which the Company has significant influence, but not control, over the financial and operating policies.

Investment in associates is accounted for in the consolidated financial statements by the equity method of accounting based on audited financial statements of the associates, where appropriate. Under the equity method of accounting, the Group's share of profits and losses of the associates during the year is included in the consolidated statement of comprehensive income. The Group's interest in associates is carried in the consolidated statement of financial position at cost plus the Group's share of post-acquisition retained profits or accumulated losses and other reserves as well as goodwill on acquisition. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in the associates.

The equity method of accounting is discontinued when the Group's share of losses of the associates exceeds the carrying amount of investment, unless the Group has incurred obligations or guaranteed obligations in respect of the associates.

In the Company's separate financial statements, investment in associates is stated at cost less any accumulated impairment losses.

Upon the disposal of investment in an associate, the difference between the net disposal proceeds and its carrying amount is included in the profit or loss.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2014

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Basis of Consolidation (cont'd)

(vi) Jointly controlled entities

Jointly controlled entities are enterprises in which the Group has contractually agreed to share its control with one or more parties.

Investment in jointly controlled entities is accounted for in the consolidated financial statements by the equity method of accounting based on audited or management financial statements of the jointly controlled entities, where appropriate. Under the equity method of accounting, the Group's share of profits and losses of the jointly controlled entities during the year is included in the consolidated statement of comprehensive income. The Group's interest in jointly controlled entities is carried in the consolidated statement of financial position at cost plus the Group's share of post-acquisition retained profits or accumulated losses and other reserves as well as goodwill on acquisition. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in the jointly controlled entities.

The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other venturers. The Group does not recognise its share of profits or losses from the joint venture that result from the purchase of assets by the Group from the joint venture until it resells the assets to an independent party. However, if a loss on the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, the loss is recognised immediately.

The equity method of accounting is discontinued when the Group's share of losses of the jointly controlled entities exceeds its carrying amount of investment, unless the Group has incurred obligations or guaranteed obligations in respect of the jointly controlled entities.

In the Company's separate financial statements, investment in jointly controlled entities is stated at cost less any accumulated impairment losses.

Upon the disposal of investment in a jointly controlled entity, the difference between the net disposal proceeds and its carrying amount is included in the profit or loss.

(vii) Non-controlling interests

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

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

(viii) Transactions eliminated on consolidation

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

Unrealised profits arising on transactions between the Group and its associates which are included in the carrying amount of the related assets and liabilities are eliminated to the extent of the Group's interests in the associates. Unrealised losses on such transactions are also eliminated unless cost cannot be recovered.

3.2 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Certain land and buildings are subsequently shown at valuation based on valuations by external independent valuers, less accumulated depreciation and any accumulated impairment losses.

Surpluses arising on revaluation are credited to asset revaluation reserve. Any deficit arising from revaluation is charged against the revaluation reserve to the extent of a previous surplus held in the asset revaluation reserve for the same asset. In all other cases, a decrease in carrying amount is recognised in profit or loss.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2014

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.2 Property, Plant and Equipment (cont'd)

Property, plant and equipment are depreciated on the straight line method to write off the cost of each asset to its residual value over its estimated useful life, at the following annual rates:

Buildings	2% - 10%
Plant and machinery	10% - 20%
Office equipment, furniture and fixtures	5% - 20%
Motor vehicles	10% - 20%

Freehold land is not depreciated as it has an infinite life.

Depreciation on capital expenditure in progress commences when the assets are ready for their intended use.

The residual value, useful life and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and year of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is included in the profit or loss and the attributable portion of the revaluation surplus is taken directly to retained profits.

3.3 Investment Properties

Investment properties are properties which are held to earn rental income or for capital appreciation or both. Such properties are measured initially at cost. Initial cost comprises purchase price and any directly attributable expenditure for a purchased investment property. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Certain land, buildings, freehold commercial lots and flats are shown at valuation based on valuations approved by external independent valuers on 18 September 1997 and as approved by the Securities Commission pursuant to the Company's initial public offering, less accumulated depreciation and any accumulated impairment losses.

Surpluses arising on revaluation are credited to asset revaluation reserve. Any deficit arising from revaluation is charged against the revaluation reserve to the extent of a previous surplus held in the asset revaluation reserve for the same asset. In all other cases, a decrease in carrying amount is charged to the profit or loss.

Buildings, freehold commercial lots, flats and apartments are depreciated on the straight line method to write off the cost to their residual value over their estimated useful lives at 2% per annum while the leasehold land is amortised over the remaining lease period of 30 to 98 years.

Freehold land is not depreciated as it has an infinite life.

The residual value, useful life and depreciation method are reviewed 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 embodied in the items of investment properties.

Upon the disposal of an investment property, the difference between the net disposal proceeds and its carrying amount is included in the profit or loss and the attributable portion of the revaluation surplus is taken directly to retained profits.

3.4 Leases

Finance lease

In accordance with FRS 117 *Leases*, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is then recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance leasing liability, irrespective of whether some of these lease payments are payable up-front at the date of inception of the lease. Leases of land and buildings are classified separately and are split into a land and a building element, in accordance with the relative fair values of the leasehold interests at the date the asset is recognised initially.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2014

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Leases (cont'd)

Finance lease (cont'd)

Depreciation methods and useful lives for assets held under finance lease agreements correspond to those applied to comparable assets which are legally owned by the Group. The corresponding finance leasing liability is reduced by lease payments less finance charges, which are expensed as part of finance costs. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to profit or loss over the period of the lease.

Operating Leases

All other leases are treated as operating leases. Payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

3.5 Land Held for Development and Property Development Costs

Land held for development

Land held for development consists of land where no significant 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 impairment losses.

Land held for 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.

Property development costs

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

Where the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the profit or loss by using the stage of completion method. The stage of completion is determined by survey of work performed.

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

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

Property development costs not recognised as expenses are recognised as assets, which are measured at the lower of cost and net realisable value.

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

3.6 Construction Contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contracts 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 the survey of works performed.

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expense 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.

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

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2014

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.7 Impairment of Non-Financial Assets

The Group and the Company assess at the end of each reporting period whether there is an indication that an asset may be impaired.

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

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 the profit or loss except for assets that were previously revalued where the revaluation surplus was taken to other comprehensive income. In this case the impairment loss is also recognised in other comprehensive income up to the amount of any previous revaluation surplus.

An impairment loss for an asset 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 is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3.8 Financial Instruments

3.8.1 Initial recognition and measurement

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

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

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

3.8.2 Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Loans and receivables

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

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

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the end of the reporting period which are classified as non-current.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2014

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.8 Financial Instruments (cont'd)

3.8.2 Financial instrument categories and subsequent measurement (cont'd)

Financial assets (cont'd)

(b) Available-for-sale financial assets

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

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

All financial assets are subject to review for impairment.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost.

Financial liabilities are classified as current liabilities, except for those having maturity dates later than 12 months after the end of the reporting period which are classified as non-current.

3.8.3 Financial guarantee contracts

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

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

3.8.4 Derecognition

A financial asset or part of it is derecognised, when and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

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

3.9 Impairment of Financial Assets

All financial assets (except for investment in subsidiaries, associate and jointly controlled entity) are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2014

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.9 Impairment of Financial Assets (cont'd)

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

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

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

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

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

3.10 Inventories

Inventories of freehold land and completed development units

Inventories of freehold land and completed development units are stated at the lower of cost and net realisable value. Cost is determined on the specific identification basis and includes cost of land, construction, development costs and appropriate overheads. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Inventories of bricks, raw materials and trading goods

Inventories of bricks, raw materials and trading goods are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis. The cost of inventories includes materials, direct labour and attributable production overheads. Net realisable value is based on estimated selling price less all estimated costs to be incurred in selling and distribution.

3.11 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits and short term highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, against which bank overdraft balances, if any, are deducted.

3.12 Provisions

Provisions are recognised when the Group and the Company have a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

3.13 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. 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.

Borrowing costs that are directly attributable to the acquisition, construction, production or preparation of assets until they are ready for their intended use or sale are capitalised as part of the cost of those assets. Other borrowing costs are recognised as expenses in the period in which they are incurred.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2014

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.14 Income Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and to the Company and when the revenue can be reliably measured on the following bases:

(i) **Construction contract revenue**

Revenue from construction contracts is accounted for by the stage of completion method as described in the accounting policy as set out in Note 3.6.

(ii) **Property development revenue**

Revenue from sale of properties is accounted for by the stage of completion method as described in the accounting policy as set out in Note 3.5.

(iii) **Sale of goods**

Revenue from sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

(iv) **Provision of waste management services**

Revenue from provision of waste management services, green waste management activity and wood shredding activity are recognised when the services are rendered.

(v) **Dividend income**

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

(vi) **Rental, interest and management fee income**

These income are recognised on the accrual basis.

3.15 Employee Benefits

Short term 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 and of the Company. 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.

Defined contribution plans

As required by law, companies in Malaysia make contributions to the national pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense as incurred.

3.16 Income Tax

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

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

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2014

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.16 Income Tax (cont'd)

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

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

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

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

3.17 Share Capital, Share Issuance Expenses and Dividends

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

Share capital represents the nominal value of shares that have been issued.

Dividends on ordinary shares are accounted for in shareholder's equity as an appropriation of unappropriated profits and recognised as a liability in the period in which they are declared.

Share premium includes any premiums received upon issuance of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

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

3.18 Segment Reporting

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

3.19 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 events not wholly within the control of the Group and of the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2014

4. PROPERTY, PLANT AND EQUIPMENT

GROUP

2014

	At valuation/cost					Balance at end RM
	Balance at beginning RM	Additions RM	Disposals RM	Written off RM	Reclassification RM	
At valuation:						
Freehold land	2,174,200	-	-	-	-	2,174,200
Buildings	4,825,800	-	-	-	-	4,825,800
At cost:						
Freehold land	179,154	-	-	-	-	179,154
Buildings	2,298,834	-	-	-	-	2,298,834
Plant and machinery	8,935,315	1,707,526	-	(9,920)	13,952,342	24,585,263
Office equipment, furniture and fixtures	2,332,056	405,827	(57,794)	(51,547)	-	2,628,542
Motor vehicles	6,556,570	484,230	(55,489)	-	-	6,985,311
Capital expenditure in progress	13,952,342	-	-	-	(13,952,342)	-
	41,254,271	2,597,583	(113,283)	(61,467)	-	43,677,104

	Accumulated depreciation					Balance at end RM
	Balance at beginning RM	Current charge RM	Disposals RM	Written off RM	Reclassification RM	
At valuation:						
Freehold land	-	-	-	-	-	-
Buildings	1,546,933	96,516	-	-	-	1,643,449
At cost:						
Freehold land	-	-	-	-	-	-
Buildings	658,618	43,031	-	-	-	701,649
Plant and machinery	8,327,249	1,429,526	-	(7,153)	-	9,749,622
Office equipment, furniture and fixtures	1,775,341	190,541	(49,067)	(43,908)	-	1,872,907
Motor vehicles	4,285,334	662,983	(53,235)	-	-	4,895,082
Capital expenditure in progress	-	-	-	-	-	-
	16,593,475	2,422,597	(102,302)	(51,061)	-	18,862,709

	Carrying amount at end RM
At valuation:	
Freehold land	2,174,200
Buildings	3,182,351
At cost:	
Freehold land	179,154
Buildings	1,597,185
Plant and machinery	14,835,641
Office equipment, furniture and fixtures	755,635
Motor vehicles	2,090,229
Capital expenditure in progress	-
	24,814,395

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2014

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

2013

	At valuation/cost				Balance at end RM
	Balance at beginning RM	Additions RM	Disposals RM	Written off RM	
At valuation:					
Freehold land	2,174,200	-	-	-	2,174,200
Buildings	4,825,800	-	-	-	4,825,800
At cost:					
Freehold land	179,154	-	-	-	179,154
Buildings	2,298,834	-	-	-	2,298,834
Plant and machinery	8,634,163	319,367	-	(18,215)	8,935,315
Office equipment, furniture and fixtures	2,287,296	191,773	(61,478)	(85,535)	2,332,056
Motor vehicles	6,154,458	688,703	(253,591)	(33,000)	6,556,570
Capital expenditure in progress	-	13,952,342	-	-	13,952,342
	26,553,905	15,152,185	(315,069)	(136,750)	41,254,271

	Accumulated depreciation				Balance at end RM
	Balance at beginning RM	Current charge RM	Disposals RM	Written off RM	
At valuation:					
Freehold land	-	-	-	-	-
Buildings	1,450,417	96,516	-	-	1,546,933
At cost:					
Freehold land	-	-	-	-	-
Buildings	615,105	43,513	-	-	658,618
Plant and machinery	8,225,244	117,373	-	(15,368)	8,327,249
Office equipment, furniture and fixtures	1,739,116	162,814	(57,019)	(69,570)	1,775,341
Motor vehicles	4,030,718	541,202	(253,589)	(32,997)	4,285,334
Capital expenditure in progress	-	-	-	-	-
	16,060,600	961,418	(310,608)	(117,935)	16,593,475

	Carrying amount at end RM
At valuation:	
Freehold land	2,174,200
Buildings	3,278,867
At cost:	
Freehold land	179,154
Buildings	1,640,216
Plant and machinery	608,066
Office equipment, furniture and fixtures	556,715
Motor vehicles	2,271,236
Capital expenditure in progress	13,952,342
	24,660,796

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2014

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

COMPANY

	Furniture and fixtures	
	2014 RM	2013 RM
At cost		
Balance at beginning	102,160	71,610
Additions	-	30,550
Balance at end	<u>102,160</u>	<u>102,160</u>
Accumulated depreciation		
Balance at beginning	72,392	70,369
Current charge	3,551	2,023
Balance at end	<u>75,943</u>	<u>72,392</u>
Carrying amount	<u>26,217</u>	<u>29,768</u>

GROUP

- (i) The properties at valuation were revalued on the open market value basis by the directors on 18 September 1997 based on a valuation exercise by an independent firm of professional valuers and as approved by the Securities Commission.

The directors have not adopted a policy of regular revaluation of such assets. As permitted under the transitional provision of FRS116₂₀₀₄: Property, Plant and Equipment, these assets continue to be stated at their 1997 valuation less accumulated depreciation and impairment losses.

The historical carrying amount of revalued properties is as follows:

	Freehold land RM	Buildings RM
2014		
At cost	600,000	133,863
Accumulated depreciation	-	(64,254)
Carrying amount	<u>600,000</u>	<u>69,609</u>

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2014

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Freehold land RM	Buildings RM
2013		
At cost	600,000	133,863
Accumulated depreciation	-	(61,576)
Carrying amount	<u>600,000</u>	<u>72,287</u>

- (ii) The freehold land and buildings are pledged to licensed banks as securities for banking facilities granted to certain subsidiaries.
- (iii) The carrying amount of plant and machinery charged to a licensed banks as securities for banking facility granted to a subsidiary amounting to **RM13,035,577** (2013: RM Nil).
- (iv) The carrying amount of motor vehicles acquired under finance lease is **RM2,043,080** (2013: RM2,206,489). The leased assets are pledged as security for the related finance lease liabilities (Note 20).
- (v) The depreciation charge for the financial year is accounted for as follows:

	2014 RM	2013 RM
Recognised in profit or loss (Note 25)		
- General and administrative expenses	817,263	762,167
- Construction contract costs	28,307	3,294
- Cost of sales	1,421,885	1,406
	<u>2,267,455</u>	<u>766,867</u>
Capitalised in construction contract costs (Note 13)	155,142	194,551
	<u>2,422,597</u>	<u>961,418</u>

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2014

5. INVESTMENT PROPERTIES

GROUP

	At valuation				At cost				Total RM
	Freehold land RM	Leasehold land RM	Buildings RM	Freehold commercial lots and flats RM	Freehold land RM	Leasehold land RM	Buildings RM	Freehold commercial lots and apartments RM	
2014									
At valuation/cost:	1,199,750	192,027	3,145,822	1,380,000	633,366	1,164,304	2,494,873	4,765,662	14,975,804
Accumulated depreciation:									
Balance at beginning	-	28,104	925,907	398,796	-	208,715	372,308	1,186,892	3,120,722
Current charge	-	4,399	62,916	27,600	-	30,067	70,686	95,314	290,982
Balance at end	-	32,503	988,823	426,396	-	238,782	442,994	1,282,206	3,411,704
Accumulated impairment losses:	46,648	-	86,353	-	18,390	-	26,892	234,901	413,184
Carrying amount	1,153,102	159,524	2,070,646	953,604	614,976	925,522	2,024,987	3,248,555	11,150,916
Fair value	1,651,900	458,473	3,180,627	1,130,000	1,107,625	1,661,975	3,723,666	6,049,617	18,963,883
2013									
At valuation/cost:									
Balance at beginning	1,199,750	192,027	3,145,822	1,380,000	633,366	1,164,304	2,325,025	4,765,662	14,805,956
Additions	-	-	-	-	-	-	169,848	-	169,848
Balance at end	1,199,750	192,027	3,145,822	1,380,000	633,366	1,164,304	2,494,873	4,765,662	14,975,804
Accumulated depreciation:									
Balance at beginning	-	23,705	862,991	371,196	-	178,648	317,215	1,091,575	2,845,330
Current charge	-	4,399	62,916	27,600	-	30,067	55,093	95,317	275,392
Balance at end	-	28,104	925,907	398,796	-	208,715	372,308	1,186,892	3,120,722
Accumulated impairment losses:	46,648	-	86,353	-	18,390	-	26,892	234,901	413,184
Carrying amount	1,153,102	163,923	2,133,562	981,204	614,976	955,589	2,095,673	3,343,869	11,441,898
Fair value	1,634,889	336,737	3,223,374	1,100,000	724,638	1,187,018	2,569,707	4,488,200	15,264,563

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2014

5. INVESTMENT PROPERTIES (cont'd)

GROUP

(i) Investment properties amounting to **RM7,317,450** (2013: RM6,700,979) are pledged to a licensed bank as securities for banking facilities granted to certain subsidiaries.

(ii) The amounts recognised in the profit or loss is as follows:

	2014	2013
	RM	RM
Rental income from investment properties	529,722	462,989
Direct operating expenses arising from investment properties that generated rental income during the financial year	321,220	325,406
Direct operating expenses arising from investment properties that did not generate rental income during the financial year	107,878	91,120

(iii) The properties at valuation were revalued on the open market value basis by the directors of a subsidiary on 18 September 1997 based on a valuation exercise by an independent firm of professional valuers and as approved by the Securities Commission. With the adoption of FRS 140: Investment Property, such properties are now accounted for as investment properties and are stated at their original valuation less accumulated depreciation and accumulated impairment losses.

The historical carrying amount of revalued properties are as follows:

	Freehold land RM	Leasehold land RM	Buildings RM	Freehold commercial lots and flats RM
2014				
At cost	185,613	146,473	1,422,135	979,785
Accumulated depreciation	-	(44,591)	(722,931)	(529,086)
Accumulated impairment losses	(46,648)	-	(86,353)	-
Carrying amount	138,965	101,882	612,851	450,699
2013				
At cost	185,613	146,473	1,422,135	979,785
Accumulated depreciation	-	(41,662)	(694,488)	(509,490)
Accumulated impairment losses	(46,648)	-	(86,353)	-
Carrying amount	138,965	104,811	641,294	470,295

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2014

5. INVESTMENT PROPERTIES (cont'd)

- (iv) The fair value of investment properties as at the end of the reporting period is derived based on directors' valuation by reference to the existing market condition.

Fair value information

Fair value of investment properties are categorised as follows:

	Level 1 RM	Level 2 RM	Level 3 RM
2014			
Freehold land	-	2,759,525	-
Leasehold land	-	2,120,448	-
Buildings	-	6,904,293	-
Freehold commercial lots, flats and apartments	-	7,179,617	-

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as at the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 1 and Level 2 during the financial year.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the investment property, either directly or indirectly.

Level 2 fair value of investment properties have been generally derived using the sales comparison approach. Selling prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

6. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2014 RM	2013 RM
Unquoted shares, at cost	83,636,862	83,638,137
Less: Accumulated impairment loss		
Balance at beginning	(1,275)	(1,275)
Written off	1,275	-
Balance at end	-	(1,275)
	83,636,862	83,636,862

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2014

6. INVESTMENT IN SUBSIDIARIES (cont'd)

Details of the subsidiaries, which are all incorporated in Malaysia, are as follows:

Name of Company	Effective Equity Interest		Principal Activities
	2014 %	2013 %	
Direct			
PLB-KH Bina Sdn. Bhd.	100	100	Contracting and construction of industrial, residential and commercial building works, renovation works, property development and investment, property holdings and manufacturing of bricks.
PLB Land Sdn. Bhd.	100	100	Property letting, investment holding and property development.
Dynabricks Sdn. Bhd.	100	100	Rental of machineries.
Gaintrend Sdn. Bhd.	100	100	Building construction and property development.
PLB Ventures Sdn. Bhd.	100	100	Investment holding.
QM Power Machinery Sdn. Bhd.	-	51	Strike off during the financial year.
PLB Terang Sdn. Bhd.	65	65	Provision of waste management services.
Indirect – held through PLB-KH Bina Sdn. Bhd.			
Fattigold Sdn. Bhd.	51	51	Property development. However, the subsidiary did not undertake any development project during the financial year.
PLB Alam Sdn. Bhd.	-	100	Building construction, engineering work and investment holding.
Indirect – held through PLB Land Sdn. Bhd.			
Era Pujaan Sdn. Bhd.	100	100	Property development. However, the subsidiary did not undertake any development project during the financial year. Instead the subsidiary rented out a portion of the development properties earmarked for development.
Hektar Pujaan Sdn. Bhd.	100	100	Property development. However, the subsidiary did not undertake any development project during the financial year.
Excelgrand Properties Sdn. Bhd.	100	100	Property development.
Indah Mulia Development Sdn. Bhd.	100	100	Property development.
Pelangi Sehati Development Sdn. Bhd.	100	100	Property development. However, the subsidiary did not undertake any development project during the financial year.
Sebadi Corporation Sdn. Bhd.	100	100	Property development. However, the subsidiary did not undertake any development project during the financial year.
Landsdale Development Sdn. Bhd.	100	100	Property development. However, the subsidiary did not undertake any development project during the financial year.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2014

6. INVESTMENT IN SUBSIDIARIES (cont'd)

Name of Company	Effective Equity Interest		Principal Activities
	2014 %	2013 %	
PLB Leisure Sdn. Bhd.	-	100	Strike off during the financial year.
PLB Cemerlang Sdn. Bhd.	100	100	Property development. However, the subsidiary did not undertake any development project during the financial year.
United Empire Development Sdn. Bhd.	-	100	Strike off during the financial year.
Indirect – held through PLB Ventures Sdn. Bhd.			
PLB Steel Engineering Sdn. Bhd.	100	100	Steel and metal fabrication works and related construction activities.
PLB Green Construction Sdn. Bhd.	70	70	Contracting and construction of industrial, residential and commercial building works, and renovation works.
PLB Bio Green Sdn. Bhd.	100	-	Provision of green waste management activity
PLB Bio Wood Sdn. Bhd.	100	-	Provision of wood shredding activity.

2014

- (i) On 3 September 2013, the Group through PLB-KH Bina Sdn. Bhd., had disposed of its 100% equity interest in PLB Alam Sdn. Bhd. for a total cash consideration of RM2 and this disposal did not have a material effect on the financial results and position of the Group for the financial year ended 31 August 2014.
- (ii) On 14 March 2014, the Group through PLB Ventures Sdn. Bhd. had acquired 2 ordinary shares of RM1 each, representing 100% equity interest in PLB Bio Green Sdn. Bhd. for a total cash consideration of RM2. This acquisition did not have a material effect on the financial results and position of the Group for the financial year ended 31 August 2014.
- (iii) On 2 May 2014, the Group through PLB Ventures Sdn. Bhd. had acquired 2 ordinary shares of RM1 each, representing 100% equity interest in PLB Bio Wood Sdn. Bhd. for a total cash consideration of RM2. This acquisition did not have a material effect on the financial results and position of the Group for the financial year ended 31 August 2014.

2013

On 1 October 2012, the Company subscribed for an additional 5,850,000 new ordinary shares of RM1 each in PLB Terang Sdn. Bhd. for a cash consideration of RM5,850,000. The share subscriptions did not create any change in the effective equity interest of the Group and of the Company in the subsidiary.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2014

7. INVESTMENT IN AN ASSOCIATE

	GROUP	
	2014	2013
	RM	RM
Unquoted shares, at cost	300,000	300,000
Share of post-acquisition reserves	72,340	76,285
	<u>372,340</u>	<u>376,285</u>
Analysed as follows:		
Share of net assets	<u>372,340</u>	<u>376,285</u>

Details of the associate, which is incorporated in Malaysia, are as follows:

Name of Company	Effective Equity Interest		Principal Activities
	2014	2013	
	%	%	
Indirect – held through PLB Ventures Sdn. Bhd.			
Diligent Success Sdn. Bhd.	50	50	Construction of buildings, repair and upgrading works, and the provision of marketing and consultancy services in relation to construction engineering and related works. However, the associate did not undertake such activities during the financial year.

The summarised financial information of the associate is as follows:

	2014	2013
	RM	RM
Assets and liabilities		
Total assets	821,500	829,390
Total liabilities	<u>76,817</u>	<u>76,817</u>
Results		
Loss for the financial year	<u>(7,890)</u>	<u>(7,927)</u>

The above summarised financial information is based on the audited financial statements of the associate for the financial year ended 31 August.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2014

8. INVESTMENT IN A JOINTLY CONTROLLED ENTITY

	GROUP	
	2014 RM	2013 RM
Unquoted shares, at cost	500,000	500,000
Share of post-acquisition reserves	16,841,307	16,885,306
	17,341,307	17,385,306
Less: Dividends received	(16,000,000)	(16,000,000)
	1,341,307	1,385,306
Analysed as follows:		
Share of net assets	1,341,307	1,385,306

Details of the jointly controlled entity, which is incorporated in Malaysia, are as follows:

Name of Company	Effective Equity Interest		Principal Activity
	2014 %	2013 %	
Indirect – held through PLB Land Sdn. Bhd.			
PLB-Wonder Bay Development Sdn. Bhd.	50	-	Property development.
Indirect – held through PLB Leisure Sdn. Bhd.			
PLB-Wonder Bay Development Sdn. Bhd.	-	50	Property development.

On 16 May 2014, PLB Land Sdn. Bhd. had acquired 500,000 ordinary shares of RM1 each, representing 50% equity interest in PLB-Wonder Bay Development Sdn. Bhd. for a total cash consideration of RM1 from PLB Leisure Sdn. Bhd. This acquisition did not have a material effect on the financial results and position of the Group for the financial year ended 31 August 2014.

The following table summarises the information of PLB-Wonder Bay Development Sdn. Bhd., as adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the joint venture.

	GROUP	
	2014 RM	2013 RM
Summarised financial information		
As at 31 August		
Current assets	3,045,545	3,219,113
Current liabilities	362,934	448,503
Cash and cash equivalents	2,848,833	2,648,086
Year ended 31 August		
(Loss)/Profit for the year/Total comprehensive (loss)/profit	(87,999)	595,825
Included in the total comprehensive income are:		
Revenue	15,000	220,125
Interest income	87,762	59,283
Income tax expense	1,791	(80,438)
Reconciliation of net assets to carrying amount as at 31 August		
Carrying amount - Group's share of net assets	1,341,307	1,385,306

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2014

8. INVESTMENT IN A JOINTLY CONTROLLED ENTITY (cont'd)

	2014 RM	2013 RM
Group's share of results for the financial year ended 31 August		
Group's share of profit or loss/Group's share of total comprehensive income	<u>(43,999)</u>	<u>297,913</u>

Contingent liabilities and capital commitments

The joint venture has no contingent liabilities as or capital commitments at the end of the reporting period.

The above summarised financial statement is based on the audited financial statements of the jointly controlled entity for the financial year ended 31 August.

9. LAND HELD FOR DEVELOPMENT

	GROUP	
	2014 RM	2013 RM
Freehold land, at valuation		
Balance at beginning	4,402,580	7,002,580
Disposal	-	(2,600,000)
Balance at end	<u>4,402,580</u>	<u>4,402,580</u>
Freehold land, at cost		
Balance at beginning	16,149,039	16,148,530
Additions	31,714,641	509
Balance at end	<u>47,863,680</u>	<u>16,149,039</u>
Development costs		
Balance at beginning	995,467	2,206,103
Additions	3,864,410	31,857
Disposal	-	(1,242,493)
Balance at end	<u>4,859,877</u>	<u>995,467</u>
	<u>57,126,137</u>	<u>21,547,086</u>
Represented by:		
Freehold land - at valuation	4,402,580	4,402,580
- at cost	47,863,680	16,149,039
Development costs	<u>4,859,877</u>	<u>995,467</u>
	<u>57,126,137</u>	<u>21,547,086</u>

The freehold land with carrying amount of **RM27,891,979** (2013: RM2,791,979) are pledged to licensed banks as securities for banking facilities granted to certain subsidiaries.

Freehold land at valuation was revalued on the open market value basis by the directors of certain subsidiaries on 18 September 1997 based on a valuation exercise by an independent firm of professional valuers and as approved by the Securities Commission.

As permitted under the transitional provisions of FRS 201: Property Development Activities, the subsidiaries continue to retain the revalued amount of the land as its surrogate cost.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2014

10. OTHER INVESTMENTS

	GROUP	
	2014 RM	2013 RM
Available-for-sale financial assets:		
Shares quoted in Malaysia		
Balance at beginning	7,069,405	5,066,081
Disposals	(232,714)	-
Fair value adjustment	2,473,313	2,003,324
	<u>9,310,004</u>	<u>7,069,405</u>
Balance at end	<u>9,310,004</u>	<u>7,069,405</u>
Market value of shares quoted in Malaysia	<u>9,310,004</u>	<u>7,069,405</u>

11. INVENTORIES

	GROUP	
	2014 RM	2013 RM
At cost:		
Freehold land	4	2
Completed development units	4,548,448	533,128
Raw materials	15,010	-
Trading goods	889,980	394,693
	<u>5,453,442</u>	<u>927,823</u>
At net realisable value:		
Raw materials	95,208	-
Trading goods	431,813	-
	<u>527,021</u>	<u>-</u>
	<u>5,980,463</u>	<u>927,823</u>

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2014

12. PROPERTY DEVELOPMENT COSTS

	GROUP	
	2014 RM	2013 RM
At cost:		
Balance at beginning		
- Freehold land	109,038,260	83,042,671
- Leasehold land	2,874,777	2,874,777
- Development costs	113,406,524	64,480,312
	225,319,561	150,397,760
Costs incurred during the financial year		
Freehold land		
- Additions	13	34,800,003
Development costs		
- Additions	74,267,111	92,367,725
Transfer to inventories	(4,015,320)	-
Reversal of completed projects	(132,879,462)	(52,245,927)
	162,691,903	225,319,561
Expected loss		
Balance at beginning	(6,336,705)	(4,519,364)
Current year	(1,433,741)	(1,817,341)
Balance at end	(7,770,446)	(6,336,705)
Cost recognised in profit or loss		
Balance at beginning	(92,232,346)	(54,805,509)
Reversal of completed projects	132,879,462	52,245,927
Recognised during the financial year	(75,362,546)	(89,672,764)
Balance at end	(34,715,430)	(92,232,346)
Balance at end	120,206,027	126,750,510
Represented by:		
Freehold land	90,038,273	109,038,260
Leasehold land	2,874,777	2,874,777
Development costs	69,778,853	113,406,524
Costs recognised in profit or loss	(34,715,430)	(92,232,346)
Expected loss	(7,770,446)	(6,336,705)
	120,206,027	126,750,510

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2014

12. PROPERTY DEVELOPMENT COSTS (cont'd)

Included in development costs incurred during the financial year are the followings:

	2014	2013
	RM	RM
Interest expense	2,965,759	2,276,564
Rental of land and buildings	24,432	13,234
Rental of equipment	-	4,580
	<u> </u>	<u> </u>

The freehold land and leasehold land with carrying amount of **RM90,038,257** (2013: RM105,800,000) are pledged to licensed banks as securities for banking facilities granted to certain subsidiaries.

13. GROSS AMOUNT DUE FROM/TO CUSTOMERS ON CONTRACTS

	GROUP	
	2014	2013
	RM	RM
Due from:		
Construction contract costs incurred to date	6,235,006	164,572,359
Add: Attributable losses	2,665,715	(14,122,688)
	<u> </u>	<u> </u>
	8,900,721	150,449,671
Less: Progress billings	(7,342,714)	(149,849,958)
	<u> </u>	<u> </u>
	1,558,007	599,713
Due to:		
Construction contract costs incurred to date	124,608,426	50,096,686
Add: Attributable profits	1,345,202	3,198,375
	<u> </u>	<u> </u>
	125,953,628	53,295,061
Less: Progress billings	(132,804,860)	(76,959,505)
	<u> </u>	<u> </u>
	(6,851,232)	(23,664,444)

The costs incurred to date on construction contracts included the following charges made during the financial year:

	2014	2013
	RM	RM
Depreciation (Note 4)	155,142	194,551
Interest expense	215,313	150,361
Rental of land and buildings	66,160	83,800
Rental of machinery	507,792	553,358
Staff costs (Note 25)	2,238,774	2,290,108
	<u> </u>	<u> </u>

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2014

14. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Trade receivables (Note 14.1)	37,857,021	46,110,917	-	-
Other receivables, deposits and prepayments (Note 14.2)	3,765,763	10,220,084	34,160	1,487,283
Amount due from subsidiaries (Note 14.3)	-	-	80,079,402	61,684,935
	41,622,784	56,331,001	80,113,562	63,172,218

14.1 Trade receivables

	GROUP	
	2014 RM	2013 RM
Trade receivables	39,245,371	47,669,602
Less: Allowance for impairment		
Balance at beginning	(1,558,685)	(1,256,687)
Current year	(174,665)	(562,238)
Written off	345,000	260,240
Balance at end	(1,388,350)	(1,558,685)
	37,857,021	46,110,917

Included herein are the following:

- (i) Retention sum receivable of **RM5,753,727** (2013: RM9,192,664).
- (ii) Stakeholders' sum of **RM10,885,479** (2013: RM4,704,486) as stipulated in the sale and purchase agreements.
- (iii) Amount due from the following companies:

	2014 RM	2013 RM
KH-Base Engineering Sdn. Bhd. (Refer to Note 32 (i) for related party relationship)	533,478	200,911
Talian Selasih Development Sdn. Bhd. ^	405,890	525,890
	939,368	726,801

^ A company in which an alternate director of the Company, is a director and has substantial financial interest.

The credit terms granted by the Group to its trade receivables range from **14 to 90 days** (2013: 14 to 90 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2014

14. TRADE AND OTHER RECEIVABLES (cont'd)

14.2 Other receivables, deposits and prepayments

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Other receivables	29,577	127,481	100	2
Deposits	2,408,220	8,394,465	2,000	2,000
Prepayments	1,327,966	1,698,138	32,060	1,485,281
	3,765,763	10,220,084	34,160	1,487,283

GROUP

Included in deposits is an amount of **RM1,120,130** (2013: RM7,856,443), being deposits and incidental costs paid for the acquisition of development land by a subsidiary. The balance of the purchase considerations is disclosed as capital commitment in Note 30 (i).

14.3 Amount due from subsidiaries

COMPANY

The amount due from subsidiaries is unsecured, non-interest bearing and is repayable on demand.

15. FIXED DEPOSITS WITH LICENSED BANKS

	GROUP	
	2014 RM	2013 RM
Encumbered	5,383,685	5,958,052
Unencumbered	211,928	205,878
	5,595,613	6,163,930

The encumbered fixed deposits are pledged to licensed banks for banking facilities granted to certain subsidiaries.

The effective interest rates and maturity of fixed deposits as at the end of the reporting period range from **2.95% to 3.15%** (2013: 2.90% to 3.10%) per annum and **1 to 12 months** (2013: 1 to 12 months) respectively.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2014

16. CASH AND BANK BALANCES

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Short term funds with licensed financial institutions ⁽¹⁾	14,214,750	8,704,758	-	-
HDA ⁽²⁾	123,510	148,893	-	-
Others	6,314,810	7,478,266	50,078	15,716
	20,653,070	16,331,917	50,078	15,716

⁽¹⁾ The effective interest rates and maturities of short term funds at the end of the reporting date range from **2.18% to 2.50%** (2013: 2.18% to 2.50%) per annum and **1 to 3 days** (2013: 1 to 3 days) respectively.

⁽²⁾ The Housing Development Account (HDA) is maintained in accordance with Section 7(A) of the Housing Development (Control and Licensing) Act, 1966. This account which consists of monies received from purchasers, is for the payment of property development costs incurred. The surplus monies, if any, will be released to the Group upon the completion of the property development projects and after all property development costs have been fully settled.

17. SHARE CAPITAL

	Number of ordinary shares of RM1 each		Amount	
	2014	2013	2014 RM	2013 RM
Authorised	500,000,000	500,000,000	500,000,000	500,000,000
Issued and fully paid	91,281,667	91,281,667	91,281,667	91,281,667

18. TREASURY SHARES

This amount represents the acquisition cost of treasury shares.

Out of the total **91,281,667** (2013: 91,281,667) issued and fully paid ordinary shares as at 31 August 2014, **9,124,500** (2013: 9,124,500) are held as treasury shares by the Company. As at 31 August 2014, the number of outstanding ordinary shares in issue and fully paid is therefore **82,157,167** (2013: 82,157,167) ordinary shares of RM1 each.

Treasury shares have no rights to voting, dividends and participation in other distribution.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2014

19. RESERVES

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Non-distributable:				
Share premium	15,951,063	15,951,063	15,951,063	15,951,063
Fair value reserve (Note 19.1)	4,950,937	2,477,624	-	-
	20,902,000	18,428,687	15,951,063	15,951,063
Distributable:				
Retained profits (Note 19.2)	37,060,339	28,359,893	36,602,086	31,135,021
	57,962,339	46,788,580	52,553,149	47,086,084

19.1 Fair value reserve

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

19.2 Retained profits

As at 31 December 2013, the remaining 108 balance of the Company has expired upon reaching the six-year transitional period. Accordingly, there are no longer any restrictions on the Company to distribute dividends out of its entire retained profits effective from 1 January 2014 under the single tier system.

20. BORROWINGS

	GROUP	
	2014 RM	2013 RM
Non-current liabilities		
Secured:		
Finance lease liabilities		
Within one year	645,926	562,308
More than one year and less than two years	621,768	562,130
More than two years and less than five years	902,634	1,185,306
More than five years	126,848	63,042
Balance carried forward	2,297,176	2,372,786

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2014

20. BORROWINGS (cont'd)

	GROUP	
	2014	2013
	RM	RM
Balance brought forward	2,297,176	2,372,786
Finance charges	(199,070)	(223,007)
	2,098,106	2,149,779
Carrying amount at end		
Amount due within one year included under current liabilities	(561,949)	(472,763)
	1,536,157	1,677,016
Term loans		
Total amount repayable	68,319,024	53,318,296
Amount due within one year included under current liabilities	(19,144,538)	(9,960,702)
	49,174,486	43,357,594
Bai' Bithaman Ajil		
Total amount repayable	12,658,461	12,654,577
Amount due within one year included under current liabilities	(2,207,335)	(54,577)
	10,451,126	12,600,000
	61,161,769	57,634,610
Current liabilities		
Secured:		
Bank overdraft	591,990	1,206,902
Bankers acceptance	14,697,629	18,350,000
Invoice financing	353,700	-
Finance lease liabilities	561,949	472,763
Term loans	19,144,538	9,960,702
Bai' Bithaman Ajil	2,207,335	54,577
Unsecured:		
Revolving loan	5,400,000	5,400,000
	42,957,141	35,444,944

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2014

20. BORROWINGS (cont'd)

A summary of the effective interest rates and the maturities of the borrowings are as follows:

	Average effective interest rate per annum (%)	Total RM'000	Within one year RM'000	More than one year and less than two years RM'000	More than two years and less than five years RM'000	More than five years RM'000
2014						
Secured:						
Bank overdraft	7.85	592	592	-	-	-
Bankers acceptance	3.41 to 4.03	14,697	14,697	-	-	-
Invoice financing	5.25 to 5.36	354	354	-	-	-
Finance lease liabilities	2.30 to 3.99	2,098	562	564	850	122
Term loans	4.75 to 6.35	68,319	19,145	14,849	21,243	13,082
Bai' Bithaman Ajil	5.35	12,658	2,207	3,003	7,448	-
Unsecured:						
Revolving credit	6.97 to 7.74	5,400	5,400	-	-	-
2013						
Secured:						
Bank overdraft	8.35	1,207	1,207	-	-	-
Bankers acceptance	4.74 to 5.46	18,350	18,350	-	-	-
Finance lease liabilities	2.30 to 3.99	2,150	473	497	1,119	61
Term loans	5.10 to 6.30	53,318	9,961	14,301	29,056	-
Bai' Bithaman Ajil	5.10	12,655	55	2,171	9,564	865
Unsecured:						
Revolving credit	6.95 to 7.32	5,400	5,400	-	-	-

The finance lease liabilities are secured over the leased assets (Note 4 (iv)).

The borrowings (except for finance lease liabilities) are secured by way of:

- (i) Legal charges over certain properties of the subsidiaries;
- (ii) Debenture incorporating a fixed and floating charge over all present and future assets of certain subsidiaries;
- (iii) Pledge of fixed deposits of certain subsidiaries;
- (iv) Facility agreement;
- (v) Assignment of contract payment;
- (vi) Power of attorney in the event of default;
- (vii) Corporate guarantee of the Company and certain subsidiaries; and
- (viii) Joint and several guarantee by certain directors of the Company.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2014

21. DEFERRED TAX LIABILITIES

	GROUP	
	2014 RM	2013 RM
Revaluation surplus:		
Balance at beginning	1,416,224	1,454,089
Transfer to profit or loss	(37,865)	(37,865)
Balance at end	1,378,359	1,416,224
Others:		
Balance at beginning	(414,067)	201,032
Transfer from/(to) profit or loss	268,492	(625,899)
(Over)/Under provision in prior year	(11,900)	10,800
Balance at end	(157,475)	(414,067)
	1,220,884	1,002,157

Deferred tax liabilities on revaluation surplus are in relation to the difference between the actual depreciation on the revalued properties and equivalent depreciation based on the cost of the properties.

Other deferred tax liabilities/(assets) are represented by temporary differences arising from:

	GROUP	
	2014 RM	2013 RM
Property, plant and equipment	95,800	84,100
Profit recognition on construction contracts	200	11,200
Tax effect on unrealised profit on construction contracts and property development costs	(253,475)	(509,367)
	(157,475)	(414,067)

22. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Trade payables (Note 22.1)	12,586,898	17,569,136	-	-
Other payables and accruals	33,487,515	7,640,144	270,660	696,410
Amount due to subsidiaries (Note 22.2)	-	-	30,024,358	17,963,680
Amount due to a director (Note 22.3)	450,000	-	-	-
	46,524,413	25,209,280	30,295,018	18,660,090

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2014

22. TRADE AND OTHER PAYABLES (cont'd)

22.1 Trade payables

GROUP

Included herein is amount of **RM2,724,108** (2013: RM956,754) due to a company in which persons connected to certain directors of the Company, have substantial financial interests.

The trade payables are non-interest bearing and are normally settled within **14 to 90 days** (2013: 14 to 90 days) credit terms.

22.2 Amount due to subsidiaries

COMPANY

The amount due to subsidiaries is unsecured, non-interest bearing and is repayable on demand.

22.3 Amount due to a director

GROUP

The amount due to a director is unsecured, non-interest bearing and is repayable on demand.

23. REVENUE

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Construction contract revenue	65,850,241	90,175,125	-	-
Property development revenue	104,783,828	121,225,560	-	-
Trading sales	4,094,259	3,035,361	-	-
Gross rental income	567,210	494,972	-	-
Management fee income	22,135	28,086	3,654,489	3,467,448
Gross dividend income	292,831	80	11,050,000	11,000,000
Interest income	150,625	142,485	-	-
Waste management services income	15,684,627	14,391,326	-	-
Manufacturing income	283,849	244,665	-	-
	191,729,605	229,737,660	14,704,489	14,467,448

24. COST OF SALES/DIRECT OPERATING COSTS

	GROUP	
	2014 RM	2013 RM
Construction contract costs	51,088,616	81,134,763
Property development costs	75,200,550	93,196,801
Trading costs	3,776,506	3,043,982
Rental expenses	349,983	360,399
Management expenses	18,156	21,604
Waste management expenses	17,039,018	15,882,669
Cost of goods manufactured	316,374	147,242
	147,789,203	193,787,460

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2014

25. PROFIT BEFORE TAXATION

This is arrived at:

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
After charging:				
Audit fee				
- statutory audit				
- current year	118,000	110,400	18,000	16,000
- (over)/under provision in prior year	(3,500)	4,000	-	-
- other services	7,000	4,000	5,000	2,000
Bad debts	5,797,670	2	2,269	-
Depreciation				
- property, plant and equipment (Note 4)	2,267,455	766,867	3,551	2,023
- investment properties (Note 5)	290,982	275,392	-	-
Directors' remuneration for non-executive directors				
- emoluments	9,000	11,000	9,000	11,000
- fees				
- current year	78,000	60,000	78,000	60,000
- under provision in prior year	7,000	-	7,000	-
Expected loss on development project	1,433,741	1,817,341	-	-
Impairment loss on receivables	174,665	562,238	-	-
Interest expense on:				
- bank commitment	116,681	121,803	-	-
- bank overdraft	268,798	645,867	-	-
- bankers acceptance	696,632	116,479	-	-
- finance lease	93,833	90,298	-	-
- invoice financing	23,133	-	-	-
- revolving credit	373,868	379,221	-	-
- term loans	1,132,544	356,444	-	-
Loss on disposal of property, plant and equipment	4,352	541	-	-
Property, plant and equipment written off	10,406	18,815	-	-
Rental of land and buildings	87,390	58,340	238,320	243,920
Rental of machinery	5,045,730	3,912,322	-	-
Rental of motor vehicles	85,333	180,908	-	-
* Staff costs	11,640,080	10,382,661	2,297,661	1,925,889
And crediting:				
Deemed gain on deconsolidation of a subsidiary	2	-	-	-
Gain on disposal of property, plant and equipment	5,807	90,897	-	-
Gain on disposal of other investments	140,427	-	-	-
Gross dividend income from investment quoted in Malaysia	348,831	80	-	-
Interest income	311,209	236,539	-	-
Rental income	609,010	535,212	-	-
Waiver of debts by a subsidiary	-	-	11,978	-

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2014

25. PROFIT BEFORE TAXATION (cont'd)

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
* Staff costs				
- Salaries, wages, allowance and bonus	12,288,431	11,336,717	1,909,943	1,674,885
- EPF	1,263,324	1,111,543	224,848	186,525
- SOCSO	76,508	72,352	12,653	11,074
- Other staff related expenses	250,591	152,177	150,217	53,405
	13,878,854	12,672,789	2,297,661	1,925,889
Less: Capitalised into construction contract costs (Note 13)	(2,238,774)	(2,290,108)	-	-
	11,640,080	10,382,681	2,297,661	1,925,889

Directors' remuneration

Included in the staff costs of the Group and of the Company is the aggregate amount of remuneration received and receivable by directors of the Company and its subsidiaries as shown below:

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Executive directors of the Group:				
Emoluments				
- Salaries, allowance and bonus	3,367,500	2,990,700	460,240	393,700
- EPF	319,850	281,620	48,412	41,681
	3,687,350	3,272,320	508,652	435,381
Benefits-in-kind	110,652	138,972	78,494	61,018
	3,798,002	3,411,292	587,146	496,399
Executive directors of subsidiaries:				
Emoluments				
- Salaries, allowance and bonus	1,133,100	1,043,200	-	-
- EPF	135,972	125,184	-	-
	1,269,072	1,168,384	-	-
Benefits-in-kind	47,822	44,861	-	-
	1,316,894	1,213,245	-	-
Total executive directors' remuneration	5,114,896	4,624,537	587,146	496,399

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2014

26. TAXATION

	GROUP		COMPANY	
	2014	2013	2014	2013
	RM	RM	RM	RM
Malaysian income tax:				
Based on results for the financial year				
- Current tax	(6,708,000)	(7,782,788)	(713,000)	(699,000)
- Deferred tax				
- Relating to the origination and reversal of temporary differences	(231,327)	663,764	-	-
- Changes in tax rate	700	-	-	-
	(230,627)	663,764	-	-
	(6,938,627)	(7,119,024)	(713,000)	(699,000)
Over/(Under) provision in prior years				
- Current tax	(9,422)	(78,814)	(3,098)	(1,052)
- Deferred tax	11,900	(10,800)	-	-
	2,478	(89,614)	(3,098)	(1,052)
	(6,936,149)	(7,208,638)	(716,098)	(700,052)

The reconciliation of tax expense of the Group and of the Company is as follows:

	GROUP		COMPANY	
	2014	2013	2014	2013
	RM	RM	RM	RM
Profit before taxation	19,316,811	18,286,597	10,291,021	10,784,594
Less: Share of results of an associate	3,945	3,964	-	-
Share of results of a jointly controlled entity	43,999	(297,913)	-	-
	19,364,755	17,992,648	10,291,021	10,784,594
Statutory tax rate of 25%	(4,841,189)	(4,498,162)	(2,572,755)	(2,696,149)
Income not subject to tax	787,842	144,882	2,762,500	2,750,000
Double deduction of expenses	13,789	5,516	-	-
Expenses not deductible for tax purposes	(4,258,847)	(2,023,864)	(902,745)	(752,851)
Utilisation of unabsorbed tax losses and capital allowances	1,158,977	1,533,041	-	-
Net deferred tax movement not recognised	162,236	(2,318,302)	-	-
Annual crystallisation of deferred tax on revaluation surplus	37,865	37,865	-	-
Changes in tax rate	700	-	-	-
	(6,938,627)	(7,119,024)	(713,000)	(699,000)
Over/(Under) provision in prior years	2,478	(89,614)	(3,098)	(1,052)
	(6,936,149)	(7,208,638)	(716,098)	(700,052)

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2014

26. TAXATION (cont'd)

The amount and future availability of unabsorbed tax losses, capital allowances and reinvestment allowance are as follows:

	GROUP	
	2014 RM	2013 RM
Unabsorbed tax losses	30,502,300	33,923,000
Unabsorbed capital allowances	7,203,000	1,573,000
Unabsorbed reinvestment allowance	1,523,000	1,523,000

These unabsorbed tax losses, capital allowances and reinvestment allowance are available to be carried forward for set off against future assessable income of the Company and its subsidiaries of a nature and amount sufficient for the tax losses and capital allowances to be utilised.

The net deferred tax (assets)/liabilities which have not been recognised are represented by temporary differences arising from:

	GROUP	
	2014 RM	2013 RM
Property, plant and equipment	1,104,166	66,067
Recognition on construction contracts	(3,662,644)	(4,878,202)
Recognition on property development	(1,839,119)	(1,460,227)
Unabsorbed tax losses	(7,624,483)	(8,478,544)
Unabsorbed capital allowances	(1,792,887)	(385,274)
Unabsorbed reinvestment allowance	(365,480)	(365,480)
	(14,180,447)	(15,501,660)

The corporate tax rate will be reduced to 24% from the year of assessment 2016 onwards as announced in the Malaysian Budget 2014. Consequently, deferred tax assets and liabilities are measured using this tax rate.

27. EARNINGS PER SHARE (SEN)

GROUP

(a) Basic earnings per share

The basic earnings per share of the Group is calculated by dividing the profit for the year attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year as below:

	2014	2013
Profit attributable to owners of the parent (RM)	12,808,304	12,553,330
Weighted average number of ordinary shares of RM1 each in issue excluding treasury shares	82,157,167	82,157,167
Basic earnings per share (sen)	15.59	15.28

(b) Diluted earnings per share

Diluted earnings per share (sen)	15.59	15.28
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There is no diluted earnings per share as the Company does not have any convertible financial instruments as at end of the reporting period.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2014

28. DIVIDEND

	2014 RM	2013 RM
In respect of financial year ended 31 August 2013		
- First and final single tier dividend of 5%	4,107,858	-
In respect of financial year ended 31 August 2012		
- First and final dividend of 3% less 25% tax	-	1,848,536
	4,107,858	1,848,536

At the forthcoming Annual General Meeting, a first and final single tier dividend of 10% amounting to RM8,215,717 in respect of the financial year ended 31 August 2014 will be proposed for shareholders' approval. Such dividend, if approved by the shareholders, will be accounted for in the shareholders' equity as an appropriation of retained profits in the next financial year ending 31 August 2015.

29. SEGMENTAL INFORMATION

Segment information is presented in respect of the Group's business segment. No geographical segment information has been presented as the Group's activities and customers are all based in Malaysia.

Inter-segment pricing is determined based on negotiated terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest-earning assets and revenue, interest-bearing loans, borrowings and expenses and corporate assets and expenses.

Business Segments

The Group comprises the following main business segments:

- | | |
|--------------------------|---|
| (1) Construction | Construction of industrial, residential and commercial building and renovation works. |
| (2) Property development | Housing and property development. |
| (3) Trading | Trading of construction materials. |
| (4) Property letting | Property letting. |
| (5) Waste management | Provision of waste management services, green waste management activity and wood shredding activity |
| (6) Investment holding | Investment holding. |
| (7) Others | Manufacturing. |

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2014

29. SEGMENTAL INFORMATION (cont'd)

	Construc- -tion RM'000	Property development RM'000	Trading RM'000	Property letting RM'000	Waste management RM'000	Invest- -ment holding RM'000	Others RM'000	Elimination RM'000	Note	Total RM'000
2014										
Revenue from										
External customers	66,001	104,784	4,094	567	15,685	315	284	-		191,730
Inter-segment	38,434	-	12,414	542	-	15,780	244	(67,414)	A	-
Total revenue	104,435	104,784	16,508	1,109	15,685	16,095	528	(67,414)		191,730
Result										
Segment results	4,005	19,538	356	484	(3,434)	(434)	65	1,024		21,604
Unallocated income										467
Unallocated expenses										(1)
Profit from operations										22,070
Interest expense										(2,705)
Share of results of an associate										(4)
Share of results of a jointly controlled entity										(44)
Profit before taxation										19,317
Taxation										(6,936)
Profit for the financial year										12,381
Assets										
Segment assets	35,846	197,409	1,314	11,230	17,737	8,184	49			271,769
Investment in an associate	-	-	-	-	-	372	-			372
Investment in a jointly controlled entity	-	1,341	-	-	-	-	-			1,341
Tax recoverable	51	1	-	-	-	-	-			52
Fixed deposits with licensed banks	3,854	1,742	-	-	-	-	-			5,596
Cash and bank balances	17,941	1,462	-	10	1,065	51	124			20,653
Total assets	57,692	201,955	1,314	11,240	18,802	8,607	173			299,783
Liabilities										
Segment liabilities	41,673	7,077	2,603	166	1,584	272	-			53,375
Borrowings	20,563	73,955	1,167	-	8,434	-	-			104,119
Provision for taxation	51	1,167	-	5	-	205	-			1,428
Deferred tax liabilities	526	695	-	-	-	-	-			1,221
Total liabilities	62,813	82,894	3,770	171	10,018	477	-			160,143
Other information										
Capital expenditure	977	13	-	-	1,608	-	-		B	2,598
Depreciation	1,082	209	-	-	1,416	4	3			2,714
Non-cash expense/(income) other than depreciation	5,799	1,656	-	-	6	2	(140)		C	7,323

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2014

29. SEGMENTAL INFORMATION (cont'd)

	Construc- -tion RM'000	Property development RM'000	Trading RM'000	Property letting RM'000	Waste management RM'000	Invest- -ment holding RM'000	Others RM'000	Elimination RM'000	Note	Total RM'000
2013										
Revenue from										
External customers	90,318	121,226	3,035	495	14,391	28	245	-		229,738
Inter-segment	66,089	-	23,937	584	-	30,359	1,179	(122,148)	A	-
Total revenue	156,407	121,226	26,972	1,079	14,391	30,387	1,424	(122,148)		229,738
Result										
Segment results	4,311	21,006	45	411	(4,705)	679	194	(2,500)		19,441
Unallocated income										279
Unallocated expenses										(17)
Profit from operations										19,703
Interest expense										(1,710)
Share of results of an associate										(4)
Share of results of a jointly controlled entity										298
Profit before taxation										18,287
Taxation										(7,209)
Profit for the financial year										11,078
Assets										
Segment assets	44,522	168,981	398	11,370	16,524	7,445	87			249,327
Unallocated assets	-	-	-	-	-	-	-			1
Investment in an associate	-	-	-	-	-	376	-			376
Investment in a jointly controlled entity	-	-	-	-	-	1,385	-			1,385
Tax recoverable	10	1	-	-	-	-	-			11
Fixed deposits with licensed banks	4,470	1,694	-	-	-	-	-			6,164
Cash and bank balances	13,901	1,700	-	3	708	17	3			16,332
Total assets	62,903	172,376	398	11,373	17,232	9,223	90			273,596
Liabilities										
Segment liabilities	37,555	5,604	3,994	142	871	699	-			48,865
Unallocated liabilities	-	-	-	-	-	-	-			8
Borrowings	26,833	56,056	274	-	9,917	-	-			93,080
Provision for taxation	113	844	-	6	-	335	-			1,298
Deferred tax liabilities	536	466	-	-	-	-	-			1,002
Total liabilities	65,037	62,970	4,268	148	10,788	1,034	-			144,253
Other information										
Capital expenditure	941	8	-	-	14,342	31	-		B	15,322
Depreciation	937	207	-	-	86	-	3			1,233
Unallocated depreciation	-	-	-	-	-	-	-			4
Non-cash (income)/expense other than depreciation	(74)	2,382	-	-	-	(294)	-		C	2,014

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2014

29. SEGMENTAL INFORMATION (cont'd)

Notes to segment information:

A Inter-segment revenues are eliminated on consolidation.

B Additions to non-current assets consists of:

	2014	2013
	RM'000	RM'000
Property, plant and equipment	2,598	15,152
Investment properties	-	170
	2,598	15,322

C Other material non-cash expenses/(income) consist of the following items:

	2014	2013
	RM'000	RM'000
Bad debts	5,797	-
Expected loss on development project	1,433	1,817
Gain on disposal of other investments	(140)	-
Gain on disposal of property, plant and equipment	(1)	(90)
Impairment loss on receivables	175	562
Property, plant and equipment written off	11	19
Share of results of a jointly controlled entity	44	(298)
Share of results of an associate	4	4
	7,323	2,014

30. COMMITMENTS

(i) Commitments

	GROUP	
	2014	2013
	RM	RM
Property, plant and equipment		
- Approved but not contracted	14,865,150	10,276,106
Commitments to purchase development land		
- Contracted	-	24,134,996
- Approved but not contracted	9,000,000	9,000,000
	23,865,150	43,411,102

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2014

30. COMMITMENTS (cont'd)

(ii) Cancellable operating lease commitments

	GROUP	
	2014 RM	2013 RM
Within one year	482,566	358,170
More than one year and less than two years	354,922	267,642
More than two years and less than five years	52,184	197,960
	889,672	823,772

Operating lease commitments represent rental receivable for use of buildings. Leases are negotiated for terms ranging from one to three years.

31. CONTINGENT LIABILITIES

	COMPANY	
	2014 RM	2013 RM
Unsecured:		
Corporate guarantees issued to financial institutions for banking facilities granted to certain subsidiaries		
- Limit	223,776,000	223,347,500
- Utilised as at the end of the reporting period	110,364,853	99,492,582
Corporate guarantees issued to financial institutions for bank guarantee facilities granted to certain subsidiaries for contract bond in favour of third parties	1,155,600	1,093,320
Performance guarantees issued to third parties for performance by certain subsidiaries	8,504,020	8,768,524

The corporate guarantees do not have a determinable effect on the terms of the credit facilities due to the banks requiring guarantee as a pre-condition for approving the credit facilities granted to the subsidiaries. The actual terms of the credit facilities are likely to be the best indicator of "at market" terms and hence the fair value of the credit facilities are equal to the credit facilities and contract bond amount received by the subsidiaries. As such, there is no value on the corporate guarantee to be recognised in the financial statements.

32. RELATED PARTY DISCLOSURES

(i) Identity of related parties

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

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2014

32. RELATED PARTY DISCLOSURES (cont'd)

(i) Identity of related parties (cont'd)

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

The Group has related party relationship with its subsidiaries, key management personnel and the following parties:

Related party	Relationship
Numeric Precision Engineering Sdn. Bhd.	: An associate of Leading Builders Sdn. Bhd. which is the holding company of the Company.
Hoon Teik Enterprise Sdn. Bhd.	: A company in which certain directors of the Company, have substantial financial interests.
KH-Base Engineering Sdn. Bhd.	: A company in which persons connected to certain directors of the Company, have substantial financial interests.

(ii) Related party transactions

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Administrative expenses to subsidiaries	-	-	144,483	190,816
Dividend income from subsidiaries	-	-	11,050,000	11,000,000
Management fee income from subsidiaries	-	-	3,654,489	3,467,448
Rental expense to subsidiaries	-	-	215,400	224,373
Sales of construction materials to a related party				
- KH-Base Engineering Sdn. Bhd.	1,947,738	2,506,746	-	-
Rental income from a related party				
- Numeric Precision Engineering Sdn. Bhd.	14,400	14,400	-	-
Purchases of construction materials and bricks from a related party				
- Hoon Teik Enterprise Sdn. Bhd.	342,363	805,139	-	-
Progress billings from a related party				
- KH-Base Engineering Sdn. Bhd.	13,327,557	21,273,127	-	-
Sales to the directors of the Company	3,069,100	-	-	-

(iii) Compensation of key management personnel

The Group and the Company have no other members of key management personnel apart from the Board of Directors which compensation has been shown in Note 25.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2014

33. FINANCIAL INSTRUMENTS

33.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as loans and receivables ("L&R"), available-for-sale financial assets ("AFS") and financial liabilities measured at amortised cost ("FL").

GROUP	Carrying amount RM	L&R RM	AFS RM	FL RM
2014				
Financial assets				
Other investments	9,310,004	-	9,310,004	-
Gross amount due from customers on contracts	1,558,007	1,558,007	-	-
Receivables and refundable deposits	39,174,688	39,174,688	-	-
Fixed deposits with licensed banks	5,595,613	5,595,613	-	-
Cash and bank balances	20,653,070	20,653,070	-	-
	76,291,382	66,981,378	9,310,004	-
Financial liabilities				
Gross amount due to customers on contracts	6,851,232	-	-	6,851,232
Borrowings	104,118,910	-	-	104,118,910
Payables and accruals	46,524,413	-	-	46,524,413
	157,494,555	-	-	157,494,555
2013				
Financial assets				
Other investments	7,069,405	-	7,069,405	-
Gross amount due from customers on contracts	599,713	599,713	-	-
Receivables and refundable deposits	46,776,420	46,776,420	-	-
Fixed deposits with licensed banks	6,163,930	6,163,930	-	-
Cash and bank balances	16,331,917	16,331,917	-	-
	76,941,385	69,871,980	7,069,405	-
Financial liabilities				
Gross amount due to customers on contracts	23,664,444	-	-	23,664,444
Borrowings	93,079,554	-	-	93,079,554
Payables and accruals	25,209,280	-	-	25,209,280
	141,953,278	-	-	141,953,278

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2014

33. FINANCIAL INSTRUMENTS (cont'd)

33.1 Categories of financial instruments (cont'd)

	Carrying amount RM	L&R RM	AFS RM	FL RM
COMPANY				
2014				
Financial assets				
Receivables and refundable deposits	80,081,502	80,081,502	-	-
Cash and bank balances	50,078	50,078	-	-
	80,131,580	80,131,580	-	-
Financial liabilities				
Payables and accruals	30,295,018	-	-	30,295,018
2013				
Financial assets				
Receivables and refundable deposits	61,686,937	61,686,937	-	-
Cash and bank balances	15,716	15,716	-	-
	61,702,653	61,702,653	-	-
Financial liabilities				
Payables and accruals	18,660,090	-	-	18,660,090

33.2 Financial risk management

The Group and the Company are exposed to a variety of financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and interest rate risk. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transaction.

33.3 Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group and to the Company. The Group's exposure to credit risk arises principally from its trade receivables whilst the Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantees provided to financial institutions in respect of credit facilities granted to the subsidiaries.

33.3.1 Trade receivables

The Group and the Company do not have any significant exposure to any individual customer. The maximum exposure to credit risk of trade receivables is represented by their carrying amounts disclosed in Note 14 to the financial statements.

Credit risk in the property development activity is negligible as sales are normally to purchasers who have obtained financing from financial institutions. As such, the credit risk has been effectively transferred to the financial institutions as stipulated in the sale and purchase agreements. For those sales on a cash basis which only forms an insignificant portion of sales amount, credit risk is also negligible as titles will only be surrendered upon full payments. This is the normal industry practice.

As for the Group's other business segments, the Group will take into consideration factors such as the relationship with the customer, its payment history and credit worthiness in deciding whether credit shall be extended. The Group subjects new customers to credit verification procedures. In addition, debt monitoring procedures are performed on an on-going basis with the result that the Group's exposure to bad debts is not significant.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2014

33. FINANCIAL INSTRUMENTS (cont'd)

33.3 Credit risk (cont'd)

33.3.1 Trade receivables (cont'd)

The ageing of trade receivables and allowance for impairment of the Group is as follows:

	Gross RM	Allowance for impairment RM	Net RM
2014			
Not past due	31,512,888	-	31,512,888
1 to 30 days past due	634,949	-	634,949
31 to 60 days past due	779,927	-	779,927
61 to 90 days past due	1,476,189	-	1,476,189
Past due more than 91 days	4,841,418	(1,388,350)	3,453,068
	<u>7,732,483</u>	<u>(1,388,350)</u>	<u>6,344,133</u>
	39,245,371	(1,388,350)	37,857,021
2013			
Not past due	31,462,634	-	31,462,634
1 to 30 days past due	8,713,706	-	8,713,706
31 to 60 days past due	144,304	-	144,304
61 to 90 days past due	474,988	-	474,988
Past due more than 91 days	6,873,970	(1,558,685)	5,315,285
	<u>16,206,968</u>	<u>(1,558,685)</u>	<u>14,648,283</u>
	47,669,602	(1,558,685)	46,110,917

Trade receivables that are neither past due nor impaired are creditworthy customers with good payment record with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Included in the past due amount of **RM6,344,133** (2013: RM14,648,283) are the following:

- (i) An amount of **RM1,634,461** (2013: RM1,781,961) of which a subsidiary of the Company has instituted legal proceedings to recover this amount. Refer Note 35.
- (ii) The management is of the view that the remaining past due amount of **RM4,709,672** (2013: RM12,866,322) will be collected in due course.

As at the end of the reporting period, the Group has no significant concentration of credit risks.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2014

33. FINANCIAL INSTRUMENTS (cont'd)

33.3 Credit risk (cont'd)

33.3.2 Intercompany balances

The Company provides advances to its subsidiaries and monitors the performance of the subsidiaries regularly.

The maximum exposure to credit risk is represented by its carrying amount in the Company's statement of financial position.

As at the end of the reporting period, there was no indication that the advances to its subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to its subsidiaries.

33.3.3 Financial guarantees

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries and performance guarantees to third parties for performance by certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries. As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

33.4 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due. The Group and the Company actively manage their debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met. As part of their overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash and cash equivalents to meet their working capital requirements.

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

	Carrying amount	Contractual cash flows	Within one year	More than one year and less than two years	More than two years and less than five years	More than five years
	RM	RM	RM	RM	RM	RM
GROUP						
2014						
Interest bearing borrowings	104,118,910	117,337,938	44,157,870	19,256,493	35,060,518	18,863,057
Payables and accruals	46,524,413	46,524,413	46,524,413	-	-	-
	150,643,323	163,862,351	90,682,283	19,256,493	35,060,518	18,863,057
2013						
Interest bearing borrowings	93,079,554	101,292,434	36,332,940	17,756,234	41,649,263	5,553,997
Payables and accruals	25,209,280	25,209,280	25,209,280	-	-	-
	118,288,834	126,501,714	61,542,220	17,756,234	41,649,263	5,553,997

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2014

33. FINANCIAL INSTRUMENTS (cont'd)

33.4 Liquidity risk (cont'd)

	Carrying amount	Contractual cash flows	Within one year	More than one year and less than two years	More than two years and less than five years	More than five years
	RM	RM	RM	RM	RM	RM
COMPANY						
2014						
Payables and accruals	30,295,018	30,295,018	30,295,018	-	-	-
2013						
Payables and accruals	18,660,090	18,660,090	18,660,090	-	-	-

33.5 Interest rate risk

The Group's fixed rate instruments are exposed to a risk of change in their fair values due to changes in interest rates. The Group's floating rate instruments are exposed to a risk of change in cash flows due to changes in interest rates.

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

	2014	2013
	RM	RM
Fixed rate instruments		
Financial assets	5,595,613	6,163,930
Financial liabilities	2,098,106	2,149,779
Floating rate instruments		
Financial assets	14,214,750	8,704,758
Financial liabilities	102,020,804	90,929,775

Sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and financial liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Sensitivity analysis for variable rate instruments

An increase of 25 basis point at the end of the reporting period would have decreased profit before taxation by **RM112,019** (2013: RM43,774) and a corresponding decrease would have an equal but opposite effect. This analysis assumes that all other variables remain constant.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2014

33. FINANCIAL INSTRUMENTS (cont'd)

33.6 Fair value information

The carrying amounts of financial assets (other than investments in unquoted shares) and financial liabilities of the Group and of the Company as at the end of the reporting period approximate their fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The unquoted shares are carried at cost as it is not practicable to reasonably estimate the fair values due to lack of comparable quoted market prices and available market data for valuation. Therefore, these investments are carried at their original costs less any allowance for diminution in value.

The carrying amount of the non-current portion of borrowings is reasonable approximation of fair value due to the insignificant impact of discounting.

The table below analyses the fair value of financial instruments together with their respective carrying amounts shown in the statement of financial position.

	Fair value of financial instruments			Total RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM		
GROUP					
2014					
Financial assets					
Quoted shares	9,310,004	-	-	9,310,004	9,310,004
2013					
Financial assets					
Quoted shares	7,069,405	-	-	7,069,405	7,069,405

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as at the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 1 and Level 2 during the financial year.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical quoted shares and unit trusts that the entity can access at the measurement date.

34. CAPITAL MANAGEMENT

The primary objective of the Group's capital management policy is to maintain a strong capital base to support its businesses and to maximise shareholders value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions or expansion of the Group. The Group may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting the amount of dividends to be paid to shareholders or sell assets to reduce debts. No changes were made in the objective, policy and process during the financial year under review as compared to the previous financial year.

As at the end of the reporting period, the Group has not breached any of the debt covenants imposed by its lenders.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2014

35. MATERIAL LITIGATIONS

The Company and its subsidiaries are involved in the following litigations:

A. Hunza Properties (Gurney) Sdn. Bhd. and Hunza Properties (Penang) Sdn. Bhd. ("Hunza") vs PLB-KH Bina Sdn. Bhd. ("PLB-KH")

- (i) Hunza, a customer of PLB-KH, a subsidiary of the Company, had on 3 September 2009 served an interim injunction granted by the Penang High Court to PLB-KH, details of which are as follows:
 - (a) An interim injunction restraining PLB-KH, from entering and/or remaining and/or trespassing on the site situated at Lots 39, 296, 1237, 1238, 2347, 2348, 2349 & 2350, Section 1, Persiaran Gurney, Bandar Georgetown, D.T.L Pulau Pinang pending the final disposal of the Originating Summons filed.
 - (b) An interim injunction restraining the PLB-KH, from preventing and/or obstructing the Hunza from progressing with the works for the Project known as the Proposed Mixed Development on Lots 39, 296, 1237, 1238, 2347, 2348, 2349 & 2350, Section 1, Persiaran Gurney, Bandar Georgetown, D.T.L Pulau Pinang for Plaintiffs, including the completion of the remaining basement construction works, and developing the site situated at Lots 39, 296, 1237, 1238, 2347, 2348, 2349 & 2350, Section 1, Persiaran Gurney, Bandar Georgetown, D.T.L Pulau Pinang pending the final disposal of the Originating Summons filed.

By consent order, on 4 May 2010, the matter at the high court had been stayed for arbitration proceedings.

- (ii) The dispute has been referred to the Pertubuhan Arkitek Malaysia and Ar. Koh Beng Tock has been appointed as arbitrator for this case. On 10 March 2010, a preliminary meeting was held between the parties before the arbitrator. The arbitration was heard during the scheduled dates between 16 to 18 May 2012, 30 to 31 May 2012, 26 to 27 November 2012, 25 February to 1 March 2013, 18 to 22 March 2013, 8 to 12 April 2013, 6 to 10 May 2013, 5 to 7 August 2013 and 10 to 13 September 2013, 3 to 6 March 2014, 24 March 2014, 14 to 18 April 2014, 5 to 9 May 2014, 26 to 30 May 2014, 16 to 20 June 2014, 7 to 11 July 2014, 29 September to 3 October 2014, 3 to 7 November 2014 and 17 to 19 November 2014. The continued hearing of the arbitration is now fixed from 4 to 7 February 2015, 2 to 5 March 2015, 6 to 9 April 2015, 25 to 29 April 2015, 4 to 7 May 2015, 11 to 14 May 2015, 6 to 9 July 2015, 27 to 30 July 2015, 10 to 13 August 2015, 24 to 27 August 2015, 7 to 10 September 2015 and 21 to 23 September 2015.

B. Hunza Properties (Gurney) Sdn. Bhd. and Hunza Properties (Penang) Sdn. Bhd. ("Hunza") vs PLB Engineering Berhad ("PLB/Company")

- (i) On 6 January 2010, Hunza had through their solicitors served on the Company an Amended Writ of Summons and Amended Statement of Claim filed at the Penang High Court claiming the sum of RM1,520,400 together with interests and costs pursuant to a Corporate Guarantee provided by the Company to Hunza for the due performance and fulfilment by the wholly-owned subsidiary of the Company, PLB-KH of a Contract to execute and complete the Basement Construction Works under a Letter of Award and Acceptance issued by Hunza to PLB-KH. The Company had in its defence contended that Hunza's claim is bad in law as the said Corporate Guarantee had expired at the time of demand by Hunza among other things.
- (ii) Hunza had taken out an application for summary judgment against the Company in respect of the said sum of RM1,520,400 and the Court had on 21 September 2010 allowed Hunza's application ("the Order"). On 22 September 2010, the Company filed a notice of appeal to the Court of Appeal against the Order ("the Appeal").

On 29 March 2012, the Appeal was dismissed by the Court of Appeal.

The Company's application for leave to appeal to the Federal Court has been fixed for hearing on 19 February 2013.

However, the parties have agreed to the Company withdrawing the application for leave to appeal to the Federal Court as the parties have agreed that the principal issues in the Corporate Guarantee be determined in the arbitration. The Company had applied to amend its' Statement of Defence and Counter Claim in the arbitration proceedings to include an additional counter claim for the refund of all monies wrongly demanded by Hunza under the Corporate Guarantee totaling RM1,844,993.77 together with interest.

The Company has to date paid the total judgment sum of RM1,844,993.77 made up of principal sum of RM1,520,400 and interest at 8% per annum and costs awarded by the Court.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2014

35. MATERIAL LITIGATIONS (cont'd)

C. Hunza Trading Sdn. Bhd. ("Hunza Trading") vs PLB-KH Bina Sdn. Bhd. ("PLB-KH")

On 7 January 2013, Hunza Trading filed a claim against the PLB-KH for the sum of RM328,493 as at 11 April 2012 and late payment interest at the rate of 1.5% per month until full payment and cost. The claim is in respect of the purchase of building materials.

PLB-KH applied for a stay of the claim under Section 10 of the Arbitration Act 2005 on the basis that the claim had been referred to an ongoing arbitration between Hunza Properties (Gurney) Sdn. Bhd. and Hunza (Penang) Sdn. Bhd.

It is PLB-KH's contention that Hunza Trading is an agent/nominee of Hunza under the principal contract. Therefore Hunza Trading does not possess an independent cause of action against PLB-KH.

On 17 July 2013, the High Court of Penang dismissed PLB-KH's application for stay of proceedings. Subsequently, PLB-KH has filed an appeal against the decision to the Court of Appeal. The appeal is now fixed for hearing on 22 November 2013. However, on 28 August 2013, the High Court granted PLB-KH for a stay of all proceedings in the Action pending disposal of the Appeal. This effectively stayed Hunza Trading's application for summary judgment.

On 23 January 2014, the Court of Appeal dismissed the Appeal and on 20 February 2014, PLB-KH filed an appeal to the Federal Court ("FC Leave Application"). The Federal Court on 8 October 2014 allowed PLB-KH application for interim stay of all proceedings at the High Court pending the determination of the FC Leave Application.

The case management for the FC Leave Application is now fixed on 1 December 2014 where the FC Leave Application is now fixed for hearing on 11 March 2015.

Supplementary Information

For The Financial Year Ended 31 August 2014

DISCLOSURE OF REALISED AND UNREALISED PROFITS/(LOSSES)

The breakdown of retained profits of the Group and of the Company as at the end of the reporting period has been prepared by the Directors in accordance with the directives from Bursa Malaysia Securities Berhad stated above and 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 are as follows:

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Total retained profits of the Company and its subsidiaries:				
- Realised	71,138,451	62,474,680	36,602,086	31,135,021
- Unrealised	(1,474,359)	(1,511,524)	-	-
	69,664,092	60,963,156	36,602,086	31,135,021
Less: Consolidation adjustments	(32,603,753)	(32,603,263)	-	-
Total retained profits as per statements of financial position	37,060,339	28,359,893	36,602,086	31,135,021

Group List Of Properties

At 31 August 2014

REGISTERED OWNER/ LOCATION	Description/ Existing Use	Acquisition/ Revaluation Date	Tenure	Land Area/ Built-up Area	Carrying amount 31/8/2014 (RM)	Remaining Useful Life (Year)	Age of the Land/ Building (Year)
1) <u>PLB-KH BINA SDN BHD</u>							
No.3A-07-01, Wisma Sri Weld, Pengkalan Weld, 10300 Penang	Office Lot/Rented	1/7/1996	Freehold	2,106 sq.ft.	372,715.85	32.5	17.5
No.3A-07-04, Wisma Sri Weld, Pengkalan Weld, 10300 Penang	Office Lot/Rented	1/7/1996	Freehold	1,673 sq.ft.	288,635.29	32.5	17.5
Flat unit known as Parcel No.5, 4th Floor erected on part of the land known as Grant No.33173, Lot 4640, Mukim 1, Province Wellesley, Central Penang. (4-05, Jalan Kurau, Taman Chai Leng 13700 Perai, Penang)	Flat/Hostel	1/7/1996	Freehold	678 sq.ft.	58,253.17	32.5	17.5
Parcel unit No.12, 1st Floor, Jalan Sempilai, Wisma Sempilai Jaya, 13700 Perai, Penang.	Office/Rented	26/10/1995	Freehold	1,778 sq.ft.	143,068.00	33	17
Grant (First Grade) No. Lot No. 1044, Section 4, Town of Butterworth, Province Wellesley, North Penang. (No.2, Jalan Telekom, 12000 Butterworth, Penang)	5-Storey Building/ Partially Rented	1/7/1996	Freehold	4,199 sq.ft./ 16,558 sq.ft.	2,516,965.00	32.5	17.5
H.S. (D) No.84 P.T. No PTB/A/076 Section 4, Town of Butterworth, Province Wellesley, North Penang (No.35 Tingkat Limbungan 1, Off Jalan Chain Ferry, 12100 Butterworth, Penang)	2-Storey Building/ Rented	1/7/1996	Freehold	1,690 sq.ft./ 3,000 sq.ft.	274,935.60	32.5	17.5
Suite No.1102, Tower No. Block B, Wisma Pantai, Plaza Pantai, Kuala Lumpur. (Suite B-11-1, Wisma Pantai, No.5, Jalan 4/83A Off Jalan Pantai Bahru 59200 Kuala Lumpur)	Office Lot/Rented	7/5/1996	Freehold	1,470 sq.ft.	391,023.23	35	15
H.S. (M) 211/1982, Plot No.30, Mukim of Sungai Pasir, District of Kuala Muda, Kedah.	Industrial land/ Vacant	16/4/2001	Leasehold land for 60 years expiry on 30.07.2043	174,246 sq. ft.	846,486.45	29	31
64, Jalan Seroja 1/2, Persiaran Amanjaya 2, 08000 Amanjaya, Kedah.	Shop office/Rented	24/11/1998	Freehold	1,400 sq. ft/ 2,800 sq. ft	144,670.30	36	14
6-02, Block C. Lorong Perusahaan Baru 2E, Taman Perai Indah, 13600 Perai, Penang.	Apartment/Rented	3/9/1999	Freehold	689 sq. ft	57,600.00	36	14
9-03, Block C. Lorong Perusahaan Baru 2E, Taman Perai Indah, 13600 Perai, Penang.	Apartment/Rented	3/9/1999	Freehold	689 sq. ft	59,760.00	36	14

Group List Of Properties (Cont'd)

At 31 August 2014

REGISTERED OWNER/ LOCATION	Description/ Existing Use	Acquisition/ Revaluation Date	Tenure	Land Area/ Built-up Area	Carrying amount 31/8/2014 (RM)	Remaining Useful Life (Year)	Age of the Land/ Building (Year)
9-04, Block C. Lorong Perusahaan Baru 2E, Taman Perai Indah, 13600 Perai, Penang.	Apartment/Rented	3/9/1999	Freehold	689 sq. ft	59,760.00	36	14
A-G-03, Blk A, Lorong Perusahaan Baru 2E, Taman Perai Indah, 13600, Lot 950 & 380, Mukim 6, S.P.T, Penang	Shoplot/Rented	21/6/2002	Freehold	473 sq. ft	79,900.00	37	13
A-G-04, Blk A, Lorong Perusahaan Baru 2E, Taman Perai Indah, 13600, Lot 950 & 380, Mukim 6, S.P.T, Penang	Shoplot/Rented	21/6/2002	Freehold	473 sq. ft	79,900.00	37	13
Parcel 12, GF, Low Cost Shoplot (Katsura), Geran 35138, Lot 2205, Mukim 5, SPU, Penang. (Address : G-12-A, Jalan Sintuk 1, Taman Permatang Sintuk, 13100 Penaga, Penang.)	Shoplot/Vacant	21/6/2005	Freehold	1,162.08 sq ft	150,000.00	40	10
Parcel 13, GF, Low Cost Shoplot (Katsura), Geran 35138, Lot 2205, Mukim 5, SPU, Penang. (Address : G-12A-A, Jalan Sintuk 1, Taman Permatang Sintuk, 13100 Penaga, Penang.)	Shoplot/Vacant	21/6/2005	Freehold	1,162.08 sq ft	150,000.00	40	10
No. Shop 5, LG-Block A, GM550, Lot No. 18 in Mukim 13, North East District, Penang. (Add: No 9A-G-5, Taman Sri Idaman, Lorong Semarak Api 3, 11500 Pulau Pinang)	Shoplot/Rented	2/7/2004	Freehold	45.56 sq. meter	112,500.00	39	11
No. Shop 6, LG-Block A, GM550, Lot No. 18 in Mukim 13, North East District, Penang. (Add: No 9A-G-6, Taman Sri Idaman, Lorong Semarak Api 3, 11500 Pulau Pinang)	Shoplot/Rented	2/7/2004	Freehold	45.56 sq. meter	121,500.00	39	11
Geran Mukim No. Hakmilik 2789 Lot No. 10486, Mukim 13, Tempat Pantai Jerjak, Daerah Timur Laut, Negeri Pulau Pinang. (Address: No. 36, Lintang Pantai Jerejak 3, Taman Jerejak Indah, 11700 Gelugor, Penang.)	Double Storey Semi-Detached House	7/10/2008	Freehold	208 sq. meter/ 175 sq. meter	837,301.66	44	6
Lot PT666, Taman Sungai Kob, Mukim Karangan, Daerah Kulim, Negeri Kedah under H.S.(M) 231/1993	Vacant Land (For Bungalow Lot)	1/7/2009	Freehold	318 sq. meter	10.00	-	6
GM 13921 Lot 3176 Seksyen 39, Bandar Kulim, District of Kulim, Kedah.	Agricultural Land	26/10/2009	Freehold	5.963 hectares	3,035,347.96	-	5

Group List Of Properties (Cont'd)

At 31 August 2014

REGISTERED OWNER/ LOCATION	Description/ Existing Use	Acquisition/ Revaluation Date	Tenure	Land Area/ Built-up Area	Carrying amount 31/8/2014 (RM)	Remaining Useful Life (Year)	Age of the Land/ Building (Year)
Lot 252, 253, 1962 and 2029, GM Nos. 188, 614, 784 and 1108 Respectively, Mukim 16, District of. Seberang Perai Tengah and State of Penang	Vacant	29/12/2009	Freehold	45,928.7345 sq. meter	3,908,280.16	-	5
GM2029 Lot 8272, Mukim 11, Seberang Perai Tengah, Penang	Development Land	3/3/2010	Freehold	12,206 sq. meter	569,578.20	-	5
1782, Lot 253, Mukim 16, Bukit Teh, Bukit Mertajam, Seberang Perai Tengah	Single Storey House/Store	4/8/2011	Freehold	1,100 sq. ft/ 660 sq. ft	196,986.72	46	4
2) <u>DYNABRICKS SDN BHD</u>							
Lot No. 1283 Mukim 3, Province Wellesley, North Penang.	Agricultural Land/ Sand Mining	1/7/1996	Leasehold land for 74 years expiring on 31.12.2039	2.19 acres	67,290.37	25	49
3) <u>PLB LAND SDN BHD</u>							
H.S. (D) No.169 P.T. No PTBM/C.005 Mukim 1, Province Wellesley, Central Penang (No. 1320, Jalan Baru, Chai Leng Park, 13700 Prai, Penang.)	5-storey building/ PLB's Corporate Office	1/7/1996	Freehold	7,541 sq.ft./ 33,378 sq.ft.	2,174,200.00 4,449,186.88	33	17
Lot No.1594, Section 2, Town of Tanjung Tokong, North East District, Penang. No.12372 P2-02-27 (98-1-27, Prima Tanjung, Jalan Fettes, Bandar Tanjung Tokong 11200 Penang)	2nd levels of a 4-storey building/ Rented	7/1/2000	Freehold	124 sq meter	314,971.67	36	14
Lot No.1594, Section 2, Town of Tanjung Tokong, North East District, Penang. No.12372 P2-01-15,P2-02-15,P2- 03-15,P2-04-15 & P2-05-15 (98-G-15, 98-1-15, 98-2-15, 98-3- 15, 98-3A-15 Prima Tanjung, Jalan Fettes, Bandar Tanjung Tokong 11200 Penang)	Entire 5-storey office building/ Rented	25/5/2000	Freehold	866 sq meter	2,062,573.47	36	14
Lot 4702, Taman Mengkudu Juru, 14000 Bukit Mertajam	Development Stock/Vacant Land	31/8/2006	Freehold	19,867.264 sq ft	1.00	-	9
Lot 4703, Taman Mengkudu Juru, 14000 Bukit Mertajam	Development Stock/Vacant Land	31/8/2006	Freehold	142,522.656 sq ft	1.00	-	9
HSD11260 PT181, Seksyen 3, Bandar Butterworth, Seberang Perai Utara, Penang	Industrial Land / Vacant	23/3/2010	Leasehold land for 60 years expiring on 10.07.2073	0.9145 hectares	64,997.10	59	-
PN3202, Lot 4929, Seksyen 3, Bandar Butterworth, Seberang Perai Utara, Penang	Industrial Land / Vacant	23/3/2010	Leasehold land for 60 years expiring on 10.07.2073	309 sq meter	2,195.39	59	-

Group List Of Properties (Cont'd)

At 31 August 2014

REGISTERED OWNER/ LOCATION	Description/ Existing Use	Acquisition/ Revaluation Date	Tenure	Land Area/ Built-up Area	Carrying amount 31/8/2014 (RM)	Remaining Useful Life (Year)	Age of the Land/ Building (Year)
Geran 60143, Lot 465, Mukim D, Daerah Barat Daya, Pulau Pinang.	Development Land	31/3/2010	Freehold	49.08 acres	26,117,218.81	-	5
No. 640, Lot 1649, Mukim 12, Daerah Barat Daya, Penang	Development Land	11/8/2011	Freehold	4,997.6329 sq meter	18,656,430.78	-	3
GRN58466 Lot9818, GRN58468 Lot9820, GRN58469 Lot9821, GRN58470 Lot9822, GRN58473 Lot9825, Lot GRN58474 Lot9826 in the Mukim 13, Daerah Timor Laut, Pulau Pinang	Development Land	14/9/2011	Freehold	59,446 sq meter	23,920,121.61	-	3
Lot 908 GM 579 and Lot 1178 GM447, MK.9, Teluk Kumbar, Daerah Barat Daya, Penang	Development Land	6/9/2011	Freehold	23,598 sq meter	5,214,887.25	-	3
Lot6435 GM1680 and Lot6436 GM1681, MK, 13, N.E.D. Penang	Development Land	9/12/2011	Freehold	9,471 sq meter	8,578,907.08	-	3
GRN58461 Lot9813, GRN58462 Lot9814, GRN58463 Lot9815, GRN58464 Lot9816, GRN58465 Lot9817, Mukim 13, Daerah Timor Laut, Pulau Pinang	Development Land	18/2/2013	Freehold	170,361 sq meter	38,888,003.57	-	2
Phase 2A GRN58459 Lot9811, Phase 2B GRN58460 Lot9812, Phase 3C GRN58467 Lot9819, Mukim 13, Daerah Timor Laut, Pulau Pinang	Development Land	18/2/2013	Freehold	64,893 sq meter	2,279,050.98	-	2
Lot 2174, Lot 2175, Lot 2193, Lot 2194, Lot 2195, Seksyen 12, Bandar Georgetown, Daerah Timur Laut, Pulau Pinang	Development Land	10/4/2013	Freehold	611 sq meter	6,380,579.64	-	2
Geran 107852 Lot 1814 and Geran 107853 Lot 1815 at Mukim 13, Seberang Perai Utara, Penang	Development Land	7/10/2013	Freehold	195.463 acres	26,895,770.73	-	1
GRN 23058, Lot 2589, Mukim 8, Seberang Perai Utara, Penang	Development Land	23/3/2014	Freehold	18,265.543 sq meter	1,966,346.83	-	1
GM51 Lots 1173, GM357 Lots 796 & GM363 Lots 816 at Mukim 13, Seberang Perai Utara, Penang	Development Land	9/4/2014	Freehold	16,147.863 sq meter	590,405.10	-	1
GRN 58471 Lot 9823, Mk 13, Daerah Timur Laut, Pulau Pinang	Development Land	27/8/2014	Freehold	3,385 sq meter	1.00	-	1
GRN 58472 Lot 9824, Mk 13, Daerah Timur Laut, Pulau Pinang	Development Land	27/8/2014	Freehold	3,010 sq meter	1.00	-	1
GRN 58475 Lot 9827, Mk 13, Daerah Timur Laut, Pulau Pinang	Development Land	27/8/2014	Freehold	2,340 sq meter	1.00	-	1

Group List Of Properties (Cont'd)

At 31 August 2014

REGISTERED OWNER/ LOCATION	Description/ Existing Use	Acquisition/ Revaluation Date	Tenure	Land Area/ Built-up Area	Carrying amount 31/8/2014 (RM)	Remaining Useful Life (Year)	Age of the Land/ Building (Year)
GRN 58476 Lot 9828, Mk 13, Daerah Timur Laut, Pulau Pinang	Development Land	27/8/2014	Freehold	4,685 sq meter	1.00	-	1
GRN 58475 Lot 9830, Mk 13, Daerah Timur Laut, Pulau Pinang	Development Land	27/8/2014	Freehold	20,236 sq meter	1.00	-	1
GRN 58479 Lot 9831, Mk 13, Daerah Timur Laut, Pulau Pinang	Development Land	27/8/2014	Freehold	1,637 sq meter	1.00	-	1
GRN 58480 Lot 9832, Mk 13, Daerah Timur Laut, Pulau Pinang	Development Land	27/8/2014	Freehold	4,595 sq meter	1.00	-	1
GRN 58481 Lot 9834, Mk 13, Daerah Timur Laut, Pulau Pinang	Development Land	27/8/2014	Freehold	2,008 sq meter	1.00	-	1
GRN 58482 Lot 9835, Mk 13, Daerah Timur Laut, Pulau Pinang	Development Land	27/8/2014	Freehold	9,088 sq meter	1.00	-	1
GRN 58536 Lot 9836, Mk 13, Daerah Timur Laut, Pulau Pinang	Development Land	27/8/2014	Freehold	1,495 sq meter	1.00	-	1
GRN 58537 Lot 9837, Mk 13, Daerah Timur Laut, Pulau Pinang	Development Land	27/8/2014	Freehold	1,374 sq meter	1.00	-	1
GRN 58538 Lot 9838, Mk 13, Daerah Timur Laut, Pulau Pinang	Development Land	27/8/2014	Freehold	20,227 sq meter	1.00	-	1
GRN 58540 Lot 9841, Mk 13, Daerah Timur Laut, Pulau Pinang	Development Land	27/8/2014	Freehold	1,509 sq meter	1.00	-	1
No. 16, Lorong Prestij 7, Taman Prestij III, 11000 Balik Pulau (Plot 402)	Development Stock	23/7/2014	Freehold	4,087 sq.ft 2,024 sq.ft	628,161.95	-	1
No. 6, Lorong Prestij 7, Taman Prestij III, 11000 Balik Pulau (Plot 407)	Development Stock	23/7/2014	Freehold	2,560 sq.ft 2,024 sq.ft	556,930.89	-	1
No. 12A, Lorong Prestij 7, Taman Prestij III, 11000 Balik Pulau (Plot 387)	Development Stock	23/7/2014	Freehold	3,158 sq.ft 2,156 sq.ft	575,283.01	-	1
No. 10, Lorong Prestij 7, Taman Prestij III, 11000 Balik Pulau (Plot 389)	Development Stock	23/7/2014	Freehold	3,158 sq.ft 2,156 sq.ft	575,283.01	-	1
No. 1, Lorong Prestij 7, Taman Prestij III, 11000 Balik Pulau (Plot 394)	Development Stock	23/7/2014	Freehold	5,073 sq.ft 2,156 sq.ft	654,236.83	-	1
No. 15, Lorong Prestij 7, Taman Prestij III, 11000 Balik Pulau (Plot 401)	Development Stock	23/7/2014	Freehold	5,073 sq.ft 2,156 sq.ft	654,236.83	-	1

Group List Of Properties (Cont'd)

At 31 August 2014

REGISTERED OWNER/ LOCATION	Description/ Existing Use	Acquisition/ Revaluation Date	Tenure	Land Area/ Built-up Area	Carrying amount 31/8/2014 (RM)	Remaining Useful Life (Year)	Age of the Land/ Building (Year)
No. 22A, Solok Prestij 1, Taman Prestij III, 11000 Balik Pulau (Plot 188)	Development Stock	23/7/2014	Freehold	1,400 sq.ft 1,760 sq.ft	371,187.70	-	1
4) <u>EXCELGRAND PROPERTIES SDN BHD</u>							
Grant No. 104192 Lot No. 6195, Mukim 11, Province Wellesley, South Penang.	Agricultural Land/ Vacant	1/7/1996	Freehold	4.73 acres	345,253.05	-	21
5) <u>ERA PUJAAAN SDN BHD</u>							
Grant (First Grade) No. 26109, 26128 & 26140, Lot No. 11, 49 & 84, Section 5, Town of Bukit Mertajam, Province Wellesley, Central Penang.	Development Land/Partially Rented	1/7/1996	Freehold	1.282 acres	2,791,979.18	-	20
6) <u>HEKTAR PUJAAAN SDN BHD</u>							
S.P. 26165 & 26166, Lot Nos. 495 & 496, Mukim of Junjong District of Kulim, Kedah.	Agricultural Land/ Vacant	1/7/1996	Freehold	15.20 acres	859,760.33	-	23
Grant No. 42087, Lot 347, Mukim of Serdang, District of Bandar Bahru, Kedah.	Agricultural Land/ Vacant	17/12/1996	Freehold	5.67 acres	406,726.85	-	19
7) <u>GAINTREND SDN BHD</u>							
No. HS (D) 1239, Lot No. 3149, Mukim 13, Daerah S.P.T., Negeri Pulau Pinang. (No. 2, Jalan Industri Beringin, Taman Perindustrian Beringin, 14100 Juru, Penang.)	Double Storey Light Industry Factory/Office, Store and Engineering Works	8/2/1995	Freehold	14,208 sq.ft./ 6,000 sq.ft.	312,514.82	33	17
Pajakan Negeri No. Pendaftaran 1643, No. Lot 002785, Bandar BW, Seksyen 3, Daerah S.P.U. Penang. (No. 40, Lorong Mak Mandin 5/1, Kawasan Perindustrian Mak Mandin, 13400 Butterworth, Penang.)	1 1/2 Storey Light Industry Rented	30/10/1998	99 years leasehold land expiring on 05.03.2069	2,250 sq.ft. / 3,150 sq ft	253,586.91	55	44
Pajakan Negeri No. Pendaftaran 1701, No. Lot 002843, Bandar BW, Seksyen 3, Daerah S.P.U. Penang. (No. 48, Lorong Mak Mandin 5/3, Kawasan Perindustrian Mak Mandin, 13400 Butterworth, Penang.)	1 1/2 Storey Light Industry Rented	30/6/1999	99 years leasehold land expiring on 05.03.2069	2,400 sq.ft. / 3,300 sq ft	270,492.76	55	44
No. Lot 10487, Pantai Jerjak, Mukim 13, Daerah Timur Laut, Pulau Pinang (No. 38, Lintang Pantai Jerjak 3, 11700 Gelugor, Penang)	Double Storey Semi-Detached House/Land	22/11/2005	Freehold	2,239 sq.ft./ 1,886 sq.ft.	651,290.43	41	9

Group List Of Properties (Cont'd)

At 31 August 2014

REGISTERED OWNER/ LOCATION	Description/ Existing Use	Acquisition/ Revaluation Date	Tenure	Land Area/ Built-up Area	Carrying amount 31/8/2014 (RM)	Remaining Useful Life (Year)	Age of the Land/ Building (Year)
No. Lot 10488, Pantai Jerjak, Mukim 13, Daerah Timur Laut, Pulau Pinang (No. 38-A, Lintang Pantai Jerjak 3, 11700 Gelugor, Penang)	Double Storey Semi-Detached House/ Land	28/8/2006	Freehold	2,378 sq.ft./ 1,886 sq.ft.	773,276.94	41	9
No.Lot 156, Studio L, Storey Cluster Link (No. 8, Lorong Cassia Tengah 38, Bandar Cassia, 14100 Simpang Empat, Pulau Pinang.)	Double Storey Terrace Cluster House/Land	30/6/2008	99 years leasehold land expiry on 06.07.2104	1,657 sq. ft/ 1,217 sq. ft	148,206.84	90	9
No.Lot 190, Studio L, Storey Cluster Link No. 20, Lorong Cassia Tengah 36, Bandar Cassia, 14100 Simpang Empat, Pulau Pinang.	Double Storey Terrace Cluster House/Land	30/6/2008	99 years leasehold land expiry on 06.07.2104	1,151 sq. ft/ 1,217 sq. ft	124,799.28	90	9
H.S.D 21690, Lot No. 4032, Mukim 15, Daerah Seberang Perai Tengah, Pulau Pinang. (No. 22, Lorong Tempua 1, Taman Tempua, 14100 Simpang Ampat, Pulau Pinang.)	Development Stock/ Double Storey Terrace	31/8/2010	Freehold	1,173 sq.ft/ 1,600 sq.ft	233,128.00	45	5
8) <u>FATTIGOLD SDN BHD</u>							
H.S. (M) 17/1993 P.T. No. 452, No. 14, Lorong Desa Kob 1, Taman Sungai Kob, 09700 Karangan.	Single Storey Shophouse/ Own Office	31/8/1998	Freehold	1,340 sq.ft.	39,440.04	33	17
9) <u>PLB CEMERLANG SDN BHD</u>							
Geran 644 Lots1121, Geran 288 Lots1709, Geran 289 Lots1711 at Mukim 1, Seberang Perai Utara, Penang	Development Land	31/12/2013	Freehold	389,981.59 sq. ft.	2,532,473.00	-	1
10) <u>INDAH MULIA DEVELOPMENT SDN BHD</u>							
Lot 70690, Mukim 12, Daerah Barat, Pulau Pinang	Development Stock	22/5/2013	Freehold	65 Sq. meter	1.00	-	2
Lot 70699, Mukim 12, Daerah Barat, Pulau Pinang	Development Stock	22/5/2013	Freehold	430 Sq. meter	1.00	-	2

Shareholdings Statistics

As At 28 November 2014

SUBSTANTIAL SHAREHOLDERS

Based on the Register of Substantial Shareholders as at 28 November 2014, the substantial shareholders and their respective shareholdings are as follows:-

Name of Substantial Shareholder	No. of shares beneficially held		% of Shareholding	
	Direct	Indirect	Direct	Indirect
Leading Builders Sdn. Bhd.	53,949,936*	-	65.67*	-
Dato' Seri Ong Choo Hoon	2,733,095	53,949,936#	3.33	65.67#
Dato' Dr. Ong Seng Soon	65,333	53,949,936#	0.08	65.67#

Notes:-

* 8,200,000 shares are held through EB Nominees (Tempatan) Sdn. Bhd.

Deemed interest by virtue of their substantial shareholdings in Leading Builders Sdn. Bhd.

DIRECTORS' INTEREST

Based on the Register of Directors' Shareholdings, the Directors and their respective shareholdings as at 28 November 2014 are as follows :-

Name of Directors	No. of shares beneficially held		% of Shareholding	
	Direct	Indirect	Direct	Indirect
Dato' Seri Ong Choo Hoon	2,733,095	53,949,936*	3.33	65.67*
Dato' Dr. Ong Seng Soon	65,333	53,949,936*	0.08	65.67*
Ong Guat Beng	52,333	-	0.06	-
Ong Seng Chye	52,333	-	0.06	-
Mardzukhi bin Abu Bakar	8,333	-	0.01	-
Dato' Noordin bin Md. Noor	13,333	-	0.02	-
Saw Chin Eng	-	-	-	-
Teoh Siew Tin	-	-	-	-
Dato' Mohd Shariff bin Ibrahim	-	-	-	-

Notes :-

* Deemed interest by virtue of their substantial shareholdings in Leading Builders Sdn. Bhd.

Shareholdings Statistics (Cont'd)

As At 28 November 2014

Authorised Capital	:	RM500,000,000.00
Issued and Fully Paid	:	RM82,157,167.00 (excluding 9,124,500 treasury shares)
Class of Shares	:	Ordinary Shares of RM1.00 each fully paid
No. of Shareholders	:	1,413
Voting Rights	:	On show of hand - One vote per person On a poll - One vote for one ordinary share

Analysis of Shareholdings as at 28 November 2014

Size of Shareholdings	No. of holders	%	No. of shares	%
Less than 100	137	9.70	5,609	0.01
100 – 1,000	308	21.80	267,589	0.33
1,001 – 10,000	751	53.15	2,869,028	3.49
10,001 – 100,000	183	12.95	5,315,989	6.47
100,001 – less than 5% of issued shares	32	2.26	19,749,016	24.04
5% and above of issued shares	2	0.14	53,949,936	65.66
Total	1,413	100.00	82,157,167	100.00

Top 30 Shareholders as at 28 November 2014

No.	Name of Shareholders	No. of shares	%
1	LEADING BUILDERS SDN. BHD.	33,289,536	40.52
2	EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD PLEDGED SECURITIES ACCOUNT FOR LEADING BUILDERS SENDIRIAN BERHAD (JLG)	8,200,000	9.98
3	LEADING BUILDERS SDN. BHD.	8,049,000	9.80
4	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN BUN HUI	3,911,300	4.76
5	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN YEE HUI	2,946,600	3.59
6	LEADING BUILDERS SDN. BHD.	2,078,300	2.53
7	LEADING BUILDERS SDN. BHD.	1,933,100	2.35
8	ONG CHOO HOON	1,878,095	2.29
9	ONG SENG ENG	962,800	1.17
10	ONG CHOO HOON	845,000	1.03
11	TAN BUN CHOW	827,900	1.01
12	ZULKHARNAIN BIN ARIFFIN	726,333	0.88
13	TIU JON HUI	715,100	0.87
14	LEE BEE SEE	667,900	0.81
15	TAN BUN HUI	626,200	0.76

Shareholdings Statistics (Cont'd)

As At 28 November 2014

Top 30 Shareholders as at 28 November 2014 (cont'd)

No.	Name of Shareholders	No. of shares	%
16	LEE SEE SEE	613,100	0.75
17	TAN BUN HUI	447,700	0.54
18	LEADING BUILDERS SDN. BHD.	400,000	0.49
19	TAN YEE HUI	380,000	0.46
20	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE SEE SEE (MG0000122)	322,700	0.39
21	LIM HUN HOOI	291,967	0.36
22	CHUA SWEE SEANG	250,000	0.30
23	YEAP CYNDY	250,000	0.30
24	ONG GUAT EONG	236,667	0.29
25	ONG SENG KIAT	227,334	0.28
26	LEE SEE SEE	226,900	0.28
27	TAN SIEW HUAT	225,020	0.27
28	ONG GUAT HUNG	221,666	0.27
29	TAN SOCK CHIN	195,000	0.24
30	PETER SU HOLDINGS SDN BHD	191,000	0.23

Notice Of Eighteenth Annual General Meeting

NOTICE IS HEREBY GIVEN that the Eighteenth Annual General Meeting of the Company will be held at PLB Engineering Berhad, 3rd Floor, Training Room, 1320, Jalan Baru, Taman Chai Leng, 13700 Prai, Penang on Thursday, 29 January 2015 at 2.30 p.m for the following purposes:-

AGENDA

- | | | |
|----|--|--|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 August 2014 together with the Reports of the Directors and Auditors thereon. | Please refer to Explanatory Notes |
| 2. | To approve the payment of a first and final single tier dividend of 10% per ordinary share of RM1.00 each for the financial year ended 31 August 2014. | Ordinary Resolution 1 |
| 3. | To approve the increase in Directors' fees and the payment of Directors' fees of RM78,000 for the financial year ended 31 August 2014. | Ordinary Resolution 2 |
| 4. | To re-elect the following Directors who retire in accordance with Article 81 of the Company's Articles of Association:- | |
| | (i) Madam Teoh Siew Tin; and | Ordinary Resolution 3 |
| | (ii) Encik Mardzukhi Bin Abu Bakar | Ordinary Resolution 4 |
| 5. | To consider and, if thought fit, to pass the following resolution pursuant to Section 129 of the Companies Act, 1965:-

"THAT Dato' Seri Ong Choo Hoon, who retires in accordance with Section 129(2) of the Companies Act, 1965, be hereby re-appointed as Director of the Company in accordance with Section 129(6) of the Companies Act, 1965 and to hold office until the next Annual General Meeting." | Ordinary Resolution 5 |
| 6. | To re-appoint Messrs Grant Thornton as auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. | Ordinary Resolution 6 |
| | As special business :
To consider and if thought fit, to pass with or without modifications the following ordinary resolutions:- | |
| 7. | AUTHORITY TO ISSUE SHARES
"THAT pursuant to Section 132D of the Companies Act, 1965, and subject to the approvals of the relevant Governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue shares in the Company, at such time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." | Ordinary Resolution 7 |

Notice Of Eighteenth Annual General Meeting (Cont'd)

8. PROPOSED RENEWAL OF RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

"THAT subject to the Listing Requirements of the Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or subsidiary companies to enter into all arrangements and/or transactions as detailed in Section 2.2 of the Circular to Shareholders of the Company dated 22 December 2014, involving the interests of Directors, major shareholders or persons connected with such Directors or major shareholders of the Company ("Related Parties") as detailed in Section 2.2 of Circular to Shareholders of the Company dated 22 December 2014, provided that such arrangements and/or transactions are:-

- (i) recurrent transactions of a revenue or trading nature;
- (ii) necessary for day-to-day operations; and
- (iii) carried out in the ordinary course of business or the normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and not to the detriment of the minority shareholders of the Company.

(the "Proposed Mandate").

THAT the Proposed Mandate shall take effect from this resolution and shall only continue to be in force until:-

- (a) the conclusion of the next annual general meeting of the listed issuer following the general meeting at which such Proposed Mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (b) the expiration of the period within which the next annual general meeting after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 [but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965]; or
- (c) revoked or varied by resolution passed by the shareholders in general meeting, whichever is earlier.

And THAT the Directors of the Company be authorised to complete and do all such acts and things (including all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Mandate."

Ordinary Resolution 8

9. Retaining in office as Independent Non-Executive Directors:-

- (i) "THAT authority be and is hereby given to Dato' Noordin Bin Md. Noor who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company."
- (ii) "THAT authority be and is hereby given to Mr Saw Chin Eng who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company."

Ordinary Resolution 9

Ordinary Resolution 10

10. To transact any other business of which due notices shall have been given.

By Order of the Board,

Chee Wai Hong (BC/C/1470)
Foo Li Ling (MAICSA 7019557)
 Company Secretaries

Penang

Date: 22 December 2014

Notice Of Eighteenth Annual General Meeting (Cont'd)

Notes :

1. *A proxy may but need not be a member of the Company and the proxy need not be an advocate or an approved company auditor or a person approved by the Registrar of Companies and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
2. *Where a Member of the Company is an exempt authorised nominee which hold ordinary shares in the Company for multiple beneficial owner 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 its holds.*

An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of subsection 25A(1) of Central Depositories Act.

3. *To be valid this form duly completed must be deposited at the registered office of the Company, 51-13-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time for holding the meeting.*
4. *If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.*
5. *For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Depository Sdn Bhd to make available to the Company pursuant to Article 57 of the Articles of Association of the Company and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors ("ROD") as at 31 December 2014 and only a Depositor whose name appears on such ROD shall be entitled to attend, speak and vote at this meeting or appoint proxy to attend and/or speak and/or vote in his/her behalf.*

Explanatory Notes on Ordinary Business:

Agenda 1

The Agenda 1 is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of shareholders of the Company and hence, Agenda 1 is not put forward for voting.

Ordinary Resolution 5

The Proposed Ordinary Resolution 5 is in accordance with Section 129(6) of the Companies Act, 1965 which requires that a resolution be passed to re-appoint Dato' Seri Ong Choo Hoon who is over 70 years of age as Director of the Company and to hold office until the conclusion of the next AGM of the Company. This resolution shall be effect if be passed by a majority of not less than three-fourth of such shareholders of the Company as being entitled to vote in person or where proxies are allowed, by proxy at the AGM of the Company.

Explanatory Notes on Special Business:

Ordinary Resolution 7

Subject to exceptions provided in the Companies Act, 1965, the Directors would have to call for a general meeting to approve the issue of new shares even though the number involved is less than 10% of the issued capital.

In order to avoid any delay and costs involved in convening a general meeting to approve such issue of shares, it is thus considered appropriate that the Directors be empowered to issue shares in the Company, up to an amount not exceeding in total 10% of the issued share capital of the Company for the time being, for such purpose as they consider would be in the interest of the Company.

The Company has not issued any new shares pursuant to Section 132D of the Companies Act, 1965 under the general authority which was approved at the Seventeenth AGM held on 22 January 2014 and which will lapse at the conclusion of the Eighteenth AGM to be held on 29 January 2015. A renewal of this authority is being sought at the Eighteenth AGM under proposed Resolution 7.

The renewal mandate if granted will provide flexibility to the Company for the allotment of shares for the purpose of fund raising activities including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital, acquisition(s) and/or settlement of banking facility(ies).

Notice Of Eighteenth Annual General Meeting (Cont'd)

Ordinary Resolution 8

The proposed resolution in relation to Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature which is to be reviewed annually will eliminate the requirement for the Company to make regular announcements and convene separate general meetings from time to time in respect of the aforesaid Related Party Transactions.

Ordinary Resolutions 9 and 10

The Nominating Committee has assessed the independence of the following Directors, who have served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and recommended them to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:-

Ordinary Resolution 9: Dato' Noordin Bin Md. Noor

- i He fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and thus, he would be able to function as check and balance, and brings an element of objectivity to the Board.
- ii He performs his duty diligently and in the best interest of the Company without being subject to influence of management.
- iii He devotes sufficient time and attention to his professional obligations for an informed and balance decision making.
- iv. He has vast experience in the various industries the Group is involved in and as such could provide the Board with a diverse set of experience, expertise and independent judgment.
- v. He consistently challenged management in an effective and constructive manner and actively participated in board discussion.
- vi. He has a good and thorough understanding of the main drivers of the business in a detailed manner.

Ordinary Resolution 10: Mr. Saw Chin Eng

- i He fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and thus, he would be able to function as check and balance, and brings an element of objectivity to the Board.
- ii His vast experience in the accounting and audit industry enable him to provide the Board with a diverse set of experience, expertise and independent judgement.
- iii He understands the Company's industry well and is able to contribute to the effective management of the Company's business activities.
- iv. He consistently challenged management in an effective and constructive manner and provide an independent voice on the board
- v. He keeps a distance from management in overseeing and monitoring execution of strategy without being subject to influence of management.

Statement Accompanying Notice Of Annual General Meeting

(Pursuant To Paragraph 8.27(2) Of The Main Market Listing Requirements Of Bursa Malaysia Securities Berhad)

As at date of this notice, there are no individuals who are standing for election as Directors (excluding the above Directors who are standing for re-election) at this forthcoming Annual General Meeting.

Notice Of Dividend Entitlement

NOTICE IS HEREBY GIVEN that a First and Final Single Tier Dividend of 10% per ordinary share of RM1.00 each for the financial year ended 31 August 2014, if approved, will be paid on 19 March 2015 to depositors registered in the Record of Depositors at the close of business on 27 February 2015.

A depositor shall qualify for entitlement to the Dividend only in respect of:

- a. Shares transferred into the depositor's securities account before 4.00 p.m. on 27 February 2015 in respect of transfers.
- b. Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board,

Chee Wai Hong (BC/C/1470)
Foo Li Ling (MAICSA 7019557)
Company Secretaries

Penang

Date: 22 December 2014

Proxy Form

* I / We
 (Full Name in Block Letters)
 of
 (Address)
 being a * member / members of the abovenamed Company, hereby appoint

 (Full Name in Block Letters)
 of
 (Address)
 or failing him,
 (Full Name in Block Letters)
 of
 (Address)

as * my / our proxy to vote for * me / us on * my / our behalf at the Eighteenth Annual General Meeting of the Company to be held at PLB Engineering Berhad, 3rd Floor, Training Room, 1320, Jalan Baru, Taman Chai Leng, 13700 Prai, Penang on Thursday, 29 January 2015 at 2:30 p.m. and any adjournment thereof.

AGENDA

No	Resolutions Ordinary	For	Against
1.	To approve the payment of a first and final single tier dividend of 10% for the financial year ended 31 August 2014.		
2.	To approve the increase and payment of Directors' fees.		
3.	To re-elect Madam Teoh Siew Tin as Director.		
4.	To re-elect Encik Mardzukhi Bin Abu Bakar as Director.		
5.	To re-appoint Dato' Seri Ong Choo Hoon, who retires in accordance with Section 129(2) of the Companies Act, 1965.		
6.	To re-appoint Messrs Grant Thornton as the company's Auditors.		
7.	To authorise Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965.		
8.	To approve the Proposed Renewal of Existing Shareholders' Mandate.		
9.	To retain Dato' Nordin Bin Md Noor as an Independent Non-Executive Director.		
10.	To retain Mr. Saw Chin Eng as an Independent Non-Executive Director.		

Please indicate with an "x" in the appropriate spaces provided above on how you wish your vote to be cast. If no specific direction for voting is given, the proxy may vote as he thinks fit.

No. of shares held

Signed this day of, 2014/15

.....
Signature of Member(s)

Notes :

- A proxy may but need not be a member of the Company and the proxy need not be an advocate or an approved company auditor or a person approved by the Registrar of Companies and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- Where a Member of the Company is an exempt authorised nominee which hold ordinary shares in the Company for multiple beneficial owner 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 its holds.

An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of subsection 25A(1) of Central Depositories Act.
- To be valid this form duly completed must be deposited at the registered office of the Company, 51-13-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time for holding the meeting.
- If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.
- For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Depository Sdn Bhd to make available to the Company pursuant to Article 57 of the Articles of Association of the Company and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors ("ROD") as a 31 December 2014 and only a Depositor whose name appears on such ROD shall be entitled to attend, speak and vote at this meeting or appoint proxy to attend and/or speak and/or vote in his/her behalf.

Please fold across the lines and close

Affix
Postage
Stamp

The Company Secretaries

PLB Engineering Berhad (418224-X)

51-13-A Menara BHL Bank

Jalan Sultan Ahmad Shah

10050 Penang

Please fold across the lines and close



PLB ENGINEERING BERHAD (418224-X)

1320, Jalan Baru, Taman Chai Leng,
13700 Prai, Penang, Malaysia.

Tel : + 604-390 5737

Fax : + 604-399 8323

Email : info@plbgroup.com.my

Website : www.plb.com.my

www.plbhomes.com.my



PLB-KH Bina Sdn. Bhd.
MS ISO 9001-2008
CERT NO: AR2341



Gaintrend Sdn. Bhd.
MS ISO 9001-2008
CERT NO: AR2730



PLB Green Construction Sdn. Bhd.
MS ISO 9001-2008