PESONA METRO

PESONA METRO HOLDINGS BERHAD
(957876-T)

PASSIONATE ABOUT CONSTRUCTION EXCELLENCE

2014 ANNUAL REPORT

Our Vision

To be the preferred construction company in Malaysia as well as a trusted and passionate partner that delivers sustainable value and builds enduring relationships with all stakeholders.

Our Mission

To achieve excellence in all that we undertake by leveraging on exceptional performance, superior teamwork, strong value creation, good ethical conduct and unwavering customer satisfaction.

Contents

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fourth Annual General Meeting ("4th AGM") of the Company will be held at **Skyview 7, Level 29, The Gardens Hotel & Residences – St. Giles Grand Hotel, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur** on **Thursday, 18 June 2015 at 10:30 a.m.** for the following purposes:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2014 together with the Reports of the Directors and Auditors thereon. ***(Please refer to the Explanatory Notes to the Agenda)***

2. To approve the payment of Directors' Fees of RM168,000 for the financial year ended 31 December 2014. ***(Ordinary Resolution 1)***

3. To approve the payment of Directors' Fees of RM216,000 for the financial year ending 31 December 2015. ***(Ordinary Resolution 2)***

4. To re-elect the following Directors retiring in accordance with Article 82 of the Articles of Association of the Company:

   (a) Datuk Hj Subhi Bin Dziyauddin ***(Ordinary Resolution 3)***

   (b) Dato' Lee Tuck Fook ***(Ordinary Resolution 4)***

5. To re-appoint Messrs UHY as the Auditors of the Company and to authorise the Board of Directors to fix their remuneration. ***(Ordinary Resolution 5)***

AS SPECIAL BUSINESS:

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

6. **Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature as set out under Section 2.4 of the Circular to Shareholders dated 26 May 2015** ***(Ordinary Resolution 6)***

   "**THAT** pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with the related party ("Recurrent Related Party Transactions") as set out in Section 2.4 of the Circular to Shareholders dated 26 May 2015 ("the Circular"), subject further to the following:

   (i) the Recurrent Related Party Transactions are entered into in the ordinary course of business on terms not more favourable to the related parties than those generally available to the public, and the Recurrent Related Party Transactions are undertaken on arms' length basis and are not to the detriment of the minority shareholders of the Company;

(ii) the shareholders' mandate is subject to annual renewal and this shareholders' mandate shall only continue to be in full force until:

(a) the conclusion of the next Annual General Meeting of the Company following this Annual General Meeting, at which this shareholders' mandate will lapse, unless by a resolution passed at the said Annual General Meeting, such authority is renewed;
(b) the expiration of the period within which the next Annual General Meeting is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but must 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 the earlier;

AND THAT the Directors be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary (including executing such documents as may be required) to give effect to the Recurrent Related Party Transactions contemplated and/or authorised by this Ordinary Resolution."

7. **Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965** ***(Ordinary Resolution 7)***

"**THAT**, subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965 to allot and issue shares in the Company at any time and upon such terms and conditions and for such purpose 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 capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

8. To transact any other business of which due notice shall have been given.

By Order of the Board

LIM HOOI MOOI (MAICSA 0799764)
WONG WAI FOONG (MAICSA 7001358)
Company Secretaries

Kuala Lumpur
Date : 26 May 2015

NOTES

1. *For the purposes of determining a member who shall be entitled to attend and vote at this meeting, the Company shall be requesting the Record of Depositors as at 11 June 2015. Only a depositor whose name appears on the Record of Depositors as at 11 June 2015 shall be entitled to attend the said meeting or appoint proxies to attend and vote on his/her stead.*

2. *A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote at his stead. A proxy may but need not be a member of the Company. A member may appoint any person to be his proxy and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply.*

3. *Where a member appoints more than one (1) proxy to attend at the same meeting, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.*

4. *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.*

5. *Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provision of subsection 25A(1) of SICDA.*

6. *A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.*

7. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation either under its common seal or under the hand of an officer or attorney duly authorised.*

8. *The Form of Proxy must be deposited at the Company's Registered Office at No. 19, Jalan SB Indah 1/18, Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*

EXPLANATORY NOTES TO THE AGENDA

Item 1 of the Agenda
This item is meant for discussion only. The provisions of Section 169 of the Companies Act, 1965 require that the audited financial statements and the Reports of the Directors and Auditors thereon be laid before the Company at its Annual General Meeting. As such this Agenda item is not a business which requires a motion to be put to vote by shareholders.

Item 6 of the Agenda – Ordinary Resolution 6
Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature as set out under Section 2.4 of the Circular to Shareholders dated 26 May 2015

The proposed Ordinary Resolution 6, if passed, will enable the Company and/or its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature and is to comply with Paragraph 10.09, Part E of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The mandate will take effect from the date of the passing of the ordinary resolution until the next Annual General Meeting.

Item 7 of the Agenda – Ordinary Resolution 7
Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965

The proposed Ordinary Resolution 7 is primarily to give authority to the Board of Directors to allot and issue up to 10% of the issued capital at any time in their absolute discretion and for such purpose as they consider would be in the interest of the Company without convening a general meeting. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

The Company continues to consider opportunities to broaden its earnings potential. If any of the expansion/diversification proposals involves the issue of new shares, the Directors, under certain circumstances when the opportunity arises, would have to convene a general meeting to approve the issue of new shares even though the number involved may be less than 10% of the issued share capital of the Company.

In order to avoid any delay and costs involved in convening a general meeting to approve such issue of shares when the needs may arise during the financial year, it is thus considered appropriate that the Directors be empowered to issue shares in the Company, up to any amount not exceeding in total 10% of the issued share capital of the Company for the time being, for such purpose.

Corporate Information

BOARD OF DIRECTORS

Dato' Lee Tuck Fook
Chairman
(Independent Non-Executive Director)

Datuk Hj Subhi Bin Dziyauddin
Deputy Chairman
(Non-Independent Non-Executive Director)

Wie Hock Beng
Managing Director
(Non-Independent Executive Director)

Wie Hock Kiong
(Non-Independent Non-Executive Director)

Loh Kong Fatt
(Independent Non-Executive Director)

COMPANY SECRETARIES

Wong Wai Foong
(MAICSA 7001358)
Lim Hooi Mooi
(MAICSA 0799764)

REGISTERED OFFICE

19, Jalan SB Indah 1/18
Taman Sungai Besi Indah
43300 Seri Kembangan
Selangor Darul Ehsan
Malaysia
Tel : +60 3 8941 0818
Fax : +60 3 8941 0817
Website : www.pesona.com.my

AUDIT COMMITTEE

Dato' Lee Tuck Fook *(Chairman)*
Wie Hock Kiong
Loh Kong Fatt

REMUNERATION COMMITTEE

Loh Kong Fatt *(Chairman)*
Dato' Lee Tuck Fook
Wie Hock Kiong

NOMINATION COMMITTEE

Dato' Lee Tuck Fook *(Chairman)*
Wie Hock Kiong
Loh Kong Fatt

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Market
Construction Sector

STOCK NAME AND CODE

PESONA (8311)
PESONA-WC (8311-WC)

AUDITORS

UHY Chartered Accountants (AF1411)
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia
Tel : +60 3 2279 3088
Fax : +60 3 2279 3099

REGISTRAR

Tricor Investor Services Sdn Bhd (118401-V)
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia
Tel : +60 3 2264 3883
Fax : +60 3 2282 1886

BANKERS

Alliance Bank Malaysia Berhad
AmBank (M) Berhad
United Overseas Bank (Malaysia) Berhad
Standard Chartered Bank Malaysia Berhad

Corporate Structure

PESONA METRO HOLDINGS BERHAD (957876-T)

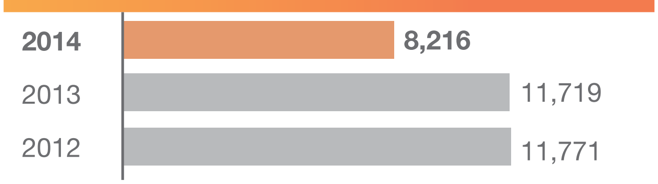
- 100% **PESONA METRO SDN BHD** (401658-P)
  - 100% **IMEJ MAYANG SDN BHD** (402553-M)
  - 100% **INSAMEWAH SDN BHD** (590902-X)
  - 100% **RATUS SYABAS SDN BHD** (1120461-X)
- 100% **PESONA SAFERAY SDN BHD** (229174-V)
- 100% **PESONA METRO PRECAST SDN BHD** (1014328-M)
- 100% **PM2 BUILDING SYSTEM SDN BHD** (1071828-W)

Financial Highlights

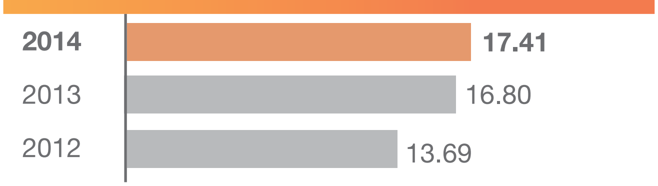
In RM '000 (Except otherwise indicated)	31 Dec 2014	31 Dec 2013	31 Dec 2012
Revenue	**267,410**	296,887	220,775
Profit before tax	**10,658**	15,977	17,195
Profit after tax	**8,216**	11,719	11,771
Total assets	**215,213**	181,059	131,132
Share capital	**127,551**	127,551	115,955
Total equity attributable to owners of the parent	**88,830**	85,716	63,483
No. of shares ('000) of RM0.25 each (Unit)	**510,203**	510,203	463,820
Earnings per share (Sen)	**1.61**	2.52	2.91
Net assets per share (Sen)	**17.41**	16.80	13.69
Dividend (Sen)	**1.00**	1.00	1.00

REVENUE
RM '000

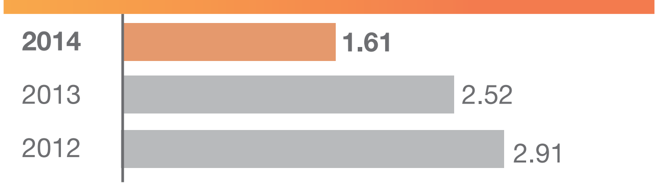
PROFIT AFTER TAX
RM '000



NET ASSETS PER SHARE
SEN



EARNINGS PER SHARE
SEN



Board Of Directors

From left to right:

WIE HOCK BENG (Managing Director)

LOH KONG FATT

WIE HOCK KIONG

DATO' LEE TUCK FOOK (Chairman)

DATUK HJ SUBHI BIN DZIYAUDDIN (Deputy Chairman)

Directors' Profile

DATO' LEE TUCK FOOK

Chairman

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

Dato' Lee Tuck Fook was appointed to the Board as the Chairman of the Company on 8 August 2012. On the same date, he was also appointed as the Chairman of the Audit Committee and Nomination Committee, and a member of the Remuneration Committee of the Company.

Dato' Lee is a professional accountant and is a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants. He also holds a Masters Degree in Business Administration from International Management Centre, Buckingham, United Kingdom.

He began his career with KPMG in 1974 under articleship and was subsequently admitted as a partner of the firm in 1985. He was responsible for KPMG's Malaysian management consultancy practice until he left the practice in 1990. From 1990 to 1992, Dato' Lee was appointed the Vice President of the Samling Group in Sarawak. He later joined the Renong Group as the Managing Director of Renong Oversea Corporation from 1992 - 1994. From 1994 to 2000, he was the Chairman of the Executive Committee of the board of Peremba-Kentz Ltd, an engineering company with operations from South Africa to the Middle East, Thailand, Ireland and Malaysia. He was the Managing Director of Cement Industries of Malaysia Bhd from 2001 to 2002.

From 2002 till 2006, Dato' Lee was the Managing Director of Paracorp Berhad. In 2003, he was appointed as the Executive Director of Malton Group, and was re-designated as its Managing Director in December 2003. He retired from the Board of Malton Berhad in 2009. In 2006 to 2007, he was the Non-Independent Non-Executive Director of Landmarks Berhad. He is an Independent Non-Executive Director of SAM Engineering & Equipment Berhad, a company listed on Bursa Malaysia. He was appointed to the board on July 2008. He is also a member of its Audit & Risk Management Committee. He is currently the Executive Director of Pavilion REIT Management Sdn Bhd and a Director of Kuala Lumpur Pavilion Sdn Bhd and Makna Mujur Sdn Bhd.

Dato' Lee does not have any family relationship with other Directors and/or major shareholders of the Company. He has no conflict of interest and does not hold any shares in the Company and its subsidiaries. He has no conviction of any offences within the past 10 years.

Dato' Lee attended all the six (6) Board Meetings of the Company held during the financial year ended 31 December 2014.

DATUK HJ SUBHI BIN DZIYAUDDIN

Deputy Chairman
(Non-Independent Non-Executive Director) – Malaysian, Age 52

Datuk Hj Subhi was appointed to the Board as the Director and Deputy Chairman of the Company on 8 August 2012.

He graduated with a Bachelor of Science degree in Engineering Physics from the University of Texas El Paso, Texas, USA. He began his career as a Pilot Trainer with the Royal Malaysian Air Force Flying School ("RMAF") in Kepala Batas, Alor Setar, Kedah with the rank of Lieutenant. In 1994, he left the RMAF Flying School and joined Indah Water Konsortium Sdn Bhd as a Senior Manager of the Entrepreneur Development Progam Department.

He later joined Puncak Niaga (M) Sdn Bhd ("Puncak Niaga") as the General Manager for Special Projects. His significant achievement during his tenure in Puncak Niaga was playing a vital role in the listing of Puncak Niaga Holdings Bhd on the then Main Board of the Kuala Lumpur Stock Exchange in 1997. In February 1999, he joined the Malaysian Resources Corporation Berhad as Director, responsible for Special Projects. In 2000, he became a Director in Puncak Niaga Overseas Capital Sdn Bhd, a subsidiary of Puncak Niaga. He was also previously a Director of Metronic Global Berhad.

Datuk Hj Subhi does not have any family relationship with other Directors and/or major shareholders of the Company. He has no conflict of interest and does not hold any shares in the Company and its subsidiaries. He has no conviction of any offences within the past 10 years.

Datuk Hj Subhi attended four (4) Board Meetings of the Company held during the financial year ended 31 December 2014.

WIE HOCK BENG

Managing Director
(Non-Independent Executive Director) – Malaysian, Age 43

Wie Hock Beng was appointed to the Board as the Managing Director of the Company on 8 August 2012. Wie Hock Beng is also the founder of Pesona Metro Sdn Bhd who has engineered the growth of the same until the commendable size as of today.

He obtained his Diploma in Civil Engineering from the Federal Institute of Technology Malaysia in 1995. He began his career with Invescor Venture Sdn Bhd and was involved in the construction of Starhill Shopping Centre in Kuala Lumpur. To date, he has over 17 years of working experience in the rehabilitation and beautification of river and dam, constructions of bridge and flyover, roadwork, drainage, industrial, and high-rise as well as low-rise residential building projects.

Wie Hock Beng is the substantial and major shareholder of the Company and brother to another Director, Wie Hock Kiong. He has no conflict of interest other than disclosed under Additional Information (Recurrent Related Party Transactions) which appears on page 49 of this Annual Report. He has no conviction of any offences within the past 10 years.

Wie Hock Beng attended all the six (6) Board Meetings of the Company held during the financial year ended 31 December 2014.

WIE HOCK KIONG

Director

(Non-Independent Non-Executive Director) – Malaysian, Age 55

Wie Hock Kiong was appointed to the Board as a Director of the Company on 8 August 2012. He is also a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company.

Wie Hock Kiong is an engineer by profession with a Bachelor of Science (Hons) Degree in Civil and Structural Engineering from the University of Aberdeen, United Kingdom. He was previously the Chief Executive Officer of Putrajaya Perdana Berhad ("PPB") from 1998 to 2011. He has been overseeing the overall management, development and operations of PPB Group since the commencement of business in 1990 via Putra Perdana Construction Sdn Bhd, a wholly-owned subsidiary company of PPB. He has successfully transformed an infant company, Kamunting Construction Sdn Bhd into a giant construction and property developer conglomerate, PPB. Under his guidance, PPB has grown financially with an excellent track record of successful high quality construction projects. He resigned as the CEO of PPB in 2011.

Wie Hock Kiong is the substantial and major shareholder of the Company and brother to the Managing Director, Wie Hock Beng. He has no conflict of interest other than disclosed under Additional Information (Recurrent Related Party Transactions) which appears on page 49 of this Annual Report. He has no conviction of any offences within the past 10 years.

Wie Hock Kiong attended all the six (6) Board Meetings of the Company held during the financial year ended 31 December 2014.

LOH KONG FATT

Director

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

Loh Kong Fatt was appointed as a Director of the Company on 8 August 2012. He is currently a member of Audit Committee, Nomination Committee, and the Chairman of the Remuneration Committee of the Company.

He holds a Bachelor of Business Degree from Deakin University, Warrnambool, Australia.

Loh Kong Fatt was principally involved in the formulation of new strategies, business plans and directions of UMBC Finance Bhd in his secondment from the parent UMBC Bank Bhd in 1987. Leading to UMBC Finance Bhd's turnaround and set the company towards profitability. He was nominated by the UMBC Finance's Board and approved by Bank Negara Malaysia to assume the Chief Executive Officer's position for then troubled financial institution, Kuala Lumpur Finance Bhd in 1989. He subsequently successfully paved the merger of two financial institutions and became the Head for Credit and Marketing of the enlarged portfolio thereafter.

His returned to UMBC Bank to assume the post of General Manager, Corporate and Commercial Banking. The bank turned in very healthy profit by the time he left in 1996. He was also with Alliance Bank Bhd ("ABB") as the Senior General Manager for Corporate Banking. He was the Acting CEO of ABB for a short duration and left the position in 2005 until the new CEO came onboard.

Loh Kong Fatt does not have any family relationship with other Directors and/or major shareholders of the Company. He has no conflict of interest and does not hold any shares in the Company and its subsidiaries. He has no conviction of any offences within the past 10 years.

Loh Kong Fatt attended all the six (6) Board Meetings of the Company held during the financial year ended 31 December 2014.

CORPORATE

2015

- The Suruhanjaya Pilihanraya project received the Highest Merit Points 2014 for Health, Safety and Environment category for high-rise buildings.
- Subsequently, the same building achieved a score of 81% in QLASSIC by CIDB and 77.3% in CONQUAS by Building & Construction Authority Singapore. Both the scores are among the highest achieved by premium contractors in Malaysia.
- The Central Spine Road Pakej 3: Gua Musang, Kelantan ke Kg. Relong, Pahang Seksyen 3F1: Kg. Kubang Rusa ke Kg. Sg. Yu project won the First Runner Up for the Innovative Project Management 2014 Award by the Ministry of Works Malaysia.

2014

- PMSB was certified as having complied with OHSAS 18001:2007, the international standard for occupational health and safety management systems.
- Pesona Saferay Sdn Bhd "PSSB" received the Malaysia Good Design Mark 2013 from Majlis Rekabentuk Malaysia for the Architecture and Environment category.
- PM2 obtained the IBS status as a manufacturer for EPS panels, a certified IBS component by CIDB.
- PSSB won the Silver Award for MIIP Interior Industry 2014 Awards under the Interior Products for Furniture, Furnishing & Fittings Category for Bibik Heritage project at KLIA 2, Sepang.

2013

- PMSB was certified as having complied with ISO14001:2004, the international standard for environmental management systems.
- The Sg. Melaka Project received the Silver Award of Merit for Category 1-Infrastructure from ACEM.
- The CIQ Project championed the Contractor Excellence Award for the Large Infrastructure Project Exceeding RM50 million category from JKR.
- PMHB acquired the entire issued and paid-up capital of Pesona M2 Sdn Bhd ("PM2") making it a wholly-owned subsidiary of the Company. PM2 subsequently changed its name to PM2 Building System Sdn Bhd on 15 January 2014.

2012

- The CIQ Melaka Project was named the Overall Champion or Best Project Management in the Design and Build Category from the Ministry of Work.
- Pesona Metro Holdings Berhad ("PMHB") was listed on the Main Market of Bursa Malaysia Securities Berhad under the Construction Sector.
- Sastra U-Thant project was certified as the First Condominium Construction Project to receive the 5-S certification in Malaysia.

MILESTONES

1996

- Pesona Metro Sdn Bhd ("PMSB") was established and commenced business as a subcontractor.

2002

- PMSB won its first "Design and Build" project as the main contractor. This "Rehabilitation and Beautification of Melaka River Project" Phase 1, 2 and 3 ("Sg. Melaka Project") came with a contract value exceeding RM234 million.

2006

- PMSB secured its first high-rise residential project, Zehn Bukit Pantai, Kuala Lumpur comprising of two blocks of 25-storey luxury condominium.

2009

- PMSB was certified as having complied with ISO 9001:2008, the international standard for quality management systems.
- The Sg. Melaka Project was named the Winner for Category 8 (Special Category) for PAM 2009 Awards.
- PMSB received a Letter of Appreciation from JKR Terengganu for the Jalan Pantai Laluan T1/T3 dari Merang ke Kuala Besut, Terengganu Project.
- PMSB received the 2009 Malaysia Independence Award under the Malaysia's Prominent Property Construction Company category.

2010

- PMSB received a Letter of Appreciation from the Melaka State Government for the Sg. Melaka Project.
- PMSB received a Letter of Appreciation from Juta Asia Properties & CapitaLand (Singapore) for the Zehn Project.
- PMSB won the Best Brands in Engineering and Construction in the BrandLaureate SME Chapter Award.
- PMSB emerged as the 2nd Runner Up for the Golden Bull Award.
- PMSB again was awarded with the Malaysia Independence Award under the Malaysia's Prominent Property Construction Company category.

2011

- PMSB received a Letter of Appreciation (Grade A Status) from JKR (HQ) in relation to a government building project in Johor.
- The Sg. Melaka Project received the FIABCI Award under the Special Category Award for National Contribution.

Chairman's Statement

DEAR SHAREHOLDERS,

On behalf of the Board of Directors ("the Board"), I present you the Pesona Metro Holdings Berhad's ("PMHB" or "the Group") Annual Report and Financial Statement for the financial year ended 31 December 2014.

FINANCIAL PERFORMANCE

For the financial year ended 31 December 2014, the Group registered a total revenue of RM267.4 million compared to RM296.9 million in the preceding financial year. The lower revenue was mainly due to the completion of projects during the year under review, namely (1) *Projek Naiktaraf Jalan Laluan 8 Dari Kg. Relong, Pahang Ke Gua Musang, Kelantan (Fasa 1 – Segmen 5);* (2) *Projek Pembangunan Wilayah Ekonomi Pantai Timur (ECER) Jalan Persekutuan Laluan 8 & 9, Central Spine Road (CSR) Pakej 3: Gua Musang, Kelantan ke Kg. Relong, Pahang;* and (3) *the Construction and Completion of Cadangan Pembangunan 1 Blok Pangsapuri 10 Tingkat (126 unit) Dengan 3 Tingkat Tempat Letak Kereta Besmen Serta Kemudahan Rekreasi dan Ruang Kemudahan Penduduk di atas Lot 86 & 87, Seksyen 89A, Lorong Ampang 2, Kuala Lumpur (U-Thant).* However, the drop was cushioned by the new projects secured during the year, namely (1) *the Design and Build job for the construction of the facilities and infrastructure for the student hostels for Universiti Malaysia Perlis ("UNIMAP")* and (2) *Cadangan Pembangunan 1 Blok Pangsapuri Servis 38 Tingkat (256 unit) Dengan Podium Tempat Letak Kereta 5 Tingkat Di Atas Lot 287 (PT56) Jalan Yap Kwan Seng, Seksyen 43, Kuala Lumpur, Wilayah Persekutuan ("The Mews").*

The Group also recorded a lower profit before tax of RM10.7 million in FY2014 compared to RM16.0 million achieved in the previous financial year. The decrease was mainly attributable to the lower revenue and an increase in operating expenses arising from higher staff cost and depreciation charges due to the purchase of construction equipment for the financial year under review.

Third Avenue, Cyberjaya

DIVIDEND

The Board declared a single tier interim dividend of 1 sen per ordinary share of RM0.25 each in respect of the financial year ended 31 December 2013 amounting to RM5,102,024.48. The dividend was paid on 26 March 2014.

Subsequently on 26 February 2015, to reward the continuous support from shareholders, the Board declared a single tier interim dividend of 1 sen per ordinary share in respect of the financial year ended 31 December 2014. The dividend, amounting to RM5,102,024.48, was paid on 26 March 2015.

Bridge work at Port Klang, Selangor

CORPORATE DEVELOPMENTS

Acquisition of New Company

On 29 August 2014, PMHB announced that the Company proposed to acquire SEP Resources (M) Sdn Bhd ("SEP") for RM29.15 million. This will be satisfied by a cash consideration of RM1.5 million and the issuance of 39.5 million new PMHB shares at an issue price of RM0.70 each, making up the balance of RM27.65 million.

Approval for the above proposal was obtained from the shareholders of PMHB at the Extraordinary General Meeting held on 7 January 2015. However, the acquisition is still pending the satisfaction of certain condition precedents.

SEP holds a 20-year concession for maintaining and managing the UNIMAP Student Hostels, commencing from the date of completion of the buildings. The acquisition of SEP entitles PMHB to the future recurring income streams arising from the availability charges and asset management services for the hostels.

Student hostels at Universiti Malaysia Perlis

Central Spine Road, Package 3F, Kg Kubang Rusa - Kg. Sg. Yu, Pahang

Mr. Stefano Soriani (3rd left), Sales Manager of M2 Emmedue S.p.A visited PMHB in August 2014.

Issuance of Warrants

On 7 January 2015, the shareholders approved the proposal to issue free warrants on the basis of one warrant for every two PMHB shares held by our shareholders as at 23 January 2015. The total number of free warrants issued on 28 January 2015 was 255,101,224. The free warrants are exercisable until 27 January 2020 at a price of RM0.25 per warrant, being the par value of PMHB shares.

The proceeds raised from the warrants exercise will be utilised for working capital of the Group.

INDUSTRY TREND AND DEVELOPMENT

The Malaysian economy showed an accelerated growth of 6.0% in 2014 compared to 4.7% in 2013. This was mainly supported by the resilient domestic demand and reinforced by higher exports. The construction sector continued to register a double-digit growth of 11.6% while the manufacturing sector recorded a strong growth of 6.2% in 2014.

The construction sector is driven by the civil engineering and residential sub-sectors. Ongoing civil engineering projects, particularly O&G-related activities and expansion of electricity power stations and transmission lines, significantly contributed to the revenue of the sub-sector. The residential sub-sector remained resilient and is expected to continue to be stable in spite of the implementation of several cooling-down measures in the housing sector. Programmes undertaken by the Government, such as Program Perumahan Rakyat, 1Malaysia Housing Programme and Perumahan Rakyat Bersepadu will continue to uphold the residential sub-sector which in turn, will generate consistent construction activities in the industry.

In tandem with the growth in the industry, we secured the design-and-build project for the construction of the student hostels in UNIMAP and the construction of The Mews.

The manufacturing division of the Group, while resilient, recorded lower growth in 2014 due to a slower recovery in the global economy resulting in a reduction in demand for our polyurethane products. Our EPS wall panels, manufactured by our subsidiary PM2 Building System Sdn Bhd, are also gaining popularity in the local market as a result of strong marketing efforts in promoting the product's advantages to architects and builders. The wall panels currently fully cater for our in-house project at UNIMAP.

The Mews, Kuala Lumpur

Work in progress at The Mews, Kuala Lumpur

CORPORATE RESPONSIBILITY ("CR")

CR efforts remain an integral part of PMHB's business planning and goals. In charting our business strategies, PMHB always places emphasis on how our conduct of business will impact stakeholders and the environment.

We continue to strive for better waste management at our construction sites by putting in place 5-S practices and waste management programmes to reduce, reuse and recycle all possible waste before discarding into landfills. The details of our other CR activities are laid out on pages 25 to 32 of this Annual Report.

FUTURE OUTLOOK

While the Malaysian economy is projected to grow at the rate of 4.5% - 5.5% in 2015, there are still challenges to be faced, given the drop in the oil price, the depreciation of the Malaysian currency and more external economic uncertainties in Europe, China and elsewhere, all of which we need to deal with.

To remain competitive, PMHB has put in place new business strategies to continue to grow its businesses. The Group aims to further strengthen and bring more stability to our earnings and be placed on a stronger financial footing to secure future projects. The Group continues to invest in construction equipment and machinery to ensure that our subsidiaries are well-prepared with a comprehensive equipment fleet and remain competitive in the market.

The Group is also planning to tender for and secure more projects in the infrastructure sector of our construction division. We aim to achieve a ratio of 60% in building projects and 40% in infrastructure projects.

On the manufacturing front, PMHB continues to penetrate other new markets such as Asia while waiting for our existing market in Europe and Russia to recover. The Group's EPS building material system is making significant inroads into the local market, targeting the architects and interior designers in the industry, in line with the growth of demand for green buildings in the country.

With these programmes and changes in place, we will continue to strengthen the Group's financial position and we remain optimistic of its future prospects.

DATO' LEE TUCK FOOK
Chairman
21 April 2015

Managing Director's Review Of Operations

For the year 2014, despite challenging market conditions caused by a weak global economic recovery, both of the Group's operating divisions continued to be profitable.

We are also proud to announce that our manufacturing company, Pesona Saferay Sdn Bhd ("PSSB") won the Silver Award of the prestigious MIIP Interior Industry Awards 2014 (Interior Products for Furniture, Furnishing & Fittings Category) for its project at Bibik Heritage, KLIA 2, Sepang.

In February 2015, our construction company, Pesona Metro Sdn Bhd ("PMSB") was presented with a Certificate of Recognition by Putrajaya Holdings Sdn Bhd ("PJH") for achieving the Highest Merit Points for Year 2014 within the High Rise Building category, given its excellent health and safety practices in the Suruhanjaya Pilihanraya project at Lot 2C10, Putrajaya.

In April 2015, PMSB's Central Spine Road Pakej 3: Gua Musang, Kelantan ke Kg. Relong, Pahang Seksyen 3F1: Kg. Kubang Rusa ke Kg. Sg. Yu project was awarded the First Runner Up for the Innovative Project Management Award 2014 by the Ministry of Works Malaysia.

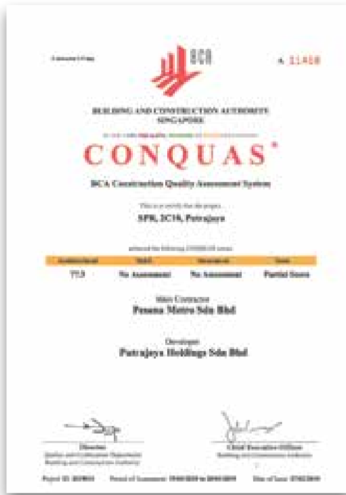
These accolades encourage us to work harder to build strong and enduring relationships with our valued customers. We have renewed our commitment to innovation and value, so that we can continue to stand out from our competitors.

CONSTRUCTION DIVISION

Our construction division remains the key driver in the Group, contributing 96% of Group's revenue. For the year under review, the construction division achieved revenue of RM256.7 million and profit after tax of RM6.0 million.

In FY2014, the group secured the construction job for The Mews at Jalan Yap Kwan Seng, a prestigious city condominium developed by renowned developers Eastern & Oriental Berhad. Premium projects such as these call for stringent quality and project management standards. Located in the heart of Kuala Lumpur City Centre, this luxury serviced-apartment development consists of two blocks of 38-storey towers with full facilities that include a swimming pool, gymnasium, rooftop terrace, bio fish pond and water features. This project will see PMSB moving a notch higher in the industry, competing on par with other prominent builders of luxury high-rise buildings.

As mentioned in the Chairman's Statement, we also successfully completed and handed over three projects during the year.



In early 2015, we witnessed the completion of another two projects, namely:

(1) *Cadangan Membina 1 Blok Bangunan Pejabat 16 Tingkat Yang Mengandungi 3 Tingkat Besmen Tempat Letak Kereta, 1 Tingkat Aras Bawah (Tingkat Bawah), 2 Tingkat Laluan Kereta, 1 Tingkat Mezanin, 3 Tingkat Tempat Letak kereta (Tingkat 1-3) Dan 12 Tingkat Pejabat (Tingkat 4-15) di atas Lot 459 & 460, Seksyen 67, Jalan Inai, Mukim Kuala Lumpur ("Menara Technip");* and

(2) *The Proposed Construction And Completion of the Remaining and Rectification Works of Government Office Building and External Works for Suruhanjaya Pilihanraya ("SPR") on Lot 2C10, Precinct 2, Pusat Pentadbiran Kerajaan Persekutuan, Putrajaya.*

Menara Technip, the first green building constructed by the Group, has obtained the Malaysian GBI Gold provisional certification. This project has strengthened the Group's experience and confidence in pursuing further opportunities for the construction of sustainable buildings in the country.

The construction of SPR is another star project by PMSB. Through our perseverance, we restored this once abandoned building to its former glory within the given timeframe and budget. The health and safety practices we implemented throughout the construction period enabled us to top the list in PJH's "Highest Merit Point Achiever in 2014" certification for the High Rise Building category, prevailing over PJH's other main contractors.

This same project also achieved a score of 81% in QLASSIC by Construction Industry Development Board Malaysia and 77.3% in CONQUAS by Building & Construction Authority Singapore. Both these scores are among the highest achieved by premium local contractors in Malaysia.

Other ongoing projects which will continue to generate income for the group are *Projek Reka Dan Bina Jejambat Melintasi Landasan Keretapi Di Jalan Pelabuhan, Pelabuhan Klang, Selangor Darul Ehsan; Kompleks Kerajaan Di Johor Bahru, Johor - Fasa II (Reka Dan Bina);* and *Design, Construction and Completion of the Facilities and Infrastructure Relating to the Student Hostels for Universiti Malaysia Perlis* ("UNIMAP").

In March 2015, the Company secured the contract for construction of road works at Central Spine Road Pakej 3: Gua Musang, Kelantan ke Kampung Relong, Pahang for Seksyen 3E2: Merapoh ke Kg. Kubang Rusa, for a contract value of RM172.7 million.

Menara Technip, Kuala Lumpur

Suruhanjaya Pilihanraya building at Precinct 2, Putrajaya

Subsequently in April 2015, the Company won the building works for *Cadangan Membina 1 Blok Pejabat (17 Tingkat), 1 Blok Menara SOHO 30 Tingkat (Menara 1) Dan 1 Blok Menara SOHO 35 Tingkat (Menara 2) Beserta 8 Tingkat Tempat Letak Kenderaan di atas PT12059, Jalan Teknokrat 3, Cyber 4, Cyberjaya, Selangor ("Third Avenue").*

In accordance with its long-term business strategy, PMSB has also invested heavily in acquiring new construction equipment and upgrading its existing equipment, so as to expand the Company's capacity and improve its price competitiveness.

MANUFACTURING DIVISION

Our manufacturing division recorded a total revenue of RM10.0 million and a profit after tax of RM2.0 million. The lower revenue compared to the preceding financial year was mainly due to lower demand for our polyurethane products from PSSB. However, this was mitigated by the revenue generated from our newly acquired subsidiary, PM2 Building System Sdn Bhd ("PM2").

Pesona Saferay Sdn Bhd

2014 was a most challenging year for PSSB. Its ambitious expansion programme for the year was abruptly interrupted by the political crisis in Eastern Europe, where our biggest clients Ukraine and Russia are situated. The decline in orders was further aggravated by the weakening of the Russian Rouble, causing a softening in demand for our products as customers in the region began experiencing higher purchase costs.

As demand from European countries slowed, we channelled our marketing efforts to other countries by participating in a series of tradeshows and marketing missions:

1. **17-21 March 2014**
   MATRADE Specialised Marketing Mission on Construction and Related Services to Yangon, Myanmar
   Through this mission organised by MATRADE, PSSB met with 15 local distributors of building materials and introduced our products to them.

2. **22-25 April 2014**
   MATRADE Specialised Marketing Mission on Construction and Related Services to Yangon, Sri Lanka
   PSSB met with 10 local distributors of building materials and explored various opportunities for inroads to be made into the Sri Lankan market.

3. **18-23 October 2014**
   High Point Market Furnishings Industry Tradeshow at North Carolina, United States
   High Point Market is the world's largest furnishings industry tradeshow. The show was visited by tens of thousands of buyers and served as a good platform for PSSB to showcase its products at the heart of the United States' furnishings industry.

4. **3-5 December 2014**
   The 3rd CCA Summit & Cambodia Construction Industry EXPO at the Diamond Island Convention & Exhibition Centre, Cambodia
   PSSB attended this EXPO to study market conditions and opportunities for business in Cambodia.

'Anjung Ilham' at the roof deck of Suruhanjaya Pilihanraya building.

Within Malaysia, we have diligently visited interior design consultants and architects to promote our products for use in their designs. In October 2014, PSSB and PM2 made its debut at the 2014 HomeDec tradeshow by showcasing both our polyurethane (PU) product and EPS wall panels.

The global slowdown in demand for PSSB's products has heightened our commitment to minimise operating costs and to maximise the benefits from our marketing efforts in other countries. These dual pursuits will ensure the sustainability of the business during this challenging time.

PSSB and PM2 at the 2014 HomeDec Exhibition in Kuala Lumpur

PM2 Building System Sdn Bhd

Our wall panel manufacturing plant kick-started its operation as per schedule in the middle of 2014. It has since been reliably supplying its expanded polystyrene (EPS) panels for our sister company, PMSB. These EPS panels are currently used for the UNIMAP project in Perlis. Local lecturers and students are using this construction process as a case study of the advantages of thermal insulation materials in the construction industry.

The PM2 factory in Perak

We foresee an increasing trend towards the use of PM2's panels because of their unique characteristics, which meet the sustainability criteria for Malaysia's Green Building Index. The expected trend will help us to make further inroads into the market for 'green' buildings.

The company is currently expanding its international network by first exporting its products to Singapore and Brunei. We will continue to tap into the markets of neighbouring countries, wherever it is feasible and profitable to do so.

QUALITY, HEALTH & SAFETY AND ENVIRONMENT (QHSE)

We continue our commitment to providing a safe and healthy environment for employees, sub-contractors and visitors at our work sites, by ensuring that continuous improvements in health, safety and environmental conditions are undertaken wherever possible.

In March 2014, PMSB was certified as having complied with OHSAS 18001:2007, the international standard for occupational health and safety management systems.

The teamwork and consolidated efforts invested in ensuring Safety First at all workplaces, and in particular at the SPR project, earned us recognition as the Top Achiever for the Highest Merit Points for 2014, proving that we are able to meet the most stringent requirements from our client.

We employed the 5-S method in the implementation of QHSE best practices to maximise the benefits of our QHSE initiatives at all worksites. In October and November 2014, we revisited the 5-S fundamentals for all employees, especially our new colleagues, in a few sharing sessions. The 5-S progress results for each construction site were then published on our intranet, *eBoard.*

OUTLOOK AND PROSPECTS

In view of the increasingly challenging economic environment, the Group is pursuing a strategy that will ensure the sustainability of the business. This involves intensifying our capital investment in preparation for future construction projects, and to undertake an austerity drive that will streamline operating expenses within our manufacturing division.

We continue with our strategy to tender for more jobs both building and infrastructure projects in order to meet the Group's expension plan.

The Group remains optimistic in reporting an improved financial performance for the 2015 financial year as we continue to add value to our customers while ensuring business sustainability for our stakeholders.

CONCLUSION

I would like to put on record my heartfelt gratitude to our employees for their efforts and dedication to the Group. Their sincere service rendered to the Group, in its most challenging moments, deserves all our praise and appreciation.

My sincere thanks also to our management team for their time and commitment to pull the Group through its trying time in FY2014. Their continuous efforts in keeping everyone focused on achieving our Vision and Mission is admirable and fully deserving of our respect. We continue to win awards for the Group through their leadership and guidance, an achievement which we can all be especially proud of.

Wie Hock Beng
Managing Director
21 April 2015

Corporate Responsibility Report

As a socially responsible company, we aim to contribute back to our community, environment, marketplace and workplace through our daily engagement with our clients, consultants, suppliers, workers, employees and the local community at our workplace.

We believe that carrying out our Corporate Responsibility ("CR") gives practical expression to what we stand for and assures stakeholders that we are committed to upholding our core values. In order to protect long-term shareholder value and the sustainability of the Group, our CR activities are aimed at improving the livelihood of our community, preserving our environment, providing a conducive workplace and maintaining a fair marketplace for all.

In 2014, Pesona Metro Holdings Berhad ("PMHB") carried out a number of activities that were in line with the Group's CR mission to "always be aware of our obligations to society and the environment, helping those in need, and making good our natural environment" in parallel with our business planning and strategy to maximise returns for stakeholders.

2015 Chinese New Year Celebration at Head Office, Selangor

WORKPLACE

Our success today and tomorrow depends on our employees. It is thus our aim to create a great workplace that will retain our existing human talents and also attract new ones. This objective is attained not just by means of rewards and career enhancement; we also ensure a conducive working environment and provide the right amount of training and self-improvement.

Health and Safety

It is our belief that the majority of mishaps and accidents are preventable and avoidable, given the right attitude and environment. The Group therefore endeavours to ensure a safe and healthy workplace for all, a responsibility that is shared equally among the employer, employees and stakeholders. To create greater awareness of this common objective in the workplace, PMHB rolled out a series of activities to encourage better participation from employees and workers in striving for a healthier and safer working environment for all.

In 4Q2014, the Group relooked at and upgraded our Group Insurance Package to provide better coverage for our employees. This was done in response to the rising cost of hospitalisation and medical fees that is burdensome to those of our employees who require medical assistance. Under the new plan, all employees will enjoy better coverage, fairly and equally across the Group.

Safety harness and safety line are a must for workers working at heights

Management site walk

Gotong-royong at site

Cantilever support

Industrial First Aid Training and CPR Course for employees at construction sites

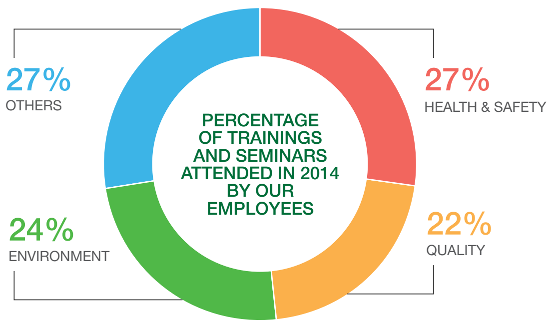
Health Screening at UNIMAP

Health & Safety Events for the Year 2014

FEBRUARY 2014	Launch of HSE Campaign Programme 2014 at the project site of Suruhanjaya Pilihanraya building
	2-Day Rigging & Slinging Courses
	Industrial First Aid Training and CPR Course
MARCH 2014	PMSB was accredited with OHSAS 18001:2007 for complying with the international standards of Occupational Health and Safety Management System
	Safety Induction for Construction Personnel
APRIL 2014	Basic Occupational First Aid, CPR, and AED Training
JUNE 2014	Kursus Induksi Keselamatan dan Kesihatan bagi Pekerja Binaan
AUGUST 2014	17th Conference & Exhibition on Occupational Safety & Health
SEPTEMBER 2014	10th MOSHPA OSH National Conference 2014
	Basic Occupational First Aid, CPR & AED Training
NOVEMBER 2014	Capacity Building through OSH Professional Development
DECEMBER 2014	3,869,603 Accummulative Manhours achieved
	Zero Time-loss Injury achieved

Skill Trainings & Seminars: Developing Our People to Grow with Us

To grow the Group, we must first grow our people. It is thus our priority to enhance and update our employees with the latest technologies and the industry's best practices. To achieve this, our employees participated in scheduled seminars, workshops, conferences and training sessions to enhance their respective skill sets and to encourage positive competitiveness in their daily duties.



5-S Sharing Session with Mr. Yong Nan Sing

Staff Recognition

We operate in a multiracial country together with workers from foreign lands. It is therefore our duty to care for a diverse and inclusive workforce, one in which all employees feel valued, included and inspired to do their best.

The Group recognises outstanding employees who are self-starters and keen on initiating new methods to improve work performance and on-time delivery of high quality products to our clients. These admirable qualities are sincerely acknowledged by the awarding of the "Good Action Award" and the "HSE Excellence Award". At the PMHB Annual Dinner held at Putrajaya Marriot Hotel, a total of 13 employees received due recognition for their efforts during the year 2014. Ten were presented with the Good Action Award and three received the HSE Excellence Award.

These handpicked winners had proven to be persistent in addressing troubling work issues with the right attitude and taken proactive measures to prevent or to mitigate a problem or recurring issue from arising.

In adidtion, we also give recognition to employees who have served the Group for more than 10 years, thanking them for their dedication and commitment to the Group.


Long Service Award


HSE Excellence Award


Good Action Award

Sports Club

Our Sports Club continues to play an important role in providing a neutral platform for all levels of employees to mingle and improve interactions with each other.

Throughout the year, the Club conducted some bowling and futsal tournaments while weekly sports activities such as badminton, futsal and bowling continued to be held.

To further encourage better participation in the activities organised by the Sports Club, the committee members revamped the agenda for 2015, creating more exciting group activities which will be suitable for all levels of employees to enjoy.

COMMUNITY

In 2014, we continued with our philanthropic endeavours in the form of monetary support and contribution in kind to various charitable organisations. Most of our philanthropic activities are carried out by our Sports Club as part of its programmes.

Pusat Penjagaan Kanak-kanak Cacat, Taman Megah May 2014

On 10 May 2014, a total of 36 employees and the management walked into Pusat Penjagaan Kanak-kanak Cacat, Taman Megah with a joyful heart to bring cheer to the physically and mentally challenged children and adults of the charity home. The home houses 120 multiracial residents whose ages range from merely a month old to 55 years old and who are suffering from cerebral palsy, Down's Syndrome, hydrocephalus, microcephalus, autism, neurofibromatosis, Apert Syndrome and vision impairment. There are also some slow learners.

The day's programme included some games and the appearance of a few costumed 'Superheroes'. At noon, all were treated to a sumptuous Nasi Briyani luncheon.

"Superheroes" cheering up the residents of Pusat Penjagaan Kanak-kanak Cacat, Taman Megah, Kuala Lumpur

Pusat Jagaan Beribuan Kasih Kajang
November 2014

A home visit to Pusat Jagaan Beribuan Kasih Kajang, an orphanage cum home for single mothers, was organised by the Sports Club for the Group's employees and their family members. The half-day event was filled with interactive activities during which we had the opportunity to spend quality time with the children of the home.

Prior to this, PMHB had renovated the home and its facilities to provide better and more comfortable living conditions for the residents of the home and its workers.

An event-filled day at Pusat Jagaan Beribuan Kasih, Kajang

Scholarship presentation at PMHB's head office

Scholarship

2014 is the fourth year of our PMHB Scholarship Award which aims at assisting financially challenged but deserving undergraduates to further their tertiary education in local institutions of higher learning. This year, the Award went to an outstanding student who faced financial constraints in pursuing his studies in Environmental Engineering at a local university.

ENVIRONMENT

As a builder and manufacturer, we are highly aware that a significant impact on the environment is made in our daily operations because of the waste generated, and energy and resources consumed. Therefore, our aim is to reduce the damage to our natural environment via various protective measures.

5-S method to keep our construction sites clean and safe

Waste Management

The nature of the manufacturing and construction business is such that a significant amount of waste is generated daily. Items such as strapping, pallets, cardboard from receiving and shipping, and general and construction waste, among others, can all accumulate to create unsafe, unsightly and inefficient work environments.

At PMHB, we practise the 5-S method to keep our workplace clean and lean. Waste is minimised by undertaking 3R (Reduce, Reuse, Recycle) efforts and by having a "Get-It-Right the First Time" attitude. With the incorporation of 5-S into our waste management, we are able to achieve a cleaner and safer workplace that promotes work efficiency while taking care of our environment.

Spawning Green Buildings Index (GBI) Facilitators

In 1Q2015, we handed over the completed Menara Technip, the Group's inaugural GBI Gold (Provisional)-certified green building project. In the near future, we foresee the Group securing more green building projects and we are also moving in tandem with the Government's policy to reduce 40% of carbon emissions by 2020 through sustainable construction and development.

In response to the increasing need for green builders in the country, the Group expanded its employee enrichment programme by sponsoring our employees for the GBI Facilitator Course. We aim to spawn more green contractors within the Group to remain competitive in the market, especially in the green building segment.

Statement On Corporate Governance

The Board of Directors ("Board") is committed towards adhering to the requirements and guidelines as per the Malaysian Code on Corporate Governance 2012 ("Code") as well as the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad and strives to adopt the substance behind the corporate governance prescriptions and not merely the form.

The Board is of the view that it has complied with the Code. Set out below is the manner in which the Group has applied the principles of good governance and the extent to which it has complied with the Code.

BOARD RESPONSIBILITIES

The Board is responsible for the corporate governance practices of the Group. The Board guides and monitors the affairs of the Group on behalf of the shareholders and retains full and effective control over the Group.

Key responsibilities of the Board include the primary responsibilities prescribed under the Code. These cover a review of the strategic direction for the Group, overseeing and evaluating the business operations of the Group, reviewing adequacy of the internal control, identifying principal risks and ensuring that the risks are properly managed, establishing a succession plan for senior management positions to ensure that candidates appointed to these positions are of sufficient calibre and developing and implementing an investor relations programme. The responsibility for matters material to the Group is in the hands of the Board, with no individuals having unfettered powers to make decisions.

In this regard, the Board is guided by the documented and approved Board Charter and Limits of Authority which define matters which are specifically reserved for the Board and day-to-day management of the Group delegated to the Managing Director. This formal structure of delegation is further cascaded by the Managing Director to the senior management team within the Group. However, the Managing Director and the senior management team remain accountable to the Board for the authority that is delegated.

In performing their duties, all Directors have access to the advice and services of the Company Secretary and if necessary, may seek independent professional advice about the affairs of the Group. The Company Secreteries of the Company are qualified to an act as Company Secretary under section 139A of the Company Act, 1965. The Company Secretary attends all Board meetings and advises the Board on regulatory procedure, the requirement of the Company's Memorandum and Articles of Association, the Companies Act, 1965 and the MMLR. The Company Secretary also ensures that there is good information flow within the Board between the Board, Board Committees and senior management. Board members are provided with Board papers in advance before each Board meeting for decision, including the overall Group strategy and direction, acquisitions and divestments, approval of major capital expenditure projects and significant financial matters.

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

- Duties and responsibilities of the Board;
- Directors' Code of Ethics;
- Composition and Board balance;
- The role of chairman and chief executive officer/managing director;
- Appointments;
- Re-election;
- Supply of information;
- Separation of power;
- Board of committees;
- Remuneration;
- Financial reporting;
- General meetings;
- Investor relations and shareholder communication; and
- Relationship with other stakeholders (employees, environment, community).

The approval and adoption of the Board Charter and Directors' Code of Ethics formalizes the standard of ethical value and behavior that is expected of the Directors at all times. The Board Charter and Directors' Code of Ethics are reviewed periodically to ensure their relevance and compliance. The Board Charter can be viewed on the Company's website.

The Group is also committed towards sustainable development. Employees' welfare, environment as well as community responsibilities are integral to the way in which the Group conducts its business. A report on the activities pertaining to corporate social responsibilities is set out in pages 25 to 32 of this Annual Report.

COMPOSITION OF THE BOARD

The Board was formed on 8 August 2012. Currently, it has five members, comprising one non-independent executive Director, two non-independent non-executive Directors and two independent non-executive Directors. Two of the Directors are independent directors, which is within the one third of MMLR requirements. Together, the Directors bring characteristics which allow a mix of qualifications, skills and experience which is necessary for the successful direction of the Group.

A brief profile of each Director is presented on pages 9 to 11 of this Annual Report.

The Group practices the division of responsibility between the Chairman and Managing Director ("MD") and there is a balance of executive, non-executive and independent non-executive Directors. The roles of the Chairman and MD are separate and clearly defined, and are held individually by two persons. The MD is primarily responsible for the overall management and the day-to-day operations of the business of the Group whereas the Chairman, who is an independent non-executive member of the Board, is primarily responsibility for the overall implementation of Board's policies and decisions.

The Board believes that the current size and compositions is appropriate for its purpose, and is satisfied that the current Board composition fairly reflects the interest of minority shareholders within the Group. The Board noted that, as per the recommendation of the Code, to have gender diversification for a more balance and better mix in its composition. At the moment, the Board has taken note of this requirement and has been on the look-out for a suitable female candidate who best fit the Company's needs to be appointed as Director.

BOARD MEETINGS

Board meetings are held at quarterly intervals with additional meetings convened for particular matters, when necessary. The Board records its deliberations, in terms of issues discussed, and the conclusions in discharging its duties and responsibilities. All Directors are briefed in advance of Board meetings on the matters to be discussed and have access to any further information they may require. The Board may, whenever required, set up committees delegated with specified powers and responsibilities.

The Board has established the following Committees to assist the Board in the execution of its duties:

- Audit Committee
- Nomination Committee
- Remuneration Committee

The number of meetings of the Board and Board Committees held during the financial year ended 31 December 2014 were:

Board of Directors	6 meetings
Audit Committee	5 meetings
Nomination Committee	1 meeting
Remuneration Committee	1 meeting

The composition of the Board and the attendance of each at the Board meetings held during the year are as follows:

Name of Director	Designation	Status of Directorship	Attendance of Meetings
Dato' Lee Tuck Fook	Chairman	Independent and Non-Executive	6/6
Datuk Hj Subhi bin Dziyauddin	Deputy Chairman	Non-Independent and Non-Executive	4/6
Wie Hock Beng	Managing Director	Non-Independent and Executive	6/6
Wie Hock Kiong	Director	Non-Independent and Non-Executive	6/6
Loh Kong Fatt	Director	Independent and Non-Executive	6/6

INFORMATION FOR THE BOARD

The Directors are provided with adequate Board reports on a timely manner prior to the Board meetings to enable the Directors to obtain further explanations, where necessary. These reports provide information on the Group's performance and major operational, financial and corporate issues. Minutes of the Board Committees are also tabled at the Board meetings for the Board's information and deliberation. The Directors have access to the advice and services of the Company Secretary whose terms of appointment permit removal and appointment only by the Board as a whole.

RE-ELECTION OF DIRECTORS

In accordance with the Company's Articles of Association, all newly appointed Directors shall retire from office but shall be eligible for re-election in the next Annual General Meeting subsequent to their appointment. The Articles further provide that a least one third of the remaining Directors be subject to re-election by rotation at each Annual General Meeting. Directors over seventy years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

BOARD INDEPENDENCE

Independent non-executive Directors play a leading role in Board Committees. The management and third parties are co-opted to the Committees as and when required. The Code provides that the tenure of an independent Director should not exceed a cumulative term of nine years.

The concept of independence adopted by the Board is in tandem with the definition of an independent Director in the MMLR. The MMLR's definition of independence includes a series of objective tests such as Director is not an employee of the Company and is not engaged in any type of business dealings with the Company. Hitherto, none of the independent Directors engage in the day-to-day management of the Company, participate in any business dealings or are involved in any other relationship with the Company (other than in situations permitted by the applicable regulations). During the financial year, none of the independent Directors had any relationship that could materially interfere with his unfettered and independent judgment. The Nomination Committee had undertaken an assessment of its independent Directors during its meeting.

BOARD COMMITTEES

The Board appoints the following Board Committees with specific terms of reference:

- Audit Committee
- Nomination Committee
- Remuneration Committee

The Board has also approved and adopted a formal charter that outlines the functions, duties and responsibilities of the Board Committees as above in line with the Board's objective in pursuing good governance practice.

AUDIT COMMITTEE

The Company has an Audit Committee whose composition meets the MMLR, where independent Directors form the majority. All members of the Audit Committee are financially literate, while the Chairman of the Audit Committee, an independent Director, is a member of the Malaysian Institute of Accountants. The Audit Committee reviews issues of accounting policy and presentation for external financial reporting, monitors the work of the internal audit function and ensures an objective and professional relationship is maintained with external auditors.

The Audit Committee has full access to both the internal and external auditors who in turn, have access at all times to the Chairman of the Audit Committee. The role of the Audit Committee and the number of meetings held during the financial year as well as the attendance record of each member are set out in the Audit Committee Report in this Annual Report.

NOMINATION COMMITTEE

The Board has established a Nomination Committee comprising entirely non-executive Directors, a majority of whom are independent and chaired by an independent non-executive Director. The composition of the Nomination Committee is as follows:

Dato' Lee Tuck Fook *(Chairman)*
Wie Hock Kiong
Loh Kong Fatt

The Nomination Committee is responsible for proposing new nominees to the Board and Board Committees, for assessing on an annual basis, the contribution of each individual Director and the overall effectiveness of the Board. The final decision as to who shall be appointed as Director remains the responsibility of the full Board, after considering the recommendation of the Nomination Committee. There was no new appointment of new directors during the financial year. The Nomination Committee will look into the criteria to be used in the selection process when the need arises.

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

- To annually review the required mix of skills, experience and other qualities, including core competencies which non-executive Directors should bring to the Board and such information will be disclosed in the annual report;

- To recommend to the Board, candidates for all directorships by reviewing the composition of independent Directors in the Board by taking into consideration the tenure of independent Directors shall not exceed nine years and assessment of the independent Directors to be done annually;

- To consider, in making its recommendations, candidates for directorships within the bounds of practicability, by any other senior executive or any director or shareholder;

- To recommend to the Board, Directors to fill the seats on Board committee including gender diversity policies and targets with encouragement on recruitment of female Directors.

- To assess the effectiveness of the Board as a whole, the committees of the Board, and the contributions of each individual director;

- To examine the size of the Board with a view to determining the impact of the number upon its effectiveness.

Meetings of the Nomination Committee are held as and when necessary, and at least once a year. The Nomination Committee met once during the financial year and all members registered full attendance. The Nomination Committee, upon its recent annual review carried out, is satisfied that the size of the Board is optimum and that there is an appropriate mix of experience and expertise in the composition of the Board.

REMUNERATION COMMITTEE

The Board has established a Remuneration Committee consisting of the following Directors, majority of whom are independent Directors:

Loh Kong Fatt *(Chairman)*
Dato' Lee Tuck Fook
Wie Hock Kiong

The Remuneration Committee reviews the remuneration packages, reward structure and fringe benefits applicable to the MD, executive Director and senior executives on an annual basis and makes recommendations to the Board. The Board as a whole determines the remuneration of the MD and the executive Director with each individual Director abstaining from decision in respect of his own remuneration.

In establishing the level of remuneration for the MD, executive Directors and senior executives, the Remuneration Committee has regard to packages offered by comparable companies, and may obtain independent advice.

The remuneration of the MD and the executive Director comprises a fixed salary and allowances, and a bonus approved by the Board. The remuneration for non-executive Directors comprises annual fees, meeting allowance and reimbursement of expenses for their services in connection with Board and Board Committee meetings.

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

- To review and recommend the remuneration packages of the executive Directors in all its terms, drawing from outside advice whenever necessary prior to making the relevant recommendations to the Board such that the levels of remuneration are sufficient to attract and retain the directors needed to run the Company successfully;

- The determination of remuneration package of non-executive Directors should be a matter of the Board as a whole.

Meetings of the Remuneration Committee are held as and when necessary, and at least once a year. The Remuneration Committee met once during the financial year and all the members registered full attendance.

BOARD APPOINTMENT AND COMMITMENTS

As documented in the Board Charter, the appointment of a new Director and the criteria used for selection is a matter for consideration and decision by the full Board upon appropriate recommendation by the Nomination Committee. New Directors are expected to have such expertise so as to qualify them to make positive contribution to the Board, performance of its duties and to give sufficient commitment, time and attention to the affairs of the Company.

The Board is supported by suitably qualified and competent Company Secretaries. The Company Secretaries have the responsibility of ensuring that relevant procedures relating to the appointment of new Directors are properly executed.

DIRECTORS' TRAINING

In addition to the Mandatory Accreditation Programme, Board members are also encouraged to attend training programmes conducted by highly competent professionals that are relevant to the Company's operations and business. All Directors have attended the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities Berhad. The Directors will continue to attend other relevant training programmes to keep abreast with developments on a continuous basis in compliance with the MMLR.

During the financial year under review, the Directors have attended the following conference, seminar and training programmes:

Name of conference, seminar and training programme:

- Goods and Services Act
- 2015 Budget Proposals
- Governance, Risk and Compliance

The Company has adopted educational/training programmes to update the Board in relation to new developments pertaining to the laws and regulations and changing commercial risks which may affect the Board and/or the Company.

DIRECTORS' REMUNERATION

The Company aims to set remuneration at levels which are sufficient to attract and retain the Directors needed to run the Company successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved, but without paying more than necessary to achieve this goal. The level of remuneration for the MD and executive Director is determined by the Remuneration Committee after giving due consideration to the compensation levels for comparable positions among other similar Malaysian public listed companies. A formal review of the Directors' remuneration is undertaken no less frequently than once every three years.

The details on the aggregate remuneration of Directors for the financial year ended 31 December 2014 are as follows:

	Non-executive Directors RM'000	Executive Director RM'000	Total RM'000
Directors' fees	168	–	168
Salaries	–	462	462
Bonuses	–	231	231
Employees provident fund contribution	–	86	86
Benefits in kind & allowances	–	28	28
Total	168	807	975

Remuneration paid to Directors during the year analysed into bands of RM50,000, which complies with the disclosure requirements under the MMLR is as follows:

	Non-executive Directors	Executive Directors
Up to RM50,000	4	–
From RM800,001 to RM850,000	–	1

ACCOUNTABILITY AND AUDIT

The Company has established an Audit Committee to review the integrity of the financial reporting and to oversee the independence of external auditors.

Transparency and Financial Reporting

In presenting the annual financial statements and quarterly announcements of results to the shareholders, the Board aims to present a balanced and clear assessment of the Group's financial positions and prospects. Before the financial statements were drawn up, the Directors have taken the necessary steps to ensure all the applicable accounting policies are applied consistently, and that the policies are supported by reasonable and prudent judgement and estimates. All accounting standards, which the Board considers to be applicable, have been followed. The role of the Audit Committee in the review and reporting of the financial information of the Group is outlined in the Audit Committee Report in this Annual Report.

Related Party Transactions

Directors recognise that they have to declare their respective interest in transactions with the Company and the Group, and abstain from deliberation and voting on the relevant resolution in respect of such transactions at the Board or at any general meetings convened to consider the matter. All related party transaction are reviewed as part of the annual internal audit plan. The Audit Committee reviews all related party transactions and conflict of interest situation which arise within the Group that may challenge the Group's integrity. Details of the related party transactions are set out in Note 29 to the financial statements.

Internal Control

The information on the Group's internal control is presented in the Statement on Risk Management and Internal Control in this Annual Report.

Relationship with External Auditors

The Board has established a transparent and appropriate relationship with the external auditors through the Audit Committee. The role of the Audit Committee in relation to the external auditors is described in the Audit Committee Report on in this Annual Report.

RECOGNISE AND MANAGE RISKS

Sound Framework to Manage Material Business Risks

The Company has established a general framework for the oversight and management of material business risks. As required by the Board, the management has devised and implemented appropriate risk management systems coupled with internal control and reports to the Board and senior management. Management is charged with monitoring the effectiveness of risk management systems and is required to report to the Board on any significant risk exposure.

Internal Audit Function

To maintain total independence in the management of the internal control environment and remain in compliance with the MMLR, the Company has appointed Audex Governance Sdn Bhd to manage the Company's Internal Audit Function on an outsourced basis.

The internal auditors report independently and directly to the Audit Committee in respect of the Internal Audit function. The Audit Committee together with the internal auditors agreed on the scope and planned Internal Audit activity annually and all audit findings arising there from are reported to the Audit Committee on a quarterly basis.

Further details of the activities of the internal audit function are set out in the Statement on Risk Management and Internal Control in this Annual Report.

TIMELY DISCLOSURE AND INVESTOR RELATIONSHIP

The Company is fully committed in maintaining a high standard for the dissemination of relevant and material information on the development of the Group. The Company also places strong emphasis on the importance of timely and equitable dissemination of information to shareholders. The Company uses a number of formal channels for effective dissemination of information to the shareholders and stakeholders particularly through the annual report, announcements to Bursa Securities, media releases, Company websites and investor relations.

The Annual Reports have comprehensive information pertaining to the Group, while various disclosures on quarterly and annual results provide investor with financial information. Apart from the mandatory public announcements through Bursa Malaysia, the Group's website at **www.pesona.com.my** provides corporate, financial and non-financial information. Through the website, shareholders are able to direct queries to the Company. The Group's investor relation activities are aimed at developing and maintaining a positive relationship with all the stakeholders through active two-way communication, and to promote and demonstrate a high standard of integrity and transparency through timely, accurate and full disclosure and to enhance the stakeholders' understanding of the core businesses and operations of the Group, thereby enabling investors to make informed decision in valuing the Company's shares.

The Managing Director and the senior management meet regularly with analysts, institutional shareholders and investors. At general meetings, the Board encourages shareholders' participation and responds to their questions. Shareholders can also leave written questions for the Board to respond. The Share Registrar is available to attend to matters relating to shareholders' interests.

The primary contact for investor relation matters is:

Wie Hock Beng
Managing Director
Telephone Number : 03-8941 0818
Email : wiehb@pesona.com.my

EFFECTIVE COMMUNICATION AND ENGAGEMENT WITH SHAREHOLDERS

The Company is of the view that the Annual General Meeting and other general meetings are important platforms to meet investors and address their concerns. The Board, senior management and external auditors attend all such meetings. Registered shareholders are also invited to attend and participate actively in these meetings, including clarifying and questioning the Company's strategic directions, business operations, performances and proposed resolutions.

Each shareholder can vote in person or by appointing a proxy to attend and vote on his/her behalf. Separate issues are tabled in separate resolutions at general meetings, voting is carried out systematically and resolutions are properly recorded.

Audit Committee Report

The Audit Committee was established by the Board of Directors (“Board”) of Pesona Metro Holdings Berhad on 8 August 2012.

OBJECTIVE

The Audit Committee was established to act as a Committee of the Board to fulfill its fiduciary responsibilities in accordance with the Terms of Reference of the Audit Committee of Pesona Metro Holdings Berhad and to assist the Board in reviewing the adequacy and integrity of the Group’s financial administration and reporting and internal control.

MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee comprises the following members:

Chairman
Dato’ Lee Tuck Fook
(Independent Non-Executive Director)

Members
Loh Kong Fatt
(Independent Non-Executive Director)

Wie Hock Kiong
(Non-Independent Non-Executive Director)

TERMS OF REFERENCE

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

Membership

1. The Audit Committee shall be appointed by the Board from amongst their members and shall consist of at least three members, all of whom must be non-executive directors, with majority of them being independent directors.

2. At least one member of the Audit Committee:

   a) must be a member of the Malaysian Institute of Accountants; or

   b) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years’ of 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; or

   c) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

3. The members of the Audit Committee shall elect a Chairman from amongst their members who shall be an Independent Non-Executive Director.

4. In the event of any vacancy in the Audit Committee, within three months of that event, the Board shall appoint new members to make up the minimum number of three members.

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

6. The term of office and performance of the Audit Committee and each of its members shall be reviewed by the Board at least once every three years.

AUTHORITY

The Audit Committee is authorised by the Board:

1. To investigate any activity within its terms of reference;

2. To have the resources required to perform its duties;

3. To have full and unrestricted access to information about the Company and the Group;

4. To have unrestricted access to both the internal and external auditors and to all employees of the Group;

5. To have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);

6. To obtain external legal or other independent professional advice as necessary; and

7. To be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees, whenever deemed necessary.

8. Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Bursa Malaysia Listing Requirements, the Committee shall promptly report such matters to the authorities.

FUNCTIONS

The functions of the Audit Committee shall be:

1. To review with the external auditors and report to the Board:

    - the audit plan.
    - their evaluation of the system of internal controls.
    - their audit reports, to ensure that their recommendations regarding management weaknesses are implemented.
    - the annual financial statements and recommend the adoption of the financial statements.
    - the audit fees.

2. To review with the internal auditors and report to the Board:

    - the Group's internal control procedures, including organisational and operational controls.
    - the internal audit's scope of work, functions, competency and resources and that it has the necessary authority to carry out its work.
    - the annual audit plan.
    - the results of audit findings and other relevant reports.
    - the assistance given by the Company's officers to the internal auditors.
    - the regular management information and to ensure that audit recommendations regarding management weaknesses are effectively implemented.
    - any related party transactions and conflict of interest that may arise within the Company and the Group which may challenge the Board's integrity.

3. To review, approve and note the following relating to the internal audit function:

    - To review any appraisal or assessment of the performance of members (or the independent professional service provider firm as the case may be) of the internal audit function.
    - To approve any appointment or termination of senior staff members (or the independent professional service provider firm as the case may be) of the internal audit function.
    - To note resignation of internal audit staff members (or the independent professional service provider firm as the case may be) and providing the staff members (or the independent professional service provider firm as the case may be) an opportunity to submit his/their reasons for resigning.

4. To review the Group's quarterly financial results and full year financial statements, prior to the approval by the Board focusing particularly on:

    i) changes in or implementation of major accounting policy changes;

    ii) significant and unusual events; and

    iii) compliance with accounting standards and other legal requirements.

5. To review and recommend the appointment of the external auditors.

6. To review on any removal or resignation of the external auditors.

7. To undertake such other functions as may be agreed to by the Audit Committee and the Board.

MEETINGS

1. Meetings shall be held not less than four times a year.

2. The quorum for each meeting shall be in the presence of two members and majority must be independent Directors.

3. The Managing Director, the Chief Financial Officer and the Internal Auditors shall normally attend the meetings. Other Board members and employees may attend the meetings by invitation from the Audit Committee.

4. At least twice a year, the Audit Committee shall meet with the external auditors without the presence of management and executive Directors.

5. The Company Secretary shall be the Secretary of the Audit Committee. Minutes of each meeting shall be kept and distributed to each member of the Audit Committee and of the Board.

6. The Chairman of the Audit Committee shall report on each meeting to the Board.

The Audit Committee held five meetings during the financial year ended 31 December 2014 which were attended by all the members as shown below:

Audit Committee Member	Attendance
Dato' Lee Tuck Fook	5/5
Wie Hock Kiong	5/5
Loh Kong Fatt	5/5

SUMMARY OF ACTIVITIES

Activities carried out by the Audit Committee during the financial year ended 31 December 2014 included the following:

a) Reviewed the financial statements for the financial year ended 31 December 2013 with the External Auditors and made recommendations to the Board for approval.

b) Reviewed with the External Auditors in the absence of management and the executive Director, the extent of assistance rendered by management and issues and reservations arising from the audit.

c) Reviewed the quarterly unaudited results with the management and made recommendations to the Board for approval and release to Bursa Securities.

d) Reviewed the adequacy and the scope of internal audit plan and results of the internal audits and ensured corrective actions were taken in addressing the issues reported by the Internal Auditors.

e) Reviewed all the recurrent related party transactions to ensure the transactions entered into were at arm's length, on normal commercial terms and within the limit approved by the shareholders during the last meeting.

Statement On Risk Management And Internal Control

1. INTRODUCTION

The Malaysian Code of Corporate requires listed companies to maintain a sound system of internal controls to safeguard shareholders' investment and Group assets.

The Listing Requirements Paragraph 15.26(b) requires Directors of listed companies to include a statement in their annual report on the state of their internal controls for the period under review.

The Board of Directors ("Board") of Pesona Metro Holdings Berhad, in recognition of this responsibility, hereby issues the following statement which is prepared in accordance with these requirements.

2. BOARD RESPONSIBILITY

The Board acknowledges that it is their overall responsibility to maintain a sound system of internal controls to cover all aspects of the Group's business and to safeguard the interest of its shareholders. This responsibility requires Directors to establish procedures, controls and policies and to seek continuous assurance that the system is operating satisfactorily in respect of the strategic direction, financial, operational, compliance and risk management policies and procedures for the period under review.

The Board is also aware that a sound internal control system provides reasonable and not absolute assurance that the Company will not be hindered in achieving its business objectives in the ordinary course of business. It should also be appreciated that the whole system of internal control is designed to manage and control risks appropriately rather than a definitive system designed for the total avoidance of risks or for eliminating the risk of failure. For the financial year ended 31 December 2014, the Company has undertaken processes to review its risk management framework.

Meanwhile, the Board maintains full control over strategic, financial, organizational and compliance issues and has put in place an organization with formal lines of responsibility.

3. CONTROL STRUCTURE & RISK MANAGEMENT FRAMEWORK

Day to day operations is monitored by the Managing Director. This control is exercised through Senior Management in respect of commercial, financial and operational aspects of the Company. The Managing Director and Senior Management meet regularly in respect of such matters during its management meetings.

Risk management is regarded by the Board to be an integral part of managing the Company's business operations. There is an on-going process of identifying the major risks that could potentially and significantly impact on the Group's business objectives and the Company has assigned the respective Heads of Department to manage the risks within their departments. Significant risks identified and the corresponding internal controls implemented are discussed at the management meetings.

The Board and the management also recognise and acknowledge that the development of an effective internal control system is an ongoing process and to this end maintains a continuous commitment to strengthen the existing internal control environment of the Group.

The Board has assumed the following specific responsibilities in respect of internal control function in the Company with the assistance of the internal auditors:

a) Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks through the internal audit review; and

b) Reviewing the adequacy and integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

4. INTERNAL AUDIT FUNCTION

In a desire to maintain total independence in the management of the internal control environment and remain in compliance with the Listing Requirements, the Company has appointed Audex Governance Sdn Bhd to manage the Company's internal audit function on an outsourced basis.

The internal auditors report independently and directly to the Audit Committee in respect of the Internal Audit function. The Audit Committee together with the internal auditors agree on the scope and planned Internal Audit activity annually and all audit findings arising there from are reported to the Audit Committee on a quarterly basis.

The internal auditors are allowed complete and unrestricted access to all documents and records of the Group deemed necessary in the performance of its function and independently reviews the risk identification procedures and control processes implement by the management. It also reviews the internal controls in the key activities of the Group's business based on the risk profiles of the business units in the Group. In addition, the internal auditors carry out periodic assignments to ensure the policies and procedures established by the Board are complied with by the management. All reports and findings arising from these reviews are discussed primarily with the respective process custodians prior to a formal report being presented to the Audit Committee.

As an additional function to the Group, the internal audit also provide business improvement recommendations for the consideration of the management and the Board to assist in the continuous development of a more efficient and comprehensive internal control environment.

In the year under review and based on the Audit Plan 2014, the following areas are the internal audit compliance reviews undertook by the auditors:

1) Operational Risk Management

2) Procurement and Inventory Management

3) Construction

4) Post Construction Support

The findings arising from the above reviews have been reported to the management for their response and subsequently for Audit Committee's review and deliberation.

5. OTHER KEY INTERNAL CONTROL ELEMENTS

- Clearly defined terms of reference, authorities and responsibilities of the various committees which include the Audit Committee, Nomination Committee and Remuneration Committee.

- Well defined organizational structure with clear lines for the segregation of duties, accountability and the delegation of responsibilities to senior management and the respective division heads including appropriate authority limits to ensure accountability and approval responsibility.

- Budgets are prepared annually for the business/operating units and approved by the Board. The budgets include operational, financial and capital expenditure requirements and performance monitored on a monthly basis and the business objectives and plans are reviewed in the monthly management meetings attended by division and business unit heads. The Managing Director meet regularly with senior management to consider the Group's financial performance, business initiatives and other management and corporate issues.

- There are regular Board meetings and Board papers are distributed in advance to all Board members who are entitled to receive and access all necessary and relevant information. Decisions of the Board are only made after the required information is made available and deliberated on by the Board. The Board maintains complete and effective control over the strategies and direction of the Group.

- The Audit Committee reviews the effectiveness of the Group's system of internal control on behalf of the Board. The Audit Committee comprises of non-executive members of the Board, who are independent Directors. The Audit Committee is not restricted in any way in the conduct of its duties and has unrestricted access to the internal and external auditors of the Company and to all employees of the Group. The Audit Committee is also entitled to seek other third party independent professional advice deemed necessary in the performance of its responsibility.

- The Audit Committee reviews all the internal control issues identified by the external and internal auditors and action taken by the management in respect of the findings arising therefrom. The internal audit reports directly to the Audit Committee. Findings are communicated to the management and the Audit Committee with recommendations for improvement and subsequently follow up to ensure all agreed recommendations are implemented. The internal audit plan is structured on risk based approach and is reviewed and approved by the Audit Committee.

- Review of all proposals for material capital and investment opportunities by the senior management and approval for the same by the Board prior to expenditure being committed.

- There are sufficient reports generated in respect of the business and operating units to enable proper review of the operational, financials and regulatory environment. Management Accounts are prepared timely and on a monthly basis and is reviewed by the Managing Director and senior management.

- The professionalism and competency of staff are enhanced through a structured training and development programme. A performance appraisal system is in place with established key performance indicators to measure and review staff performance on an annual basis.

- The decision of the Board in appointing Audex Governance Sdn Bhd to manage the internal audit functions of the Company on an outsourced basis will ensure greater independence and accountability.

6. CONCLUSION

For the financial year ended 31 December 2014, the Board is of the opinion that there is no significant weakness in the system of internal control, contingencies, or uncertainties that could result in material loss and adversely affect the Group. The Group continues to take necessary measures to strengthen its internal control structure and the management of risks.

The total cost incurred in managing the internal audit function was RM50,000.

7. REVIEW OF THE INTERNAL CONTROL STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Internal Control Statement for inclusion in the Annual Report for the year ended 31 December 2014 and nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

Directors' Responsibility Statement

The Companies Act 1965 ("Act") requires the Directors to present the financial statements of the Company and the Group in accordance with the Act and approved accounting standards and that they give a true and fair view of the results of the business and the state of affairs of the Group and the Company at the end of the financial year.

The Directors have placed reliance on the system of internal control within the Company and the Group to form a basis of reasonable grounds that the accounting systems and records maintained by the Company and the Group provide a true and fair view of the current state of affairs of the Company and the Group.

The Directors have further responsibility of ensuring that accounting records are kept with reasonable accuracy which enable the Company to provide a true and fair view of the financial results. In addition, the annual audited financial statements have been prepared based on relevant and appropriate policies and with usage of reasonable and prudent judgement and estimates.

The Director have also a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

In compliance with the several responsibilities of the Directors, the Directors present the financial statements of the Company and the Group for the financial year ended 31 December 2014 as set out on pages 50 to 115 of this Annual Report.

Additional Information

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

During the financial year ended 31 December 2014, there was no issuance of options, warrants and convertible securities.

UTILISATION OF PROCEEDS

On 23 December 2013, the Company issued 46,382,000 new PMHB Shares pursuant to the Private Placement exercise at an issue price of RM0.44 per share. The proceeds of RM20.408 million raised have been fully utilized as follows:

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended Timeframe for Utilisation	Deviation RM'000	Deviation %
Setting up of the Industrialised Building System ("IBS") plant	10,000	10,000	Within 24 months	–	–
Working capital	10,258	10,255	Within 12 months	3	#
Private placement expenses*	150	153	Within 1 month	(3)	(2)
Total	**20,408**	**20,408**		**(3)**	**(2)**

 # Negligible.

* *The actual expenses incurred pursuant to the Private Placement is higher than the amount budgeted and thus, the deficit was funded out of the portion allocated for working capital.*

NON-AUDIT FEES

The amount of non-audit fees paid to the external auditors by the Company for the year ended 31 December 2014 was RM3,000.00

RECURRENT RELATED PARTY TRANSACTIONS ("RRPT")

In addition to the details of RRPT as disclosed in Note 29 of the financial statements, the transaction with related party during the financial year are as detailed below:

Type of transactions	Related parties
Progress billings and retention sum for construction contract received by Pesona Metro Sdn Bhd for provision of construction works to Love-Way Avenue Sdn Bhd^	Wie Hock Kiong Wie Hock Beng*

Notes:

^ *Love-Way Avenue Sdn Bhd ("LWA") is owned by Wie Hock Kiong (99%) and his spouse, Chin May Yong (1%). Both Wie Hock Kiong and Chin May Yong are directors of LWA.*

* *Both Wie Hock Kiong and Wie Hock Beng are brothers.*

The above recurrent related party transactions are of revenue or trading in nature and are entered into in the ordinary course of business. The shareholders' mandate was obtained on 18 June 2014.

REVALUATION OF LANDED PROPERTY

The Group adopts the fair value approach for the investment property and valuations are done as and when applicable.

SHARE BUY-BACKS

There was no share buy-backs

SANCTIONS AND/OR PENALTIES

In the financial year ended 31 December 2014, there were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by any regulatory body.

VARIATION OF RESULTS, PROFIT ESTIMATES, FORECASTS OR PROJECTIONS

There were no significant variances noted between the reported results and the unaudited results announced. The Company did not make any release on the profit estimate, forecasts or projections for the financial year ended 31 December 2014.

PROFIT GUARANTEES

During the financial year, there were no profit guarantees provided by the Company.

MATERIAL CONTRACT INVOLVING DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The Company and its subsidiary companies have not entered into any material contracts outside the ordinary course of business, involving directors and substantial shareholders since the end of the previous financial year ended 31 December 2014.

DEPOSITORY RECEIPT PROGRAMME

During the financial year ended 31 December 2014, the Company did not sponsor any Depository Receipt Programme.

FINANCIAL STATEMENTS

Directors' Report

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiary companies are disclosed in Note 6 to the financial statements.

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

FINANCIAL RESULTS

	Group RM	Company RM
Net profit for the financial year	8,215,706	5,231,766

DIVIDENDS

In the previous year, a single tier interim dividend of RM0.01 per ordinary share, amounting to RM5,102,025 in respect of the financial year ended 31 December 2013 was paid on 26 March 2014.

A single tier interim dividend of RM0.01 per ordinary shares, amounting to RM5,102,024 in respect of the financial year ended 31 December 2014 and paid on 26 March 2015.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

No new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

There were no issues of debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

The Directors in office since the date of the last report are as follows:

Dato' Lee Tuck Fook
Datuk Hj Subhi Bin Dziyauddin
Wie Hock Beng
Wie Hock Kiong
Loh Kong Fatt

DIRECTORS' INTERESTS

The interests and deemed interests in the shares and options over shares of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end (including their spouses or children) according to the Register of Directors' Shareholdings are as follows:

	No. of ordinary shares of RM0.25 each			
	At 1.1.2014	**Acquired**	**Disposed**	**At 31.12.2014**
Direct interest:				
Wie Hock Beng	8	-	-	8
Indirect interest:				
Wie Hock Beng [1]	306,064,000	-	-	306,064,000
Wie Hock Kiong [1]	306,064,000	-	-	306,064,000

1 Deemed interest held pursuant to Section 6A of the Companies Act, 1965 via their family companies, Sincere Goldyear Sdn Bhd and Kombinasi Emas Sdn Bhd.

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 29 to the financial statements.

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

OTHER STATUTORY INFORMATION

(a) Before the statements of financial position and statements of profit or loss and other comprehensive income of the Group and of the Company were made out, the Directors took reasonable steps:

(i) to ascertain that 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 no allowance for doubtful debts was required; and

(ii) to ensure that any current assets which were unlikely to realise their values 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.

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

(i) which would render it necessary to write off any bad debts or to make any the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company or the amount written off for bad debts inadequate to any substantial extent; or

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading, or

(iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

(i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year; and

(ii) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year other than those arising in the normal course of business of the Group and of the Company.

(d) In the opinion of the Directors:

(i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet its obligations as and when they fall due;

(ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

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

Directors' Report (cont'd)

SIGNIFICANT EVENTS

Significant events during the financial year are disclosed in Note 33 to the financial statements.

SUBSEQUENT EVENT

Subsequent event subsequent to the financial year is disclosed in Note 34 to the financial statements.

AUDITORS

The Auditors, Messrs. UHY, have expressed their willingness to continue in office.

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

WIE HOCK BENG

DATUK HJ SUBHI BIN DZIYAUDDIN

KUALA LUMPUR

Statement By Directors

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

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 58 to 115 are drawn up in accordance with Malaysian Financial Reporting Standards, International 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 December 2014 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in Note 40 to the financial statements on page 115 have been compiled in accordance with 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, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

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

WIE HOCK BENG | **DATUK HJ SUBHI BIN DZIYAUDDIN**

KUALA LUMPUR

Statutory Declaration

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

I, CHONG KIEN ENG @ TEO KIEN ENG, being the Officer primarily responsible for the financial management of PESONA METRO HOLDINGS BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 58 to 115 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 CHONG KIEN ENG @)
TEO KIEN ENG at KUALA LUMPUR)
in the Federal Territory on 21 April 2015)

CHONG KIEN ENG @ TEO KIEN ENG

Before me,

MOHAN A.S. MANIAM W521
COMMISSIONER FOR OATHS

Independent Auditors' Report

To The Members Of Pesona Metro Holdings Berhad
(Company No.: 957876-T) (Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Pesona Metro Holdings Berhad, which comprise the statements of financial position as at 31 December 2014 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 58 to 115.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International 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 subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

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

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

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 40 on page 115 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 accordancewith 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, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTER

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.

UHY
Firm Number: AF 1411
Chartered Accountants

CHONG HOU NIAN
Approved Number: 3105/11/16 (J)
Chartered Accountant

KUALA LUMPUR
21 April 2015

Statements Of Financial Position

As At 31 December 2014

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Non-Current Assets					
Property, plant and equipment	4	33,130,702	16,500,934	-	-
Investment properties	5	1,700,000	1,640,000	-	-
Investment in subsidiary companies	6	-	-	102,743,723	100,243,725
Trade receivables	7	14,209,790	7,164,553	-	-
		49,040,492	25,305,487	102,743,723	100,243,725
Current Assets					
Amounts due from contract customers	8	-	2,140,938	-	-
Inventories	9	3,497,184	3,537,337	-	-
Trade receivables	7	90,906,873	45,689,397	-	-
Other receivables	10	14,040,485	14,965,936	2,346,191	5,000
Amounts due from subsidiary companies	11	-	-	15,763,771	5,536,470
Tax recoverable		3,964,762	730,612	4,112	7,288
Short-term investments	12	11,090,989	1,005,195	10,857,862	-
Fixed deposits with licensed banks	13	17,391,566	79,706,420	5,079,533	35,615,978
Cash and bank balances		25,280,857	7,977,219	5,316,621	565,990
		166,172,716	155,753,054	39,368,090	41,730,726
Total Assets		215,213,208	181,058,541	142,111,813	141,974,451
Equity					
Share capital	14	127,550,612	127,550,612	127,550,612	127,550,612
Share premium	15	8,659,138	8,659,138	8,659,138	8,659,138
Reverse acquisition reserve	16	(91,000,000)	(91,000,000)	-	-
Retained profits		43,620,221	40,506,539	733,039	603,297
Total Equity		88,829,971	85,716,289	136,942,789	136,813,047
Non-Current Liabilities					
Trade payables	17	7,839,681	6,778,405	-	-
Hire purchase payables	18	6,937,152	330,854	-	-
Deferred tax liabilities	19	862,107	789,641	-	-
		15,638,940	7,898,900	-	-
Current Liabilities					
Amounts due to contract customers	8	52,704,216	25,721,454	-	-
Trade payables	17	42,111,723	44,216,302	-	-
Other payables	20	12,831,700	16,278,635	5,169,024	5,161,404
Hire purchase payables	18	1,832,042	78,073	-	-
Bank borrowings	21	1,249,590	1,148,857	-	-
Tax payable		15,026	31	-	-
		110,744,297	87,443,352	5,169,024	5,161,404
Total Liabilities		126,383,237	95,342,252	5,169,024	5,161,404
Total Equity and Liabilities		215,213,208	181,058,541	142,111,813	141,974,451

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

Statements Of Profit Or Loss And Other Comprehensive Income

For The Financial Year Ended 31 December 2014

		Group		Company	
	Note	2014 RM	2013 RM	2014 RM	2013 RM
Revenue	22	267,409,874	296,887,419	5,683,821	5,366,634
Cost of sales		(240,863,140)	(268,106,698)	-	-
Gross profit		26,546,734	28,780,721	5,683,821	5,366,634
Other income		2,116,594	2,781,314	-	-
Administrative expenses		(17,539,302)	(15,521,404)	(441,678)	(524,466)
Finance costs	23	(466,568)	(63,464)	-	-
Profit before taxation	24	10,657,458	15,977,167	5,242,143	4,842,168
Taxation	25	(2,441,752)	(4,257,939)	(10,377)	(1,278)
Net profit for the financial year, representing total comprehensive income for the financial year		8,215,706	11,719,228	5,231,766	4,840,890
Earnings per share (sen)					
Basic	26	1.61	2.52		
Dilution		N/A	N/A		

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

Statements Of Changes In Equity

For The Financial Year Ended 31 December 2014

Group	Note	Share Capital RM	Share Premium RM	Reverse Acquisition Reserve RM	Retained Profits RM	Total RM
		Attributable to Owners of the Parent				
			Non-Distributable		Distributable	
At 1 January 2014		127,550,612	8,659,138	(91,000,000)	40,506,539	85,716,289
Net profit for the financial year		-	-	-	8,215,706	8,215,706
		127,550,612	8,659,138	(91,000,000)	48,722,245	93,931,995
Transactions with owners:						
Issued of shares for private placement	14,15	-	-	-	-	-
Dividends	28	-	-	-	(5,102,024)	(5,102,024)
Total transactions with owners		-	-	-	(5,102,024)	(5,102,024)
At 31 December 2014		127,550,612	8,659,138	(91,000,000)	43,620,221	88,829,971

Group	Note	Share Capital RM	Share Premium RM	Reverse Acquisition Reserve RM	Retained Profits RM	Total RM
		Attributable to Owners of the Parent				
			Non-Distributable		Distributable	
At 1 January 2013		115,955,112	-	(91,000,000)	38,527,540	63,482,652
Net profit for the financial year		-	-	-	11,719,228	11,719,228
		115,955,112	-	(91,000,000)	50,246,768	75,201,880
Transactions with owners:						
Issued of shares for private placement	14,15	11,595,500	8,659,138	-	-	20,254,638
Dividends	28	-	-	-	(9,740,229)	(9,740,229)
Total transactions with owners		11,595,500	8,659,138	-	(9,740,229)	10,514,409
At 31 December 2013		127,550,612	8,659,138	(91,000,000)	40,506,539	85,716,289

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

Statements Of Changes In Equity

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

	Note	Share Capital RM	Non-Distributable Share Premium RM	Distributable Retained Profits RM	Total RM
Company					
At 1 January 2014		127,550,612	8,659,138	603,297	136,813,047
Net profit for the financial year		-	-	5,231,766	5,231,766
		127,550,612	8,659,138	5,835,063	142,044,813
Transactions with owners:					
Issued of shares for private placement	14,15	-	-	-	-
Dividends	28	-	-	(5,102,024)	(5,102,024)
Total transactions with owners		-	-	(5,102,024)	(5,102,024)
At 31 December 2014		127,550,612	8,659,138	733,039	136,942,789

	Note	Share Capital RM	Non-Distributable Share Premium RM	Distributable Retained Profits RM	Total RM
Company					
At 1 January 2013		115,955,112	-	5,502,636	121,457,748
Net profit for the financial year		-	-	4,840,890	4,840,890
		115,955,112	-	10,343,526	126,298,638
Transactions with owners:					
Issued of shares for private placement	14,15	11,595,500	8,659,138	-	20,254,638
Dividends	28	-	-	(9,740,229)	(9,740,229)
Total transactions with owners		11,595,500	8,659,138	(9,740,229)	10,514,409
At 31 December 2013		127,550,612	8,659,138	603,297	136,813,047

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

Statements Of Cash Flows

For The Financial Year Ended 31 December 2014

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Cash Flows From Operating Activities				
Profit before taxation	10,657,458	15,977,167	5,242,143	4,842,168
Adjustments for:				
Bad debt written off	6,089	-	-	-
Depreciation of property, plant and equipment	5,625,989	3,344,789	-	-
Inventories written down	134,400	133,700	-	-
Inventories written off	-	188,648	-	-
Interest expenses	466,568	63,464	-	-
Property, plant and equipment written off	39,549	95,502	-	-
Dividend income	-	-	(5,000,000)	(5,000,000)
Fair value adjustment on investment properties	(60,000)	(80,000)	-	-
Loss/(gain) on disposal of property, plant and equipment	62,600	(375,028)	-	-
Interest income	(1,639,966)	(1,354,971)	(683,821)	(366,634)
Reversal of inventories written down	(306,407)	(498,000)	-	-
Unrealised gain on foreign exchange	(15,822)	(20,026)	-	-
Operating profit/(loss) before working capital changes	14,970,458	17,475,245	(441,678)	(524,466)
Changes in working capital:				
Inventories	212,160	(651,343)	-	-
Receivables	(51,343,350)	(12,898,541)	(2,341,191)	(500)
Payables	(4,490,239)	6,336,343	7,620	(18,621)
Customers on contracts	29,123,700	23,839,154	-	-
Subsidiary companies	-	-	(10,227,301)	(2,886,681)
	(26,497,729)	16,625,613	(12,560,872)	(2,905,802)
Cash (used in)/generated from operations	(11,527,271)	34,100,858	(13,002,550)	(3,430,268)
Interest received	1,639,966	1,354,971	683,821	366,634
Interest paid	(466,568)	(63,464)	-	-
Tax refund	30,335	11,203	-	-
Tax paid	(5,618,775)	(6,537,625)	(7,201)	(15,528)
	(4,415,042)	(5,234,915)	676,620	351,106
Net cash (used in)/generate from operating activities	(15,942,313)	28,865,943	(12,325,930)	(3,079,162)

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

Statements Of Cash Flows

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

		Group		Company	
		2014	2013	2014	2013
	Note	RM	RM	RM	RM
Cash Flows From Investing Activities					
Purchase of property, plant and equipment	4(b)	(13,209,484)	(8,090,085)	-	-
Proceeds from disposal of property, plant and equipment		408,140	1,780,450	-	-
Additions of investment in subsidiary companies		-	-	(2,499,998)	(50,000)
Dividends received		-	-	5,000,000	16,000,000
Net cash (used in)/generated from investing activities		(12,801,344)	(6,309,635)	2,500,002	15,950,000
Cash Flows From Financing Activities					
Repayment of hire purchase payables		(1,196,295)	(29,967)	-	-
Repayment of bank borrowings		100,732	(319,030)	-	-
Proceeds from issuance of shares		-	20,254,638	-	20,254,638
Decrease of fixed deposits pledged with licensed banks		7,304,677	1,238,865	-	-
Dividend paid		(5,102,024)	(4,638,204)	(5,102,024)	(4,638,204)
Net cash (used in)/generated from financing activities		1,107,090	16,506,302	(5,102,024)	15,616,434
Net (decrease)/increase in cash and cash equivalents		(27,636,567)	39,062,610	(14,927,952)	28,487,272
Cash and cash equivalents at beginning of the financial year		70,793,896	31,711,260	36,181,968	7,694,696
Effect of exchange translation difference on cash and cash equivalents		15,822	20,026	-	-
Cash and cash equivalents at end of the financial year		43,173,151	70,793,896	21,254,016	36,181,968
Cash and cash equivalents at end of the financial year comprises:					
Shor-term investment		11,090,989	1,005,195	10,857,862	-
Fixed deposits with licensed		17,391,566	79,706,420	5,079,533	35,615,978
Cash and bank balances		25,280,857	7,977,219	5,316,621	565,990
		53,763,412	88,688,834	21,254,016	36,181,968
Less: Fixed deposits pledged with licensed banks		(10,590,261)	(17,894,938)	-	-
		43,173,151	70,793,896	21,254,016	36,181,968

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

Notes To The Financial Statements

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated in Malaysia under the Companies Act, 1965 and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal activity of the Company is investment holding. The principal activities of its subsidiary companies are disclosed in Note 6. There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

The registered office and principal place of business of the Company is located at No.19, Jalan SB Indah 1/18, Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor Darul Ehsan.

2. BASIS OF PREPARATION

(a) Statement of compliance

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

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

Adoption of new and amended standards and IC Interpretation

During the financial year, the Group and the Company have adopted the following amendments to MFRSs and IC Interpretation issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

Amendments to MFRS 10, MFRS 12 and MFRS 127	Investment Entities
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies

Adoption of above amendments to MFRSs and IC Interpretation did not have any significant impact on the financial statements of the Group and the Company.

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

Standards issued but not yet effective

The Group and the Company have not applied the following new MFRSs and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and the Company:

		Effective dates for financial periods beginning on or after
Amendments to MFRS 119	Defined Benefits Plans: Employee Contributions	1 July 2014
Annual Improvements to MFRSs	2010 – 2012 Cycle	1 July 2014
Annual Improvements to MFRSs	2011 – 2013 Cycle	1 July 2014
MFRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 127	Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Annual Improvements to MFRSs	2012–2014 Cycle	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 15	Revenue from Contracts with Customers	1 January 2017
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

Standards issued but not yet effective (cont'd)

The Group and the Company intend to adopt the above MFRSs when they become effective.

The initial application of the abovementioned MFRSs are not expected to have any significant impacts on the financial statements of the Group and the Company except as mentioned below:

<u>MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)</u>

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces earlier versions of MFRS 9 and introduces a package of improvements which includes a classification and measurement model, a single forward looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. MFRS 9 when effective will replace MFRS 139 Financial Instruments: Recognition and Measurement.

MFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in MFRS 139. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. MFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under MFRS 139.

The adoption of MFRS 9 will result in a change in accounting policy. The Group is currently examining the financial impact of adopting MFRS 9.

<u>MFRS 15 Revenue from Contracts with Customers</u>

MFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces MFRS 118 Revenue, MFRS 111 Construction Contracts and related IC Interpretations. The Group is in the process of assessing the impact of this Standard.

(b) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's and the Company's functional currency and all values have been rounded to the nearest RM except when otherwise stated.

2. BASIS OF PREPARATION (CONT'D)

(c) Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

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 reporting period are set out below:

Useful lives of property, plant and equipment (Note 4)

Management estimates the useful lives of the property, plant and equipment to be within 2 1/2 to 50 years and reviews the useful lives of depreciable assets at end of each reporting period. At 31 December 2014, management assesses that the useful lives represent the expected utilisation of the assets to the Group. Actual results, however, may vary due to change in the business plan and strategies, expected level of usage and technological developments, which resulting the adjustment to the Group's assets. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment.

Impairment of investment in subsidiary companies

The carrying values of investment in subsidiary companies are reviewed for impairment. The Company carried out the impairment test based on the estimation of the higher of the value-in-use or the fair value less cost to sell of the cash-generating units to which the investments in subsidiary companies belong to. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount at the reporting date for investments in subsidiary companies is disclosed in Note 6.

Impairment of loans and receivables

The Group assesses at end of each reporting period whether there is any objective evidence that a receivable is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable 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. The carrying amounts at the reporting date for loans and receivables are disclosed in Notes 7 and 11 respectively.

2. BASIS OF PREPARATION (CONT'D)

(c) Significant accounting judgements, estimates and assumptions (cont'd)

Key sources of estimation uncertainty (cont'd)

Construction Contracts

The Group recognises construction contracts revenue and expenses in statements of profit or loss based on stage of completion method. Revenue recognised from construction contracts reflects management's best estimate about each contract's outcome and stage of completion. The Group assesses the profitability of ongoing construction contracts and the order backlog at least monthly, using project management procedures. For more complex contracts in particular, costs to complete and contract profitability are subject to significant estimation uncertainty. Details of construction contracts costs are disclosed in Note 8.

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 9.

Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the Note 31 (d) regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's or cashgenerating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. The actual results may vary, and may cause significant adjustments to the Group's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to assetspecific risk factors.

2. BASIS OF PREPARATION (CONT'D)

(c) Significant accounting judgements, estimates and assumptions (cont'd)

Key sources of estimation uncertainty (cont'd)

Income taxes

Judgment is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Details of income tax expense are disclosed in Note 25.

Contingent liabilities

Recognition and measurement for contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting legal counsel for litigation cases and experts, internal and external to the Group, for matters in the ordinary course of business.

3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

(a) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies, which have been prepared in accordance with the Group's accounting policies, and are all drawn up to the same reporting period.

(i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

(i) Subsidiary companies (cont'd)

Reverse acquisition method

In connection with its initial public offering, the Company acquired the entire equity interest in Pesona Metro Sdn. Bhd. via the issuance of ordinary shares and became the legal holding company of the subsidiary company. The Company's continuing operations and executive management are those of the subsidiary company. Accordingly, the substance of the business combination was that the subsidiary company acquired the Company in a reverse acquisition and hence the directors adopted the reverse acquisition accounting as the basis of consolidation in order to give a true and fair view of the business combination. The application of the reverse acquisition method under MFRS 3 Business Combination resulted in the subsidiary company being identified as the acquirer of the Group for accounting purposes and accordingly the preacquisition reserve of the subsidiary company was accounted for as reverse acquisition reserve.

Acquisition method

The acquisition method of accounting is used to account for business combination. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed off in profit or loss as incurred.

If the business combination is achieved in stages, previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 139 Financial Instruments: Recognition and Measurement either in profit or loss or other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(l) to the financial statements on impairment of non-financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

(ii) Changes in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and noncontrolling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

(iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (i.e. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See accounting policy Note 3(l) to the financial statements on impairment of non-financial assets.

(b) Foreign currency translation and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Foreign currency translation and balances (cont'd)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

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

(c) Property, plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(l).

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

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

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Property, plant and equipment (cont'd)

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statements of comprehensive income as incurred.

(iii) Depreciation

Depreciation is recognised in the profit or loss on straight line basis to write off the cost of each asset to its residual value over its estimated useful life. Freehold land is not depreciated. Leased assets are depreciated over the shorter of the lease term and their useful lives.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Building	50 years
Long term leasehold land and building	Over the remaining lease
Motor vehicle	5 years
Office equipment	5 years
Furniture and fittings	5 - 10 years
Plant and machinery	2½ - 10 years
Computer	3⅓ - 10 years
Mould	10 years
Renovation	5 years

The residual values, useful lives and depreciation method are reviewed at each reporting period end 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 property, plant and equipment.

(d) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

(i) Finance lease

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Leases (cont'd)

(i) Finance lease (cont'd)

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as a property, plant and equipment.

(ii) Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

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

Leasehold land which in substance is an operating lease is classified as prepaid land lease payments.

(e) Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the reporting period in which they arise. The fair values are determined by external professional valuers with sufficient experience with respect to both the location and the nature of the investment property and supported by market evidence.

Investment properties are derecognised when either they are disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the profit or loss in the reporting period of retirement or disposal.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Financial assets

Financial assets are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in profit or loss.

The Group and the Company classify their financial assets depends on the purpose for which the financial assets were acquired at initial recognition, into the following categories:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets that are designated into this category upon initial recognition. A financial asset is classified in this category if it is acquired principally for the purpose of selling it in the near term. Derivatives, including separated embedded derivatives, are also categorised as held for trading unless they are designated as effective hedging instruments. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

After initial recognition, financial assets in this category are measured at fair value with any gains or losses arising from changes in the fair values recognised in profit or loss in the period in which the changes arise.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those maturing later than 12 months after the end of the reporting period which are classified as non-current assets.

After initial recognition, financial assets categorised as loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Financial assets (cont'd)

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount and the sum of consideration received and any cumulative gains or loss that had been recognised in equity is recognised in the profit or loss.

(g) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of financial liabilities.

Financial liabilities are recognised on the statements of financial position when, and only when the Group and the Company become a party to the contractual provisions of the financial instrument.

The Group and the Company classify their financial liabilities at initial recognition, into the following categories:

(i) Other financial liabilities measured at amortised cost

The Group's and the Company's other financial liabilities comprise trade and other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial liabilities (cont'd)

(ii) Financial guarantee contracts

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

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

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

(h) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(i) Inventories

Raw materials, work-in-progress and finished goods and are stated at the lower of cost and net realisable value.

Cost of raw material is determined on weighted average basis. Cost of finished goods and work-in-progress consists of direct material, direct labour and an appropriate proportion of production overheads (based on normal operating capacity).

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

(j) Construction Contracts

Construction contracts are contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised over the period of contract as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period. The stage of completion method is determined by the proportion that contract costs incurred for work performed to date bear to the estimated total contract cost.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Construction Contracts (cont'd)

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

Irrespective whether the outcome of a construction contract can be estimated reliably, when it is probable that contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

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

The aggregate of the costs incurred and the profit or loss recognised on each contract is compared against the progress billings up to the reporting period end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is presented as amounts due from contract customers. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is presented as amounts due to contract customers.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, deposits with banks, highly liquid investments that are readily convertible to known amounts of cash and which have an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of pledged deposits.

(l) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories, amount due from contract customers, deferred tax assets, assets arising from employee benefits, investment property measured at fair value and non-current assets (or disposal groups) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cashgenerating units. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Impairment of assets (cont'd)

(i) Non-financial assets (cont'd)

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

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses recognised in respect of cashgenerating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(ii) Financial assets

All financial assets, other than those categorised as fair value through profit or loss, and investments in subsidiary companies are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

<u>Financial assets carried at amortised cost</u>

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Impairment of assets (cont'd)

(ii) Financial assets (cont'd)

Financial assets carried at amortised cost (cont'd)

If any such evidence exists, the amount of impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in the profit or loss. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised in profit or loss, the impairment loss is reversed, to the extent that the carrying amount of the asset 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 reversal is recognised in profit or loss.

(m) Share capital

(i) Ordinary shares

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. Ordinary shares are recorded at the nominal value of shares issued. Ordinary shares are classified as equity.

Dividends on ordinary shares are accounted for in equity as appropriation of retained earnings and recognised as a liability in the period in which they are declared.

(ii) Distribution of non-cash assets to owners of the Company

The distribution of non-cash assets to owners is recognised as dividend payable when the dividend was approved by shareholders. The dividend payable is measured at the fair value of the shares to be distributed. At the end of the reporting period and on the settlement date, the Group reviews the carrying amount of the dividend payable, with any changes in the fair value of the dividend payable recognised in equity. When the Group settles the dividend payable, the difference between the carrying amount of the dividend distributed and the carrying amount of the dividend payable is recognised as a separate line item in profit or loss.

(n) Provisions

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Provisions (cont'd)

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The relating expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

(o) Income taxes

Tax expense in profit or loss 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.

Deferred tax is recognised using the liability method for all 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 temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither accounting nor taxable profit nor 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.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period, except for investment properties carried at fair value model. Where investment properties measured using fair value model, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying amounts at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. Deferred tax assets and liabilities are not discounted.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Employee benefits

(i) Short term employee benefits

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

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit and loss as incurred. Once the contribution has been paid, the Group has no further payment obligation.

(q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(r) Revenue recognition

(i) Sale of goods

Revenue is measured at the fair value of consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue from sale of goods is recognised when the transfer of significant risk and rewards of ownership of the goods to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Revenue recognition (cont'd)

(ii) Construction contracts

Revenue from construction contracts is accounted in accordance to the accounting policies as described in Note 3(l).

(iii) Dividend income

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

(iv) Interest income

Interest income is recognised on accruals basis using the effective interest method.

(v) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(s) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decisionmakers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(t) Contingencies

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

4. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM	Building RM	leasehold land and building RM	Motor vehicle RM	Office equipment RM	Furniture and fittings RM	Plant and machinery RM	Computer RM	Mould RM	Renovation RM	Total RM
Group											
2014											
Cost											
At 1 January 2014	3,370,986	139,214	1,499,184	8,835,878	690,986	1,756,346	12,971,991	1,363,510	8,658,351	255,108	39,541,554
Additions	-	-	-	1,727,524	186,785	458,036	19,862,846	232,385	53,309	245,161	22,766,046
Disposal	-	-	-	(144,545)	-	-	(588,000)	-	-	-	(732,545)
Written off	-	-	-	-	(2,650)	(5,310)	(409,772)	-	(11,963)	-	(429,695)
At 31 December 2014	3,370,986	139,214	1,499,184	10,418,857	875,121	2,209,072	31,837,065	1,595,895	8,699,697	500,269	61,145,360
Accumulated depreciation											
At 1 January 2014	-	14,673	183,062	5,757,255	512,190	1,618,090	5,320,683	1,104,603	7,880,249	163,481	22,554,286
Charges for the financial year	-	3,036	16,873	1,577,116	104,471	73,592	3,473,496	196,046	142,444	38,915	5,625,989
Disposal	-	-	-	(144,205)	-	-	(117,600)	-	-	-	(261,805)
Written off	-	-	-	-	-	(5,244)	(370,474)	-	(14,428)	-	(390,146)
At 31 December 2014	-	17,709	199,935	7,190,166	616,661	1,686,438	8,306,105	1,300,649	8,008,265	202,396	27,528,324
Accumulated impairment loss											
At 1 January/ 31 December 2014	-	-	-	-	-	-	486,334	-	-	-	486,334
Carrying amount											
At 31 December 2014	3,370,986	121,505	1,299,249	3,228,691	258,460	522,634	23,044,626	295,246	691,432	297,873	33,130,702

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land RM	Building RM	leasehold land and building RM	Motor vehicle RM	Office equipment RM	Furniture and fittings RM	Plant and machinery RM	Computer RM	Mould RM	Renovation RM	Total RM
Group											
2013											
Cost											
At 1 January 2013	980,251	139,214	1,499,184	9,266,461	713,212	1,728,839	10,949,465	1,599,866	8,514,597	163,125	35,554,214
Additions	2,390,735	-	-	1,745,516	112,680	48,618	3,782,803	181,118	175,526	91,983	8,528,979
Disposal	-	-	-	(2,172,086)	(3,100)	-	(1,538,963)	-	-	-	(3,714,149)
Written off	-	-	-	(4,013)	(131,806)	(21,111)	(221,314)	(417,474)	(31,772)	-	(827,490)
At 31 December 2013	3,370,986	139,214	1,499,184	8,835,878	690,986	1,756,346	12,971,991	1,363,510	8,658,351	255,108	39,541,554
Accumulated depreciation											
At 1 January 2013	-	11,637	166,188	6,044,347	535,828	1,543,810	4,784,768	1,355,689	7,662,413	145,532	22,250,212
Charges for the financial year	-	3,036	16,874	1,448,245	86,922	94,611	1,263,642	165,242	248,268	17,949	3,344,789
Disposal	-	-	-	(1,734,534)	(2,790)	-	(571,403)	-	-	-	(2,308,727)
Written off	-	-	-	(803)	(107,770)	(20,331)	(156,324)	(416,328)	(30,432)	-	(731,988)
At 31 December 2013	-	14,673	183,062	5,757,255	512,190	1,618,090	5,320,683	1,104,603	7,880,249	163,481	22,554,286
Accumulated impairment loss											
At 1 January/ 31 December 2013	-	-	-	-	-	-	486,334	-	-	-	486,334
Carrying amount											
At 31 December 2013	3,370,986	124,541	1,316,122	3,078,623	178,796	138,256	7,164,974	258,907	778,102	91,627	16,500,934

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) The long term leasehold land and building's remaining period of lease term is 76 years (2013: 77 years).

(b) The aggregate additional cost for the property, plant and equipment of the Group during the financial year under hire purchase arrangement and cash payment are as follows:

	Group	
	2014	2013
	RM	RM
Aggregate costs	22,766,046	8,528,979
Less: Hire purchase arrangement	(9,556,562)	(438,894)
Cash payments	13,209,484	8,090,085

(c) Included in the property, plant and equipment of the Group are acquired under hire purchase with carrying amount as follows:

	Group	
	2014	2013
	RM	RM
Plant and machinery	11,656,879	371,762
Motor vehicle	83,333	108,333
	11,740,212	480,095

5. INVESTMENT PROPERTIES

	Group	
	2014	2013
	RM	RM
At 1 January	1,640,000	1,560,000
Transfer from property, plant and equipment	-	-
Change in fair value recognised in profit or loss	60,000	80,000
At 31 December	1,700,000	1,640,000
At fair value		
Freehold land and buildings	1,700,000	1,560,000

5. INVESTMENT PROPERTIES (CONT'D)

(a) Investment properties under leases

(i) As at 31 December 2012, two properties have been transferred from property, plant and equipment to investment properties since the properties were no longer used by the Group and have been leased to third parties.

(ii) Investment properties comprise two lots of freehold land and buildings of a subsidiary company that are leased to third parties. Subsequent renewals are negotiated with the lessee on an average renewal period of 2 years. No contingent rents are charged.

(b) Fair value basis of investment properties

The investment properties are valued annually at fair value based on market values determined by independent qualified valuers amounting to RM1,700,000 (2013: RM1,640,000). The fair values are within level 2 of the fair value hierarchy. The fair values have been derived using the sales comparison approach. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

The increase in the fair values of RM60,000 (2013: RM80,000) has been recognised in the profit or loss during the financial year.

(c) Income and expenses recognised in profit or loss

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

	Group	
	2014 RM	2013 RM
Rental income	91,200	42,000

6. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2014 RM	2013 RM
Unquoted shares, at cost		
In Malaysia	102,743,723	100,243,725

6. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Details of the subsidiary companies, all are incorporated in Malaysia, are as follows:

Name of company	Effective interest 2014 %	Effective interest 2013 %	Principal activities
Direct holding:			
Pesona Metro Sdn. Bhd.	100	100	Engage in construction work
Pesona Saferay Sdn. Bhd.	100	100	Manufacturing and trading of polyurethane products
Pesona Metro Precast Sdn. Bhd.	100	100	Dormant
PM2 Building System Sdn. Bhd. (Formerly known as Pesona M2 Sdn. Bhd.)	100	100	Manufacturing and trading of construction panel
Indirect holding:			
Subsidiary companies of Pesona Metro Sdn. Bhd.:			
Imej Mayang Sdn. Bhd.	100	100	Trading and supply of readymixed concrete
Insamewah Sdn. Bhd.	100	100	Trading in construction materials
Ratus Syabas Sdn. Bhd. (i)	100	-	Dormant

(i) On 19 December 2014, Pesona Metro Sdn. Bhd. has acquired two (2) ordinary shares of RM1.00 each representing 100% equity interest in Ratus Syabas Sdn. Bhd., a dormant company as at 31 December 2014. The financial statement of Ratus Syabas Sdn. Bhd. was consolidated into the Group's financial statements based on the management account, in which its financial impact to the Group is immaterial.

7. TRADE RECEIVABLES

	Group 2014 RM	Group 2013 RM
Non-current		
Retention sums		
- third parties	8,636,425	2,252,270
- related parties	5,573,365	4,912,283
	14,209,790	7,164,553
Current		
Trade receivables		
- third parties	70,862,670	29,246,759
- related parties	15,867,013	10,060,015
Dividend receivables	-	-
	86,729,683	39,306,774
Retention sums		
- third parties	2,178,873	1,470,340
- related parties	1,998,317	4,912,283
	4,177,190	6,382,623
	90,906,873	45,689,397
	105,116,663	52,853,950

(a) Trade receivables

Trade receivables are recognised at their original certificate of claimed amounts which represent their fair value on initial recognition.

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

Analysis of the trade receivables ageing as at the end of the financial year is as follows:

	Group 2014 RM	Group 2013 RM
Neither past due nor impaired	45,693,781	31,805,334
Past due not impaired:		
Less than 30 days	14,457,206	3,774,753
31 to 60 days	5,220,682	3,720,525
More than 60 days	21,358,014	6,162
	41,035,902	7,501,440
Retention sums	18,386,980	13,547,176
	105,116,663	52,853,950

7. TRADE RECEIVABLES (CONT'D)

(a) Trade receivables (cont'd)

As at 31 December 2014, trade receivables of the Group amounting to RM44,708,091 (2013: RM7,501,440) were past due but not impaired. These relate to a number of customers from whom there is no recent history of default.

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

(b) The retention sum relating to construction work-in-progress are unsecured, interest-free and are expected to be collected as follows:

	Group	
	2014 RM	**2013 RM**
Within one year	4,177,190	6,382,623
Between one to two years	14,209,790	7,164,553
	18,386,980	13,547,176

8. AMOUNT DUE FROM/(TO) CONTRACT CUSTOMERS

	Group	
	2014 RM	**2013 RM**
Construction cost incurred to date	348,355,174	499,267,614
Add: Attributable profits	35,554,626	60,772,533
	383,909,800	560,040,147
Less: Progress billings	(436,614,016)	(583,620,663)
	(52,704,216)	(23,580,516)
Represented as:		
Amount due from contract customers	-	2,140,938
Amount due to contract customers	(52,704,216)	(25,721,454)
	(52,704,216)	(23,580,516)
Retention sum included in the progress billings	14,811,931	13,547,176

8. AMOUNT DUE FROM/(TO) CONTRACT CUSTOMERS (CONT'D)

The costs incurred to date on construction contract include the following charges made during the financial year:

		Group	
	Note	2014 RM	2013 RM
Hire of plant and machinery		1,757,202	746,348
Rental of premises		499,968	649,529
Secondment of staffs	27	4,267,245	4,630,170
Staff costs			
- Salaries and other emoluments	27	9,739,912	6,097,444
- EPF	27	556,071	397,634

9. INVENTORIES

	Group	
	2014 RM	2013 RM
At net realisable values:		
Raw materials	1,671,728	803,965
Work-in-progress	951,493	1,267,553
Finished goods	873,963	1,465,819
	3,497,184	3,537,337

The Group has written off and written down slow moving obsolete inventories amounting to RM Nil (2013: RM188,648) and RM134,400 (2013: RM133,700) respectively during the financial year. The amount written down has been included in cost of sales. The reversal of inventories written down amounting to RM306,407 (2013: RM498,000) was made during the financial year when the related inventories were sold above their carrying amounts.

10. OTHER RECEIVABLES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Other receivables	9,565,065	9,845,624	-	-
Less: Accumulated impairment loss	(75,333)	(75,333)	-	-
	9,489,732	9,770,291	-	-
Deposits	2,518,883	4,654,929	1,005,000	5,000
Prepayments	2,031,870	540,716	1,341,191	-
	14,040,485	14,965,936	2,346,191	5,000

10. OTHER RECEIVABLES (CONT'D)

(a) Included in the Group's other receivables are advances to sub-contractors amounting to RM7,161,329 (2013: RM5,280,636) and advance payment made to acquiring property, plant and equipment amounting to RMNil (2013: RM2,787,218).

(b) The Company's deposits included deposits paid for acquisition of interest in SEP Resources (M) Sdn. Bhd. amounting to RM1 million (2013: Nil) as disclosed in Note 33 to the financial statements.

11. AMOUNT DUE FROM SUBSIDIARY COMPANIES

These represent unsecured, interest free advances and are repayable on demand.

12. SHORT-TERM INVESTMENT

	2014 RM	2013 RM
Group		
Financial assets at fair value through profit or loss		
- Held for trading	11,090,989	1,005,195
Market value of quoted investments	11,090,989	1,005,195
Company		
Financial assets at fair value through profit or loss		
- Held for trading	10,857,862	-
Market value of quoted investments	10,857,862	-

13. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits of the Group amounting to RM10,590,261 (2013: RM17,894,938) is pledged to licensed banks as security for bank guarantee and the securities for export credit facilities granted to the Group.

The interest rates of deposits range from 2.55% to 3.50% (2013: 2.3% to 3.1%) per annum and mature with 12 months (2013: 12 months) respectively.

14. SHARE CAPITAL

	Group/Company					
	2014			2013		
	Par Value RM	Number of shares	Amount RM	Par Value RM	Number of shares	Amount RM
Authorised						
At 1 January/ At 31 December	0.25	600,000,000	150,000,000	0.25	600,000,000	150,000,000
Issued and fully paid						
At 1 January / At 31 December	0.25	510,202,448	127,550,612	0.25	463,820,448	115,955,112
Issued during the financial year						
Issued of shares for:						
Private placement	0.25	-	-	0.25	46,382,000	11,595,500
At 31 December	0.25	510,202,448	127,550,612	0.25	510,202,448	127,550,612

In previous financial year, the Company increased its issued and paid up share capital from RM115,955,112 to RM127,550,612 through private placement of 46,382,000 new ordinary shares of RM0.25 per share at an issue price of RM0.44 per share for working capital purposes.

The new ordinary shares issued in previous financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

15. SHARE PREMIUM

Share premium arose from private placement issue of 46,382,000 shares of RM0.44 each at a premium of RM0.19 per share in 23 December 2013, net of share issue expenses amounting to RM8,659,138.

16. REVERSE ACQUISITION RESERVE

	Group	
	2014 RM	2013 RM
Issued and paid up share capital of the Company (legal holding) after reverse acquisition of Pesona Metro Sdn. Bhd.	96,000,000	96,000,000
Reversal of PMSB's share capital pursuant to reverse acquisition exercise	(5,000,000)	(5,000,000)
Reverse acquisition reserve	91,000,000	91,000,000

17. TRADE PAYABLES

	Group	
	2014 RM	2013 RM
Non-current		
Retention sum on contracts	7,839,681	6,778,405
Current		
Trade payables	30,942,364	28,240,989
Retention sum on contracts	11,169,359	15,975,313
	42,111,723	44,216,302
	49,951,404	50,994,707

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

18. HIRE PURCHASE PAYABLES

	Group 2014 RM	2013 RM
Minimum lease payments:		
Within one year	2,328,876	103,140
Between one to two years	2,328,876	103,140
Between two to five years	5,334,752	268,497
	9,992,504	474,777
Less: Future finance charges	(1,223,310)	(65,850)
Present value of minimum lease payments	8,769,194	408,927
Present value of minimum lease payments:		
Within one year	1,832,042	78,073
Between one to two years	1,961,782	84,114
Between two to five years	4,975,370	246,740
	8,769,194	408,927
Analysed as:		
Repayable within twelve months	1,832,042	78,073
Repayable after twelve months	6,937,152	330,854
	8,769,194	408,927

The hire purchase liabilities bears effective interest rate range from 3.2% to 3.6% (2013: 3.2% to 3.6%) per annum.

19. DEFERRED TAX LIABILITIES

	Group 2014 RM	2013 RM
At 1 January	789,641	829,792
Recognised in profit or loss (Note 25)	72,466	(40,151)
At 31 December	862,107	789,641

This is in respect of temporary differences between the carrying amount of property, plant and equipment and their tax base.

19. DEFERRED TAX LIABILITIES (CONT'D)

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

	Group	
	2014 RM	2013 RM
Unused tax losses	13,099,999	13,099,999
Unabsorbed capital allowances	5,034,465	4,834,112
	18,134,464	17,934,111

Deferred tax assets have not been recognised in respect of the above items as it is not probable that future taxable profits will be available against which they may be utilised.

20. OTHER PAYABLES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Other payables	5,144,572	8,758,339	-	-
Accruals	2,471,803	2,315,658	67,000	59,379
Dividends payable	5,102,024	5,102,025	5,102,024	5,102,025
Deposits received	113,301	102,613	-	-
	12,831,700	16,278,635	5,169,024	5,161,404

Included in the other payables of the Group are advances from customers amounting to RM1,987,267 (2013: RM6,919,577).

21. BANK BORROWINGS

	Group	
	2014 RM	2013 RM
Secured		
Onshore foreign currency loan	153,639	-
Export credit refinancing	1,095,951	1,148,857
Total bank borrowings	1,249,590	1,148,857
Analysed as:		
Repayable within twelve months	1,249,590	1,148,857

21. BANK BORROWINGS (CONT'D)

Maturity of bank borrowings is as follows:

	Group	
	2014 RM	2013 RM
Within one year		
Onshore foreign currency loan	153,639	-
Export credit refinancing	1,095,951	1,148,857
	1,249,590	1,148,857

Interest rates per annum are as follows:

	%	%
Onshore foreign currency loan	2.65	-
Export credit refinancing	4.60	4.25

The credit facilities granted to the subsidiary company are secured as follows:

(a) Onshore foreign currency loan

(i) A facilities agreement as principal instrument in form and substance acceptable to the bank; and

(ii) Letter of set-off over pledge of fixed deposits as disclosed in Note 13.

(b) Export credit refinancing:

(i) A facilities agreement as principal instrument in form and substance acceptable to the bank;

(ii) Letter of set-off over pledge of fixed deposits as disclosed in Note 13; and

(iii) Corporate guarantee by the Company.

22. REVENUE

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Construction contracts	238,887,601	237,707,924	-	-
Sale of goods	27,838,452	58,812,861	-	-
Interest income	683,821	366,634	683,821	366,634
Dividend income	-	-	5,000,000	5,000,000
	267,409,874	296,887,419	5,683,821	5,366,634

23. FINANCE COSTS

	Group	
	2014	2013
	RM	RM
Interest expenses on:		
Term loan	58	3,089
Export credit refinancing	51,612	49,010
Hire purchase	414,566	10,911
Other	332	454
	466,568	63,464

24. PROFIT BEFORE TAXATION

Profit before taxation is derived at after at charging/(crediting):

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Auditors' remuneration				
- statutory audit				
- current year	96,500	93,000	27,000	25,000
- underprovision in prior year	1,000	34,600	-	21,000
- other	50,500	59,500	3,000	3,000
Bad debts written off	6,089	-	-	-
Depreciation of property, plant and equipment	5,625,989	3,344,789	-	-
Directors' remuneration				
- Fees	168,000	168,000	168,000	168,000
- Salary and other emoluments	721,620	833,245	-	-
- EPF	85,470	101,620	-	-
Hire of plant and machinery	40,500	97,350	-	-
Inventories written down	134,400	133,700	-	-
Inventories written off	-	188,648	-	-
Property, plant and equipment written off	39,549	95,502	-	-
Rental of premises	699,336	676,878	-	-
Gain on foreign exchange				
- realised	(123,354)	(247,240)	-	-
- unrealised	(15,822)	(20,026)	-	-
Rental income	(115,200)	(66,000)	-	-
Fair value adjustment of investment properties	(60,000)	(80,000)	-	-
Loss/(gain) on disposal of property, plant and equipment	62,600	(375,028)	-	-
Reversal of inventories written down	(306,407)	(498,000)	-	-
Interest income	(1,639,966)	(1,354,971)	(683,821)	(366,634)

25. TAXATION

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Tax expenses for the financial year:				
Current tax provision	2,329,285	4,254,818	8,213	1,112
Underprovision in prior year	40,001	43,272	2,164	166
	2,369,286	4,298,090	10,377	1,278
Deferred tax: (Note 19)				
Relating to origination and reversal of temporary differences	79,631	(30,654)	-	-
Under/(over) provision in prior year	(7,165)	(9,497)	-	-
	72,466	(40,151)	-	-
	2,441,752	4,257,939	10,377	1,278

Income tax is calculated at the statutory tax rate of 25% (2012: 25%) of chargeable income of the estimated assessable profit for the financial year.

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

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Profit before taxation	10,657,458	15,977,167	5,242,143	4,842,168
Taxation at statutory tax rate of 25% (2013: 25%)	2,664,365	3,994,292	1,310,536	1,210,542
Income not subject to tax	(915,363)	(417,787)	(1,412,396)	(1,338,236)
Expenses not deductible for tax purposes	609,826	645,866	110,073	128,806
Deferred tax assets not recognised	50,088	1,793	-	-
Under/(over) provision of income tax expense in prior year	40,001	43,272	2,164	166
Under/(over) provision of deferred tax expense in prior year	(7,165)	(9,497)	-	-
Tax expense for the financial year	2,441,752	4,257,939	10,377	1,278

The Group has estimated unused tax losses and unutilised capital allowances of RM13,099,999 (2013: RM13,099,999) and RM5,034,465 (2013: RM4,834,112) respectively carried forward available for set-off against future taxable profit subject to guidelines issued by the tax authority.

26. EARNINGS PER SHARE

The basic earnings per share are calculated based on the consolidated profit for the financial year attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the financial year is disclosed as follows:

	Group	
	2014 RM	2013 RM
Basic Earnings Per Share		
Net profit for the financial year (RM)	8,215,706	11,719,228
Weighted average number of ordinary shares in issue	510,202,448	464,964,114
Basic earnings per share (sen)	1.61	2.52

The weighted average number of ordinary shares in issue is computed as follow:

	Group	
	2014 RM	2013 RM
As at 1 January	510,202,448	463,820,448
Share issue pursuant to:		
- private placement	-	1,143,666
As at 31 December	510,202,448	464,964,114

The diluted earnings per share is not presented as there were no potential dilutive ordinary shares outstanding at the end of the reporting period.

27. STAFF COSTS

		Group	
	Note	2014 RM	2013 RM
Staff costs (excluding Directors)		20,726,413	15,290,543
Add:			
Secondment of staffs from third party		5,159,038	5,298,600
		25,885,451	20,589,143
Less:			
Capitalised in construction costs	8	(14,563,228)	(11,125,248)
		11,322,223	9,463,895

Included in the staff costs are contributions made to the Employees Provident Fund under a defined contribution plan for the Group amounting to RM1,513,904 (2013: RM752,873).

28. DIVIDENDS

	Group/Company 2014 RM	2013 RM
A single tier final dividend of RM0.01 per ordinary share in respect of the financial year ended 31 December 2012 paid on 28 June 2013	-	4,638,204
A single tier interim dividend of RM0.01 per ordinary share in respect of the financial year ended 31 December 2013 paid on 26 March 2014	-	5,102,025
A single tier interim dividend of RM0.01 per ordinary share in respect of the financial year ended 31 December 2014 paid on 26 March 2015	5,102,024	-
	5,102,024	9,740,229

29. RELATED PARTY DISCLOSURES

(a) Identified related parties

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

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

The Group and the Company have related party relationships with its subsidiary company, others related parties and key management personnel.

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	2014 RM	2013 RM
Group		
* Other Related Parties:		
Progress billing received/receivable	60,683,423	75,477,184
Retention sum	-	1,753,900
Company		
Subsidiary Company		
Dividend income	5,000,000	5,000,000

* The nature and relationship between the Group and the related parties are those companies in which a Director of the Company has financial interest.

29. RELATED PARTY DISCLOSURES (CONT'D)

(b) Significant related party transactions (cont'd)

Information regarding outstanding balances arising from related party transactions is disclosed in Notes 11.

Information regarding compensation of key management personnel is as follows:

	Group	
	2014 RM	2013 RM
Short-term employee benefits		
- Salaries and other emoluments	4,047,122	3,581,734

Key management personnel include personnel having authority and responsibilities for planning, directing and controlling the activities of the entity, including any Directors of the Company.

30. SEGMENTAL INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has three reportable segments as follows:

Construction works	Construct building, infrastructure and project planning cum implementation contractor
Manufacturing and trading of polyurethane	Manufacturing and trading of polyurethane and building system
Others	Investment holding and provision of management services

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Information about segment liabilities is neither included in the internal management reports nor provided regularly to the management. Hence, no disclosure is made on segment liabilities.

No geographical segment reporting was made as the Group's activities were carried out within Malaysia.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

30. SEGMENTAL INFORMATION (CONT'D)

	Construction RM	Manufacturing and trading RM	Others RM	Adjustments and eliminations RM	Per consolidated financial statements RM
2014					
Revenue					
External sales	256,684,495	10,041,558	683,821	-	267,409,874
Inter-segment	21,897,826	7,029,965	5,000,000	(33,927,791)	-
Total revenue	278,582,321	17,071,523	5,683,821	(33,927,791)	267,409,874
Results					
Segment results	11,712,950	3,699,186	4,558,321	(5,000,000)	14,970,457
Interest income	902,897	53,249	683,821	-	1,639,967
Finance costs	(7,038)	(459,530)	-	-	(466,568)
Depreciation of property, plant and equipment	(4,177,530)	(1,448,459)	-	-	(5,625,989)
Fair value gain on investment properties	60,000	-	-	-	60,000
Other non-cash items	(103,931)	183,522	-	-	79,591
Profit before taxation	8,387,348	2,027,968	5,242,142	(5,000,000)	10,657,458
Taxation	(2,387,881)	(43,495)	(10,376)	-	(2,441,752)
Net profit for the financial year	5,999,467	1,984,473	5,231,766	(5,000,000)	8,215,706
Assets					
Additions to non-current assets	11,512,922	11,253,124	-	-	22,766,046
Segment assets	158,391,745	11,661,330	131,711,547	(155,954,645)	145,809,977
Unallocated assets	32,054,250	4,182,669	10,400,266	-	46,637,185
Total assets	201,958,917	27,097,123	142,111,813	(155,954,645)	215,213,208
Non-cash expenses/(income)					
Bad debt written off	-	6,089	-	-	6,089
Inventories written down	-	134,400	-	-	134,400
Property, plant and equipment written off	37,831	1,718	-	-	39,549
(Gain)/Loss on foreign exchange - Unrealised	-	(15,822)	-	-	(15,822)
(Gain)/Loss on disposal of PPE	66,100	(3,500)	-	-	62,600
Reversal of impairment on inventories	-	(306,407)	-	-	(306,407)
	103,931	(183,522)	-	-	(79,591)

30. SEGMENTAL INFORMATION (CONT'D)

	Construction RM	Manufacturing and trading RM	Others RM	Adjustments and eliminations RM	Per consolidated financial statements RM
2013					
Revenue					
External sales	283,120,770	13,400,015	366,634	-	296,887,419
Inter-segment	10,779,290	-	5,000,000	(15,779,290)	-
Total revenue	293,900,060	13,400,015	5,366,634	(15,779,290)	296,887,419
Results					
Segment results	17,106,130	893,581	4,475,534	(5,000,000)	17,475,245
Interest income	942,594	45,743	366,634	-	1,354,971
Finance costs	(3,089)	(60,375)	-	-	(63,464)
Depreciation of property, plant and equipment	(2,845,935)	(498,854)	-	-	(3,344,789)
Fair value gain on investment properties	80,000	-	-	-	80,000
Other non-cash items	280,428	194,776	-	-	475,204
Profit before taxation	15,560,128	574,871	4,842,168	(5,000,000)	15,977,167
Taxation	(4,256,964)	303	(1,278)	-	(4,257,939)
Net profit for the financial year	11,303,164	575,174	4,840,890	(5,000,000)	11,719,228
Assets					
Additions to non-current assets	7,862,301	746,678	-	-	8,608,979
Segment assets	75,086,922	9,834,262	105,785,195	(107,676,263)	83,030,116
Unallocated assets	50,919,921	2,310,269	36,189,256	-	89,419,446
Total assets	133,869,144	12,891,209	141,974,451	(107,676,263)	181,058,541
Non-cash expenses/(income)					
Inventories written down	-	133,700	-	-	133,700
Inventories written off	-	188,648	-	-	188,648
Property, plant and equipment written off	93,000	2,502	-	-	95,502
Gain on disposal of property, plant and equipment	(373,428)	(1,600)	-	-	(375,028)
Reversal of inventories written down	-	(498,000)	-	-	(498,000)
Unrealised gain on foreign exchange	-	(20,026)	-	-	(20,026)
	(280,428)	(194,776)	-	-	(475,204)

31. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Fair value through profit or loss - Held for trading RM	Loans and receivables RM	Other financial liabilities at amortised cost RM	Total RM
Group				
2014				
Financial Assets				
Trade receivables	-	105,116,663	-	105,116,663
Other receivables	-	14,040,485	-	14,040,485
Short-term investment	11,090,989	-	-	11,090,989
Fixed deposits with licensed banks	-	17,391,566	-	17,391,566
Cash and bank balances	-	25,280,857	-	25,280,857
Total financial assets	11,090,989	161,829,571	-	172,920,560
Financial Liabilities				
Trade payables	-	-	49,951,404	49,951,404
Other payables	-	-	12,831,700	12,831,700
Hire purchase payables	-	-	8,769,194	8,769,194
Bank borrowings	-	-	1,249,590	1,249,590
Total financial liabilities	-	-	72,801,888	72,801,888
2013				
Financial Assets				
Trade receivables	-	52,853,950	-	52,853,950
Other receivables	-	14,965,936	-	14,965,936
Short-term investment	1,005,195	-	-	1,005,195
Fixed deposits with licensed banks	-	79,706,420	-	79,706,420
Cash and bank balances	-	7,977,219	-	7,977,219
Total financial assets	1,005,195	155,503,525	-	156,508,720
Financial Liabilities				
Trade payables	-	-	50,994,707	50,994,707
Other payables	-	-	16,278,635	16,278,635
Hire purchase payables	-	-	408,927	408,927
Bank borrowings	-	-	1,148,857	1,148,857
Total financial liabilities	-	-	68,831,126	68,831,126

31. FINANCIAL INSTRUMENTS (CONT'D)

(a) Classification of financial instruments (cont'd)

	Fair value through profit or loss - Held for trading RM	Loans and receivables RM	Other financial liabilities at amortised cost RM	Total RM
Company				
2014				
Financial Assets				
Other receivables	-	2,346,191	-	2,346,191
Amount due from subsidiary companies	-	15,763,771	-	- 15,763,771
Short-term investment	10,857,862	-	-	10,857,862
Fixed deposits with licensed banks	-	5,079,533	-	5,079,533
Cash and bank balances	-	5,316,621	-	5,316,621
Total financial assets	10,857,862	28,506,116	-	39,363,978
Financial Liability				
Other payables	-	-	5,169,024	5,169,024
Total financial liability	-	-	5,169,024	5,169,024
2013				
Financial Assets				
Other receivables	-	5,000	-	5,000
Amount due from subsidiary companies	-	5,536,470	-	- 5,536,470
Short-term investment	-	-	-	-
Fixed deposits with licensed banks	-	35,615,978	-	35,615,978
Cash and bank balances	-	565,990	-	565,990
Total financial assets	-	41,723,438	-	41,723,438
Financial Liability				
Other payables	-	-	5,161,404	5,161,404
Total financial liabilities	-	-	5,161,404	5,161,404

(b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its financial risks, including foreign currency exchange risk, interest rate risk, credit risk, liquidity risk and cash flows risk. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

31. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (cont'd)

The following sections provide details regarding the Group's and Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Receivables

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with licensed banks. The Company's exposure to credit risk arises principally from advances to subsidiary companies and financial guarantees given to banks for credit facilities granted to subsidiary companies.

The Group have adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with licensed banks with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured loans and advances to subsidiary companies. It also provides unsecured financial guarantees to banks for banking facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represent the Group's maximum exposure to credit risk.

A subsidiary company provides bank guarantees issued by licensed banks for the purposes of construction projects. The maximum exposure of credit risk amounts to RM58,067,226 (2013: RM81,573,796). The financial guarantee has not been recognised since the fair value on initial recognition was not material as the bank guarantee is secured by the fixed deposits with licensed banks.

Credit risk concentration

At the reporting date, approximately 72% (2013: 86%) of the Group's trade receivables were due from 4 (2013: 4) major customers which contribute from construction segment.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group and the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

31. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (cont'd)

(ii) Liquidity risk (cont'd)

The following table analyses the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	Total Contractual Cash Outflow RM	Total Carrying Amount RM
Group					
2014					
Trade payables	42,111,723	3,958,151	3,881,530	49,951,404	49,951,404
Other payables	12,831,700	-	-	12,831,700	12,831,700
Hire purchase payables	2,328,876	2,328,876	5,334,752	9,992,504	8,769,194
Bank borrowings	1,249,590	-	-	1,249,590	1,249,590
Total undiscounted financial liabilities	58,521,889	6,287,027	9,216,282	74,025,198	72,801,888
2013					
Trade payables	44,216,302	2,707,906	4,070,499	50,994,707	50,994,707
Other payables	16,278,635	-	-	16,278,635	16,278,635
Hire purchase payables	103,140	103,140	268,497	474,777	408,927
Bank borrowings	1,148,857	-	-	1,148,857	1,148,857
Total undiscounted financial liabilities	61,746,934	2,811,046	4,338,996	68,896,976	68,831,126

	On demand or within 1 year RM	Total Contractual Cash Outflow RM	Total Carrying Amount RM
Company			
2014			
Other payables	5,169,024	5,169,024	5,169,024
Total undiscounted financial liability	5,169,024	5,169,024	5,169,024
2013			
Other payables	5,161,404	5,161,404	5,161,404
Total undiscounted financial liabilities	5,161,404	5,161,404	5,161,404

31. FINANCIAL INSTRUMENTS (CONT'D)

(c) Market risks

(i) Foreign currency exchange risk

The Group is exposed to foreign currency risk on transactions that are denominated in currency other than the functional currency of the Group entities. The currency giving rise to this risk is primarily United Stated Dollar (USD).

The Group has not entered into any derivative instruments for hedging or trading purposes as the net exposure to foreign currency risk is not significant. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

	Group	
	2014 RM	**2013 RM**
Cash and bank balances	942,880	486,679
Trade receivables	1,752,961	1,980,756
Bank borowings	(153,639)	-
	2,542,202	2,467,435

Sensitivity analysis for foreign currency exchange risk

The following table demonstrates the sensitivity of the Group's profit net of tax to be reasonably possible change in the key foreign currency against the functional currency of the Group, with all other variables held constant.

	Group	
	2014 RM	**2013 RM**
Effect to profit or loss		
USD/RM		
- Strengthened 5%	127,110	123,372
- Weakended 5%	(127,110)	(123,372)

(ii) Interest rate risk

The Group and the Company exposed to interest rate risk arises primarily from financing through interest bearing financial assets and financial liabilities. The Group's and the Company's policy is to obtain the financing with the most favourable interest rates in the market.

The Group and the Company constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

31. FINANCIAL INSTRUMENTS (CONT'D)

(c) Market risks (cont'd)

(ii) Interest rate risk (cont'd)

The carrying amounts of the Group and of the Company's financial instruments that are exposed to interest rate risk are as follows:

	2014 RM	2013 RM
Group		
Financial Asset		
Fixed deposits with licensed banks	17,391,566	79,706,420
Financial Liability		
Bank borrowings	1,249,590	1,148,857
Company		
Financial Asset		
Fixed deposits with licensed banks	5,079,533	35,615,978

Interest rate risk sensitivity analysis

A change in 1% interest rate on financial assets and liabilities of the Group and of the Company which have variable interest rate at the end of the financial year would have increase/(decreased) profit before taxation and equity by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	2014 RM	2013 RM
Effect to profit or loss		
Group		
Interest rate increased by 1%	161,420	785,576
Interest rate decreased by 1%	(161,420)	(785,576)
Company		
Interest rate increased by 1%	50,795	356,160
Interest rate decreased by 1%	(50,795)	(356,160)

(d) Fair value of financial instruments

The carrying amounts of short term receivables and payables, cash and cash equivalents and short term borrowings approximate their fair value due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

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

31. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair value of financial instruments (cont'd)

	Fair value of financial instruments carried at fair value		Fair value of financial instruments not carried at fair value		Total value	Carrying amount
	Level 1	Total	Level 2	Total		
	RM	RM	RM	RM	RM	RM
2014						
Group						
Financial assets						
Other investments	11,090,989	11,090,989	-	-	11,090,989	11,090,989
Financial liabilities						
Hire purchase payables	-	-	6,455,823	6,455,823	6,455,823	6,937,152
2014						
Company						
Financial assets						
Other investment	10,857,862	10,857,862	-	-	10,857,862	10,857,862
2013						
Group						
Financial assets						
Other investments	1,005,195	1,005,195	-	-	1,005,195	1,005,195
Financial liabilities						
Hire purchase payables	-	-	305,228	305,228	305,228	330,854

(i) Policy on transfer between levels

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

There were no transfers between levels during current and previous financial years.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(iii) 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 asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Fair value for non-derivative financial instruments, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

(iv) Level 3 fair value

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

32. CAPITAL MANAGEMENT

The Group's management manage its capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern and maintains an optimal capital structure, so as to maximise shareholders value. The management reviews the capital structure by considering the cost of capital and the risks associated with the capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Total capital managed at Group level, which comprises shareholders' funds, cash and cash equivalents and bank borrowings.

	Group	
	2014 RM	**2013 RM**
Total loans and borrowings	10,018,784	1,557,784
Less: Cash and cash equivalents	(43,173,151)	(70,793,896)
Net debt	(33,154,367)	(69,236,112)
Total equity	88,829,971	85,716,289
Gearing ratio	N/A	N/A

The gearing ratio is not applicable as the cash and cash equivalents of the Group are sufficient to settle the outstanding debts.

33. SIGNIFICANT EVENTS

The Company has announced to undertake the following exercises, on 29 August 2014 and a circular to shareholders dated 15 December 2014 was issued:

(i) Proposed acquisition of the entire equity interest in SEP Resources (M) Sdn. Bhd. ("SEP"), a private limited company incorporated in Malaysia, for a purchase consideration of RM29.15 million to be satisfied via combination of RM1.5 million cash and issuance of 39,500,000 new ordinary shares of RM0.25 each of the Company at an issue price of RM0.70 per share ("Proposed Acquisition of SEP");

(ii) Proposed issuance of free warrants up to 274,851,224 warrants on the basis of one (1) warrant for every two (2) existing ordinary shares of the Company held on an entitlement date to be determined later ("Proposed Free Warrants Issue");

(iii) Proposed increase in the authorised share capital of the Company from RM150 million comprising 600 million ordinary shares to RM300 million comprising 1,200 million ordinary shares ("Proposed IASC"); and

(iv) Proposed amendments to the Memorandum and Articles of Association of the Company as a consequence of the Proposed IASC.

33. SIGNIFICANT EVENTS (CONT'D)

On 29 August 2014, the Company has entered into a Conditional Share Sale Agreement ("SSA") with the shareholders of SEP in relation to the Proposed Acquisition of SEP .

The Proposed Acquisition of SEP is related to the letter of award from Budaya Positive Sdn. Bhd. ("Budaya"), for the Construction Project of Student Hostels for Universiti Malaysia Perlis ("UNIMAP") for a contractual sum of RM129.80 million (the "Construction Project"). Budaya is a special purpose vehicle incorporated by Pembina SPK Sdn. Bhd. ("PSPK") which currently owns the Conceession awarded by the Government of Malaysia and UNIMAP which comprises of the Construction Project and Conceession period for a period of twenty two (22) years and six (6) months from the date of commencement of the Construction Project. Pursuant to a Call Option Agreement between PKPK and SEP, SEP has been granted the Call Option by PSPK to purchase the entire equity interest in Budaya of 5,000,000 shares ("Budaya shares"). Upon completion of acquisition of SEP, the Company shall be entitled to exercise the Call Option via SEP to purchase the Budaya shares.

The Proposed Acquisition of SEP represents a strategic investment by the Company for future recurring income stream from the provision of management and maintenance services to the Student Hostels for UNIMAP over the tenure of the Concession.

On 27 February 2015, all parties to the Proposed Acquisition of SEP agreed to extend the Conditional Period up to 31 May 2015 for the fulfilment of conditions precedent of the SSA. As of the date of this report, the Proposed Acquisition of SEP is subject to the review and approval of the relevant regulatory authority.

34. SUBSEQUENT EVENT

On 5 February 2015, the Company has entered into a sale of shares agreement with Wie Hock Kiong and Wie Jay Sern to acquire the entire equity shares in Megah Mestika Sdn. Bhd. ("MMSB") comprising 1,000 ordinary shares of RM1.00 each for a purchase consideration of RM1,000 to be satisfied fully in cash. Upon completion of the acquisition of MMSB, it will become a wholly-owned subsidiary of the Company.

35. CAPITAL COMMITMENTS

	Group	
	2014 RM	2013 RM
Approved and contracted:		
- Acquisition of property, plant and equipment	2,348,000	8,065,963

36. CONTINGENT LIABILITIES

Capital Habitat Builder Sdn. Bhd. ("CHBSB") Vs Pesona Metro Sdn. Bhd. ("PMSB")

On 12 September 2013, CHBSB had lodged a claim with the High Court, Kuala Lumpur vide High Court Civil No: 22C-53-11/2013 against PMSB for the recovery of RM2,315,045, being the subcontractor claim for the brickworks, plastering, cement rendering and skim coating works pursuant for the subcontractor agreement.

On 11 October 2013, PMSB has counter issued a letter of demand to CHBSB to claim that PMSB had overpaid a sum of RM933,387 to CHBSB.

The Court has fixed the case for full trial on 29 May 2015. The management is of the view that there is no merit to the claim and adequate provision for anticipated legal cost has been made in the financial statements.

37. COMPARATIVE FIGURES

The reclassification of comparative figures is to enhance disclosure and to conform to the current year presentation in the financial statements of the Group. The reclassification has no financial impact to the statement of profit or loss and other comprehensive income, and the statement of changes in equity.

The effect of the reclassification of comparative figures on the statements of financial position and statement of cash flows are as follows:

	Previously Stated	Adjustment	Restated
Group			
STATEMENT OF FINANCIAL POSITION			
Current Assets			
Short-term investments	-	1,005,195	1,005,195
Fixed deposits with licensed banks	80,711,615	(1,005,195)	79,706,420
STATEMENT OF CASH FLOWS			
Cash Flows From Investing Activities			
Purchase of other investments	-	(1,005,195)	(1,005,195)
Cash and cash equivalents at end of the financial year comprises:			
Short-term investments	-	1,005,195	1,005,195
Fixed deposits with licensed banks	80,711,615	(1,005,195)	79,706,420

39. DATE OF AUTHORISATION FOR ISSUE

The financial statements of the Group and of the Company for the financial year ended 31 December 2014 were authorised for issue in accordance with a resolution of the Board of Directors on 21 April 2015.

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

The following analysis of realised and unrealised retained profits/ (accumulated losses) of the Group and of the Company as at the reporting date is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad ("Bursa Securities") and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Retained profits:				
- Realised	41,455,591	38,470,170	733,039	603,297
- Unrealised	1,358,354	1,230,092	-	-
	42,813,945	39,700,262	733,039	603,297
Add: Consolidated adjustments	806,276	806,277	-	-
	43,620,221	40,506,539	733,039	603,297

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

List Of Properties

Existing Use	Land Area (as per Land Title) (Square Feet)	Build Up Area (Square Feet)	Tenure Date of/ Expiry of Lease	Address	Date of acquisition (S&P Date)	Approximate age of Building	NBV @ 31/12/2014 (RM)
Head Office (3 Floors)	2,131.25	5,717.57	Leasehold 99 years expiring on 05.01.2091 (Balance 76 years)	No.19,19A & 19B, Jalan SB Indah 1/18, Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor Darul Ehsan.	20/8/2003	17 years	1,299,249
Investment Property (1½ Floors)	1,668.40	2,142.02	Freehold	No.9 - PT 9078, Jalan Industri Putra 1, Precinct 14, 62050 Putrajaya.	28/8/2007	5 years	850,000
Investment Property (1½ Floors)	1,668.40	2,142.02	Freehold	No.11- PT 9077, Jalan Industri Putra 1, Precinct 14, 62050 Putrajaya.	28/8/2007	5 years	850,000
Store	216,171.61	-	Freehold	Lot 4627, Jalan Broga Besar, 71750 Broga, Negeri Sembilan.	3/8/2009	-	1,101,756
Store	215,891.75	-	Freehold	Lot 4628, Jalan Broga Besar, 71750 Broga, Negeri Sembilan.	23/10/2012	-	2,390,735

Analysis Of Shareholdings

as at 20 April 2015

Authorised Share Capital	:	RM300,000,000.00 divided into 1,200,000,000 ordinary shares of RM0.25 each
Paid-up Share Capital	:	RM131,063,612.00 divided into 524,254,448 ordinary shares of RM0.25 each
Class of Shares	:	Ordinary shares of RM0.25 each
Voting Right	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	Total Shareholdings	%
Less than 100 shares	6,004	51,127	0.01
100 to 1,000 shares	3,131	1,100,080	0.21
1,001 to 10,000 shares	1,115	4,167,113	0.80
10,001 to 100,000 shares	373	13,026,712	2.48
100,001 to less than 5% of issued shares	139	220,126,216	41.99
5% and above of issued shares	2	285,783,200	54.51
Total	**10,764**	**524,254,448**	**100.00**

SUBSTANTIAL SHAREHOLDERS

According to the register to be kept under section 69L of the Companies Act, 1965, the following are the substantial shareholders of the Company:-

Shareholders	Direct Interest No. of Shares	%	Indirect Interest No. of Shares	%
Wie Hock Beng	8	-*	309,783,200#	59.09
Wie Hock Kiong	-	-	309,783,200#	59.09
Sincere Goldyear Sdn Bhd	85,812,200	16.37	-	-
Kombinasi Emas Sdn Bhd	223,971,000	42.72	-	-

Notes:-

Deemed indirect interest held pursuant to Section 6A of the Companies Act, 1965 by virtue of his substantial shareholdings in Sincere Goldyear Sdn Bhd and Kombinasi Emas Sdn Bhd.

* negligible

DIRECTORS' SHAREHOLDINGS

Directors	Direct Interest No. of Shares	%	Indirect Interest No. of Shares	%
Dato' Lee Tuck Fook	-	-	-	-
Datuk Hj Subhi Bin Dziyauddin	-	-	-	-
Wie Hock Beng	8	-*	309,783,200#	59.09
Wie Hock Kiong	-	-	309,783,200#	59.09
Loh Kong Fatt	-	-	-	-

Notes:-

Deemed indirect interest held pursuant to Section 6A of the Companies Act, 1965 by virtue of his substantial shareholdings in Sincere Goldyear Sdn Bhd and Kombinasi Emas Sdn Bhd.

* negligible

Analysis Of Shareholdings (cont'd)

as at 20 April 2015

THIRTY (30) LARGEST SHAREHOLDERS

No.	Shareholders	No. Of Shares	%
1	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Kombinasi Emas Sdn Bhd*	211,971,000	40.43
2	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Sincere Goldyear Sdn Bhd*	73,812,200	14.08
3	Advance Harvest Sdn Bhd	23,391,000	4.46
4	Chin Guek Hong	23,191,000	4.42
5	Country Dairy Sdn Bhd	18,432,000	3.52
6	Constant Uptrend Holdings Sdn Bhd	15,776,500	3.01
7	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chin Boon Long	11,229,500	2.14
8	SJ Sec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Kombinasi Emas Sdn Bhd (SMT)*	8,000,000	1.53
9	SJ Sec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Sincere Goldyear Sdn Bhd (SMT)*	8,000,000	1.53
10	Wie Hock Kow	8,000,000	1.53
11	JF Apex Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Choy Sen @ Chin Kim Sang (Margin)*	6,750,000	1.29
12	Ikatan Generasi Sdn Bhd	5,090,000	0.97
13	Maybank Securities Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Sincere Goldyear Sdn Bhd (R0F2 Margin)*	4,000,000	0.76
14	Maybank Securities Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Kombinasi Emas Sdn Bhd (R0F2 Margin)*	4,000,000	0.76
15	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For OCR Land Holdings Sdn Bhd*	3,460,000	0.66
16	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Tee Tze Chern*	3,403,000	0.65
17	JF Apex Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Nextplus Fortune Sdn Bhd (Margin)*	3,297,000	0.63
18	Maybank Securities Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Choy Sen @ Chin Kim Sang (R0F2 Margin)*	2,980,700	0.57

THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)

No.	Shareholders	No. Of Shares	%
19	Affin Hwang Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Cheng Ying Ying (CHE3060M)*	2,868,000	0.55
20	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Ang Wei Meng*	2,567,500	0.49
21	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Tee Tze Chern*	2,187,100	0.42
22	Warisan Harta Sabah Sdn Bhd	2,127,000	0.41
23	JF Apex Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Firstwide Success Sdn Bhd (Margin)*	2,120,000	0.40
24	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Cheng Ying Ying*	2,010,000	0.38
25	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Choy Sen @ Chin Kim Sang*	1,999,300	0.38
26	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Tan Chai Yin*	1,821,700	0.35
27	Kan Fui Man	1,750,000	0.33
28	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Heng Ah Moi (8060540)*	1,726,000	0.33
29	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Yap Shor Yee*	1,360,000	0.26
30	Chang Yock Chai	1,350,000	0.26
		458,670,500	**87.50**

Analysis Of Warrant Holdings

as at 20 April 2015

Type of Securities	:	5 Years Warrants 2015/2020
Total Warrants Issued and Not Exercised	:	241,049,224
Voting Right	:	One vote per warrant

DISTRIBUTION OF WARRANT HOLDINGS

Size of Holdings	No. of Holders	No. of Warrants	%
Less than 100	6,163	38,843	0.02
100 to 1,000	3,393	896,427	0.37
1,001 to 10,000	621	2,430,608	1.00
10,001 to 100,000	233	8,021,946	3.33
100,001 to less than 5%	81	88,629,400	36.77
5% and above	2	141,032,000	58.51
Total	**10,493**	**241,049,224**	**100.00**

DIRECTORS' WARRANT HOLDINGS

Directors	Direct Interest No. of Warrants Held	%	Indirect Interest No. of Warrants Held	%
Dato' Lee Tuck Fook	-	-	-	-
Datuk Hj Subhi Bin Dziyauddin	-	-	-	-
Wie Hock Beng	42	-*	145,032,000#	60.17
Wie Hock Kiong	-	-	145,032,000#	60.17
Loh Kong Fatt	-	-	-	-

Notes:-

Deemed indirect interest held pursuant to Section 6A of the Companies Act, 1965 by virtue of his substantial shareholdings in Sincere Goldyear Sdn Bhd and Kombinasi Emas Sdn Bhd.

* negligible

THIRTY (30) LARGEST WARRANT HOLDERS

No.	Warrant Holders	No. of Warrants	%
1	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Kombinasi Emas Sdn Bhd*	105,752,000	43.87
2	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Sincere Goldyear Sdn Bhd*	35,280,000	14.64
3	Chin Guek Hong	11,595,500	4.81
4	Country Dairy Sdn Bhd	9,216,000	3.82
5	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Chin Boon Long (008)*	8,570,000	3.56
6	Constant Uptrend Holdings Sdn Bhd	7,888,250	3.27
7	Wie Hock Kow	4,000,000	1.66
8	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Loo Swee Weng*	3,573,100	1.48
9	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Liew Kuo Wei*	3,288,300	1.36
10	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Eng Mok Hock (08E00033Q-008)*	2,830,500	1.17
11	Ikatan Generasi Sdn Bhd	2,545,000	1.06
12	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Tan Chai Mei*	2,238,600	0.93
13	Maybank Securities Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Sincere Goldyear Sdn Bhd (R0F2 Margin)*	2,000,000	0.83
14	Maybank Securities Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Kombinasi Emas Snd Bhd (R0F2 Margin)*	2,000,000	0.83
15	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Tee Tze Chern*	1,701,500	0.71
16	Maybank Securities Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Choy Sen @ Chin Kim Sang (R0F2 Margin)*	1,490,350	0.62
17	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Loo Swee Weng (8100006)*	1,300,000	0.54

Analysis Of Warrant Holdings (cont'd)

as at 20 April 2015

THIRTY (30) LARGEST WARRANT HOLDERS (CONT'D)

No.	Warrant Holders	No. of Warrants	%
18	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Yap Yee Siew Audrey (08Y00062Q-008)*	1,180,000	0.49
19	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Kenny Khow Chuan Wah (008)*	1,150,000	0.48
20	Warisan Harta Sabah Sdn Bhd	1,063,500	0.44
21	Kan Fui Man	1,000,000	0.41
22	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Choy Sen @ Chin Kim Sang*	999,650	0.41
23	Lyonel Tan Ooi Keong	980,000	0.41
24	Chang Yock Chai	950,000	0.39
25	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Kok Tiu Wan*	865,900	0.36
26	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Phoa Boon Ting (CEB)*	860,000	0.36
27	Maybank Securities Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Yeap Weng Hong (Margin)*	660,000	0.27
28	Dahlan Bin Mohd Rasaid	650,000	0.27
29	SJ Sec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Kon Tek Yoong (SMT)*	611,100	0.25
30	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Tee Tze Chern*	552,500	0.23
		216,791,750	**89.93**

FORM OF PROXY

No. of ordinary shares held
CDS Account No.

PESONA METRO

PESONA METRO HOLDINGS BERHAD
(957876-T)
(Incorporated in Malaysia under the Companies Act, 1965)

*I/*We__________________________________ NRIC/ Passport No./ Company No. ____
[Full name in Block Letters]

of____
[Full address]

being a *member/members of PESONA METRO HOLDINGS BERHAD ("PMHB") hereby appoint the following person(s):

Name of proxy, NRIC No. & Address	No. of shares to be represented by proxy	%
1.		
2.		

or failing *him/her, the Chairman of the Meeting as *my/our proxy/proxies to attend and vote for *me/us on *my/our behalf at the Fourth Annual General Meeting ("4th AGM") of PMHB to be held at **Skyview 7, Level 29, The Gardens Hotel & Residences – St. Giles Grand Hotel, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur on Thursday, 18 June 2015 at 10:30 a.m.** and at any adjournment thereof.

Resolutions	For	Against
Ordinary Resolutions		
1. To approve the payment of Directors' Fees of RM168,000 for the financial year ended 31 December 2014.		
2. To approve the payment of Directors' Fees of RM216,000 for the financial year ending 31 December 2015.		
3. To re-elect Datuk Hj Subhi Bin Dziyauddin as Director.		
4. To re-elect Dato' Lee Tuck Fook as Director.		
5. To re-appoint Messrs UHY as the Auditors of the Company and to authorise the Board of Directors to fix their remuneration.		
6. Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		
7. Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965.		

(Please indicate with an "X" in the space provided above on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his /her discretion).

Where two (2) proxies are appointed, please indicate below the proportion of your shareholdings to be represented by each proxy.

First named proxy	%
Second named proxy	%
	%

As witness my hand this ______________ day of ______________ 2015.

____
Signature/Common Seal of Member(s)

Contact Tel: ____________________

Fold This Flap For Sealing

Then Fold Here

AFFIX
STAMP

The Company Secretary

PESONA METRO HOLDINGS BERHAD
(957876-T)

19, Jalan SB Indah 1/18
Taman Sungai Besi Indah
43300 Seri Kembangan
Selangor Darul Ehsan

1st Fold Here

Notes:

1. *For the purposes of determining a member who shall be entitled to attend and vote at this meeting, the Company shall be requesting the Record of Depositors as at 11 June 2015. Only a depositor whose name appears on the Record of Depositors as at 11 June 2015 shall be entitled to attend the said meeting or appoint proxies to attend and vote on his/her stead.*
2. *A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote at his stead. A proxy may but need not be a member of the Company. A member may appoint any person to be his proxy and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply.*
3. *Where a member appoints more than one (1) proxy to attend at the same meeting, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.*
4. *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.*
5. *Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provision of subsection 25A(1) of SICDA.*
6. *A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.*
7. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation either under its common seal or under the hand of an officer or attorney duly authorised.*
8. *The Form of Proxy must be deposited at the Company's Registered Office at No. 19, Jalan SB Indah 1/18, Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*

PESONA METRO

PESONA METRO HOLDINGS BERHAD
(957876-T)

19, Jalan SB Indah 1/18,
Taman Sungai Besi Indah,
43300 Seri Kembangan,
Selangor, Malaysia.
Tel: +60 3 8941 0818
Fax: +60 3 8941 0817

www.pesona.com.my