

CREATING POSSIBILITIES

A TRANSFORMATIONAL JOURNEY

22.9% increase in
revenue over
FY2014

Revenue of more than
RM1 billion
for the second
consecutive year

ANNUAL
REPORT
2015

PROVIDING
ADVANCEMENT
OPPORTUNITIES FOR
OUR 2,000 EMPLOYEES

TOGETHER AS A TEAM,
WE WILL CONTINUE
TO MAKE STRATEGIC
DECISIONS IN
TRANSFORMING
THE GROUP

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Cover Rationale

The annual report cover depicts our strategic business units working in unison to create a synergy of strength. The origami birds reflect the diverse businesses we operate, some soaring to greater heights of excellence while others continue taking shape. Aligned for success, we are on a transformational journey that will ensure the Group's efficiency and effectiveness in all endeavours. Moving progressively in the right direction, we are seeking new frontiers, leveraging on our foundations of strength and capabilities to create a competitive edge, ensuring our business sustainability and enhancing value for shareholders and stakeholders alike.

Protasco. We Are Creating Possibilities

Core Values

- ◆ **R**esult Oriented
- ◆ **O**wnership
- ◆ **C**ustomer Focused
- ◆ **K**nowledge Driven
- ◆ **I**ntegrity
- ◆ **T**eamwork



Vision To be an internationally acclaimed conglomerate ensuring growth and delivering value for a better quality of life

Mission

- ◆ **Shareholders**
To be a multi billion dollar company in terms of market capitalisation
- ◆ **Process**
To practise good corporate governance and operational excellence
- ◆ **Customers**
To exceed customer expectations
- ◆ **Society**
To build and support sustainable communities
- ◆ **Technology**
To improve efficiency and competitive advantage through innovative technologies
- ◆ **Employees**
To become the employer of choice for the right talents

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Datuk Dr Hadenan Bin A Jalil

Chairman
Independent Non-Executive
Director

Dato' Sri Ir Chong Ket Pen

Executive Vice Chairman /
Group Managing Director

Dato' Sri Su-Azian @ Muzaffar Syah Bin Abd Rahman

Executive Director

Dato' Mohd Hanif Bin Sher Mohamed

Independent Non-Executive
Director

Dato' Tan Yee Boon

Independent Non-Executive
Director

Ir Tan Heng Kui

Non-Independent Non-Executive
Director

Suhaimi Bin Badrul Jamil

Independent Non-Executive
Director

COMPANY SECRETARIES

Khor Hooi Ling

(MAICSA 7014879)

Seow Fei San

(MAICSA 7009732)

REGISTERED OFFICE

802, 8th Floor
Block C, Kelana Square
17, Jalan SS7/26
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : 603 7803 1126
Fax : 603 7806 1387

PRINCIPLE OFFICES

Corporate Office

Unipark Suria, Jalan Ikram-Uniten
43000 Kajang
Selangor Darul Ehsan
Malaysia
Tel : 603 8738 3388
Fax : 603 8926 4008

Kuala Lumpur Office

87, Jalan Kampung Pandan
55100 Kuala Lumpur
Malaysia
Tel : 603 9286 4050
Fax : 603 9284 8118
Web : www.protasco.com.my
Email : ccd@protasco.com.my

REGISTRAR

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A / 46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : 603 7841 8000
Fax : 603 7841 8008

PRINCIPAL BANKERS

UOB (Malaysia) Berhad
RHB Bank Berhad
OCBC Bank (Malaysia) Berhad
Hong Leong Bank Berhad
AmBank (M) Berhad
CIMB Bank Berhad

AUDITORS

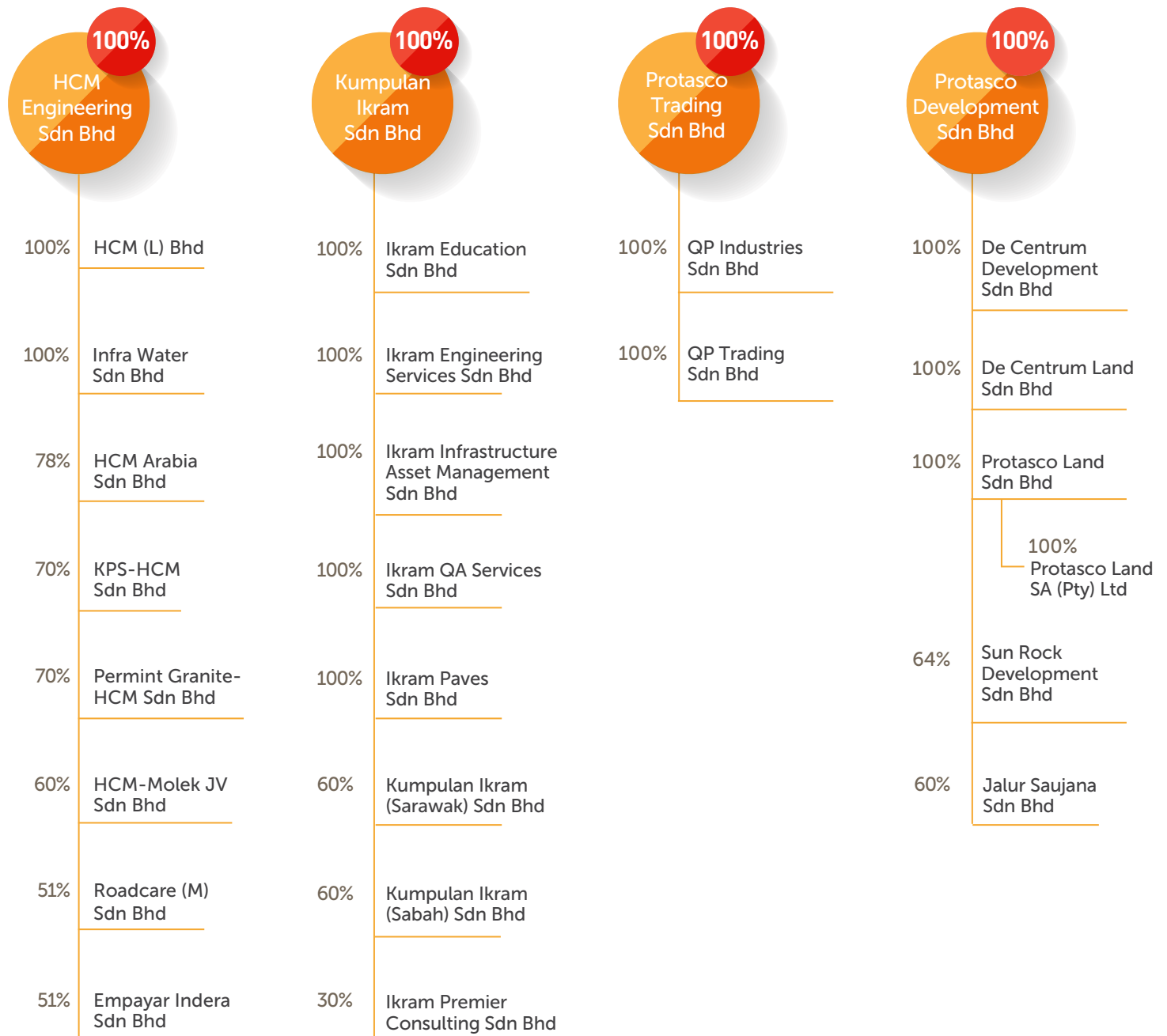
Crowe Horwath (AF 1018)
Chartered Accountants
Level 16, Tower C, Megan Avenue II
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Malaysia

STOCK EXCHANGE LISTING

Main Board
Bursa Malaysia Securities Berhad
Listed Since : 8 August 2003
Stock Name : PRTASCO
Stock Code : 5070



CORPORATE STRUCTURE



Note:
This structure depicts main operating subsidiaries and associate companies only.

CORE BUSINESS DIVISIONS

Leveraging on our technological strength, experienced workforce and dedication to excellence, we have steadily developed our capabilities into a one-stop integrated infrastructure centre specialising in:

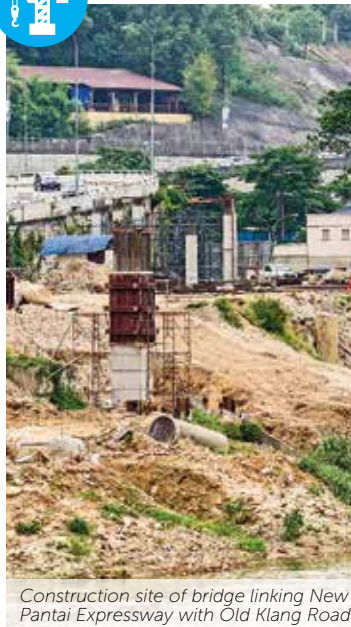
MAINTENANCE



Routine maintenance works in Putrajaya

Protasco Berhad is the biggest private road maintenance service provider in Malaysia and has been delivering sustainable and environmentally friendly technology and services for more than two decades. As a single road maintenance concessionaire, Protasco maintains the longest length of roads in Malaysia, covering both the Federal and State roads. Road maintenance is the Group's biggest revenue contributor.

CONSTRUCTION



Construction site of bridge linking New Pantai Expressway with Old Klang Road

Protasco's expertise lies in the design, construction, upgrading and rehabilitation of roads, bridges and buildings. We have built roads both locally and overseas, and have covered more than USD2 billion worth of works. We are a contractor for both the Government of Malaysia and the private sectors with projects including the Perumahan Penjawat Awam 1 Malaysia (PPA1M) Phase 1 and Phase 2 in Federal Territory of Putrajaya and a bridge linking Old Klang Road with the New Pantai Expressway (NPE) across Sg Klang.

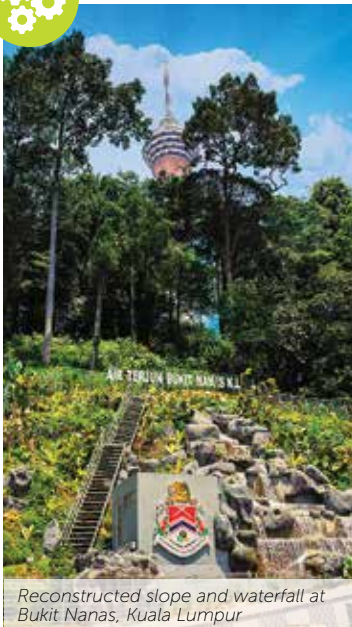
PROPERTY & INFRASTRUCTURE



Phase 1 of De Centrum City

The Property & Infrastructure's jewel in the crown, the De Centrum City is a 100-acre freehold development with a GDV of almost RM10 billion over a 15 year span. It is the Group's first mixed development project consisting of residential, commercial, educational and modern lifestyle attractions, set to redefine the urban landscape of South Kuala Lumpur. De Centrum City projects has received awards for Best Mixed Development in Malaysia and Best Boutique Lifestyle Development from Property Insight's Prestigious Developer Awards in 2015 and 2016 respectively.

ENGINEERING & CONSULTANCY SERVICES



Reconstructed slope and waterfall at Bukit Nanas, Kuala Lumpur

Protasco remains a trusted partner to the Government of Malaysia as well as local authorities and private sectors. Kumpulan Ikram Sdn Bhd signed Master Service Agreements with the Datuk Bandar Kuala Lumpur and Tenaga Nasional Berhad that entrusted the Group with forensic engineering services on slopes and slope related structures, and engineering services and capacity building works. Our years of experience in engineering and consultancy services have established us as an industry expert with technologies and unique facilities such as the Ikram Road Scanner.

EDUCATION



IUUKL held its 13th Convocation Ceremony on September 2015

For more than 15 years, Infrastructure University Kuala Lumpur (IUUKL) has been providing quality education and excellent professional services in various fields of infrastructure and offers programmes from foundation to post graduate. IUUKL is a SETARA Tier 5: Excellent institution, a rating by the Malaysian Qualifications Agency that recognises it as an excellent, full-fledged university and placed amongst the top ranking private universities in Malaysia.

TRADING & MANUFACTURING



Trading and Manufacturing Division look for innovative construction solution

The trading arm of Protasco Berhad complements the Maintenance, Construction and Property & Infrastructure Divisions of the Group. It specialises in construction products, materials and equipment, petroleum-based products and highway safety products and equipment, sourced from reputable local and international suppliers.

STAKEHOLDERS ENGAGEMENT

FOCUS STAKEHOLDER GROUPS

INVESTORS

CUSTOMERS

ENGAGEMENT & COMMUNICATION PROGRAMMES

- General Meetings
- Briefings to Fund Managers / Analysts
- Media Interviews
- News Releases
- Site Visits
- Investor Relations Website
- Corporate Websites
www.protasco.com.my
www.ikram.com.my
www.roadcare.com.my
www.decentrum.com.my
www.hcme.com.my
www.protascotrading.com.my
www.iukl.edu.my

- Briefings / Meetings
- Social Gatherings & Activities
- Customer Service Hotlines
- Student Meetings
- Social Media Sites

EMPLOYEES**GOVERNMENT /
LOCAL
AUTHORITIES /
REGULATORS****COMMUNITY****EXTERNAL
PROVIDERS**

- Departmental Sharing Sessions
- Briefings / Meetings
- Forums
- Appraisal Sessions
- Newsletters
- Intranet Portals

- Briefings / Meetings
- Dialogues
- Roadshows

- Community Programmes
- Sponsorship Programmes
- Career Talks
- Seminars for schools & Education Institutions

- Review & Coordination Meetings
- Negotiation Meetings

GROUP FINANCIAL HIGHLIGHTS

TURNOVER

RM **1.31** billion

OPERATING PROFIT

RM **66.8** million

TOTAL DIVIDEND PER SHARE

13.0* sen

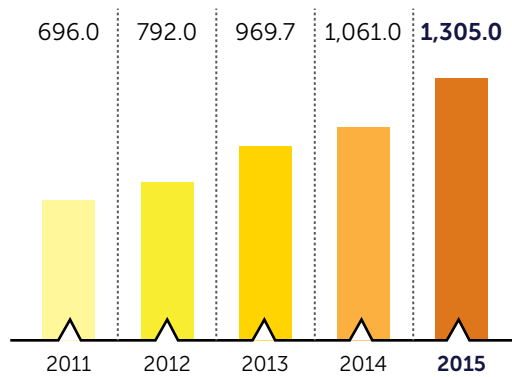
NET ASSETS PER SHARE

RM **1.12**

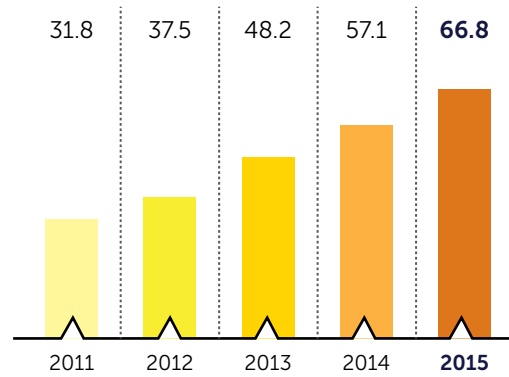
Year Ended 31 December	2011	2012	2013	2014	2015
Turnover (RM'000)	695,985	791,972	969,706	1,061,573	1,305,030
Operating Profit (RM'000)	31,828	37,472	48,173	57,103	66,757
Profit/(Loss) After Tax & Non-Controlling Interest (RM'000)	31,828	37,472	48,173	(46,444)	66,757
Earnings/(Loss) Per Share (sen)	10.73	12.63	15.64	(13.95)	19.93
Total Dividend Per Share (sen)	8.0	14.0	10.0	5.0	13.0*
Net Assets Per Share (RM)	1.21	1.19	1.23	0.99	1.12

* Including a final dividend of five (5) sen per ordinary share in respect of the financial year ended 31 December 2015 which will be proposed for the shareholders' approval at the forthcoming Annual General Meeting.

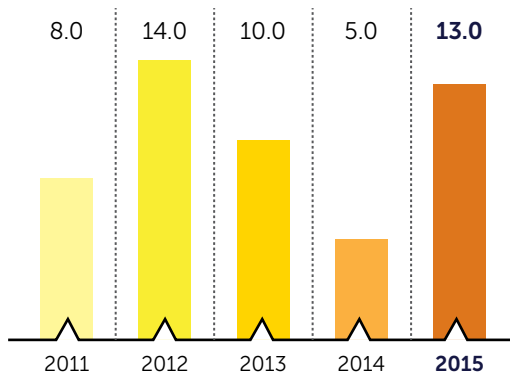
TURNOVER (RM million)



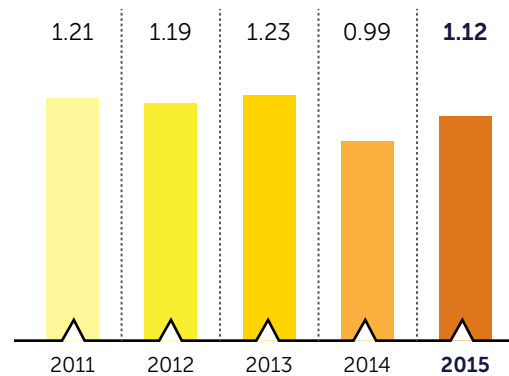
OPERATING PROFIT (RM million)



TOTAL DIVIDEND PER SHARE (sen)



NET ASSETS PER SHARE (RM)



EVOLVING WITH INNOVATIVE TECHNOLOGY

Providing an unrivalled level of technological advancements, we constantly innovate to retain our competitive edge and go beyond expectations.





SURVEY

BERHAD

RAP

BOARD OF DIRECTORS

Tan Sri Datuk Dr Hadenan Bin A Jalil
Chairman
Independent Non-Executive Director



Dato' Mohd Hanif Bin Sher Mohamed
Independent Non-Executive Director



Dato' Sri Ir Chong Ket Pen
Executive Vice Chairman /
Group Managing Director



**Dato' Sri Su-Azian @
Muzaffar Syah Bin
Abd Rahman**
Executive Director



Dato' Tan Yee Boon
Independent Non-Executive
Director



Ir Tan Heng Kui
Non-Independent
Non-Executive Director



Suhaimi Bin Badrul Jamil
Independent Non-Executive
Director

DIRECTORS' PROFILE

TAN SRI DATUK DR HADENAN BIN A JALIL

Chairman
Independent Non-Executive Director
Malaysian, Age 70

Term of Office

- Chairman and a Director of Protasco Berhad since 28 April 2010

Education & Qualification

- A PhD from Henley Management College, United Kingdom (1986)
- A Master in Business Management from the Asian Institute of Management, Philippines (1975)
- A Bachelor of Economics (Honours) degree from the University of Malaya (1970)
- Recipient of the Asian Institute of Management Alumni Award (AAA) in 2013
- A Fellow Member of Association of International Accountants
- An Honorary Member of the Institute of Internal Auditors Malaysia

Skills & Experience

Tan Sri Datuk Dr Hadenan was Malaysia's Auditor General from 2000 to 2006.

He was the Chairman of the Operations Review Panel, Malaysian Anti-Corruption Commission until 26 February 2015 and the Chairman of ICB Islamic Bank Ltd Bangladesh until June 2014. He was also the Chairman for PNB Commercial

Sdn Bhd and its subsidiaries; PG Hotel Sdn Bhd and THP Sinar Sdn Bhd and held directorships at Malayan Banking Berhad and Maybank Islamic Berhad;

He began his 36 years of public service in 1970, at the Ministry of Finance when he joined the Malaysian Administrative and Diplomatic Services as an Assistant Secretary in the Budget Division.

He went on to assume various positions such as Principal Assistant Secretary, Tax Division; Deputy Secretary, Economic Division; Deputy Secretary, Finance Division and Secretary, Finance Division until 1998. He then became the Deputy Secretary General (Trade) at the Ministry of International Trade and Industry from 1998 to 1999 and Secretary General at the Ministry of Works from 1999 to 2000, before becoming the Auditor General.

Other Public Company Directorship & Offices

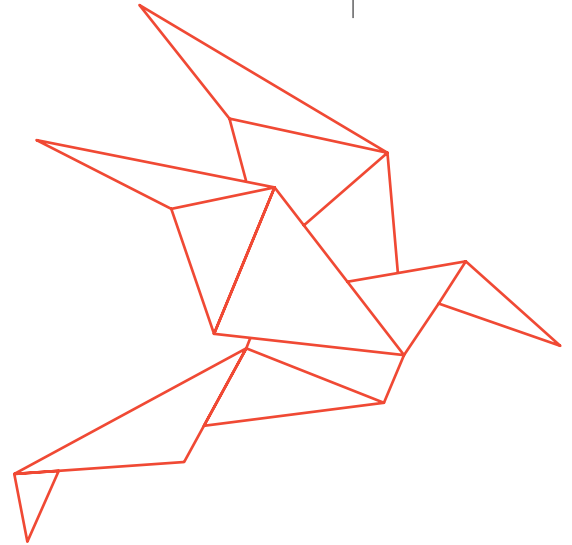
Tan Sri Datuk Dr Hadenan is a Director at Unilever (M) Holdings Sdn Bhd and Universiti Tun Abdul Razak Sdn Bhd.

He is a member of Johor Corporation's Audit Committee and the Group Business Advisor of Sinar Jernih Sdn Bhd. Tan Sri Datuk Dr Hadenan is the Chairman of the Board of Governors of Infrastructure University Kuala Lumpur.



DATO' SRI IR CHONG KET PEN

Executive Vice Chairman / Group Managing Director
Malaysian, Age 61



Dato' Sri Ir Chong Ket Pen is the founder of Protasco Group.

Term of Office

- Director of Protasco Berhad since 18 May 2001
- Executive Vice Chairman cum Group Managing Director of Protasco Berhad Group of Companies

Education & Qualification

- A Master of Philosophy (Civil Engineering) degree, University Of Birmingham, United Kingdom (1990)
- A Bachelor of Engineering (Hons) degree from the University of Malaya (1979)
- A member of the Institute of Engineers Malaysia (IEM) since 1984
- A registered Professional Engineer with the Board of Engineers Malaysia (BEM)
- A member of the Institution of Civil Engineers, United Kingdom since 1985
- A registered Chartered Engineer with the United Kingdom's Engineering Council since 1987

Skills & Experience

Upon graduating from University of Malaya in 1979, Dato' Sri Ir Chong became a Road Design Engineer cum Assistant Project Engineer at the Public Works Department (JKR) Kelantan until he was promoted to Project Engineer in 1982.

He then became a Senior Engineer at the Design and Research Branch of the JKR Headquarters before he was assigned as Senior Pavement Research Engineer at Institut Kerjaraya Malaysia (IKRAM) in 1988. Subsequently, he was a Senior Engineer, Pavement Evaluation and Research.

He is a road pavement specialist with extensive experience in the design, construction and maintenance of road pavements. In 1991, he left the public sector to set up the foundation for Protasco Berhad.

Other Public Company Directorship & Offices

Dato' Sri Ir Chong contributes extensively to the community. He is currently the Deputy President of the KL-Selangor Hopo Association and the Chairman of Malaysia Hopo Cultural Fund. He is also the Vice President of the KL-Selangor Chinese Assembly Hall.

directors' profile

**DATO' SRI SU-AZIAN @
MUZAFFAR SYAH BIN ABD RAHMAN**

Executive Director
Malaysian, Age 51

Term of Office

- Director of Protasco Berhad since 16 December 2014

Education & Qualification

- A Certificate in Business Management, Malay Chamber of Commerce (BBMC) in 1988

Skills & Experience

Dato' Sri Muzaffar Syah was a Special Officer at the Ministry of International Trade & Industry Malaysia, the Ministry of Youth and Sports Malaysia and the Ministry of Education Malaysia from 1995 to 2009.

He was the Chief Executive Officer at Molek Engineering Sdn Bhd from 2001 to 2012. He also served as a Director in GIA Consult Sdn Bhd from 2006 to 2012 and Papan Agro Valley Sdn Bhd from 2007 to 2012.

Other Public Company Directorship & Offices

He is the Managing Director of HCM Engineering Sdn Bhd, a wholly owned subsidiary of Protasco Berhad.

Dato' Sri Muzaffar Syah is currently the Managing Director of the Construction and Maintenance Divisions of Protasco Berhad.

**DATO' MOHD HANIF
BIN SHER MOHAMED**

Independent Non-Executive Director
Malaysian, Age 64

Term of Office

- Director of Protasco Berhad since 28 November 2012

Board Committee

- Chairman of the Audit Committee

Education & Qualification

- A Master in Business Administration
- A graduate of Banking, Management and Marketing
- A member of the Australian Management College
- A member of the British Institute of Management
- A member of the Institute of Credit Management, United Kingdom

Skills & Experience

Dato' Mohd Hanif has vast experience in corporate and consumer banking including strategic planning, risk management, rehabilitation and restructuring of debts.

He was the former Chief Executive Officer of Credit Corporation (Malaysia) Berhad and Chairman of Entrepreneur Rehabilitation Fund (Tabung Pemulihan Usahawan). He was also the Director of Credit Guarantee Corporation, Danajamin Nasional Berhad and Agro Bank.

Other Public Company Directorship & Offices

He is currently Chairman and a Director of Sivash Holdings Berhad, Mieco Chipboard Berhad and Credit Counselling and Debt Management Agency (AKPK). He is also a member of the Small Debt Resolution Committee at Bank Negara Malaysia.



DATO' TAN YEE BOON

Independent Non-Executive Director
Malaysian, Age 41

Term of Office

- Director of Protasco Berhad since 18 January 2013

Board Committee

- Chairman of the Nomination & Remuneration Committee
- Chairman of the Employees' Share Scheme Committee
- Member of the Audit Committee
- Member of Board Risk Management Committee

Education & Qualification

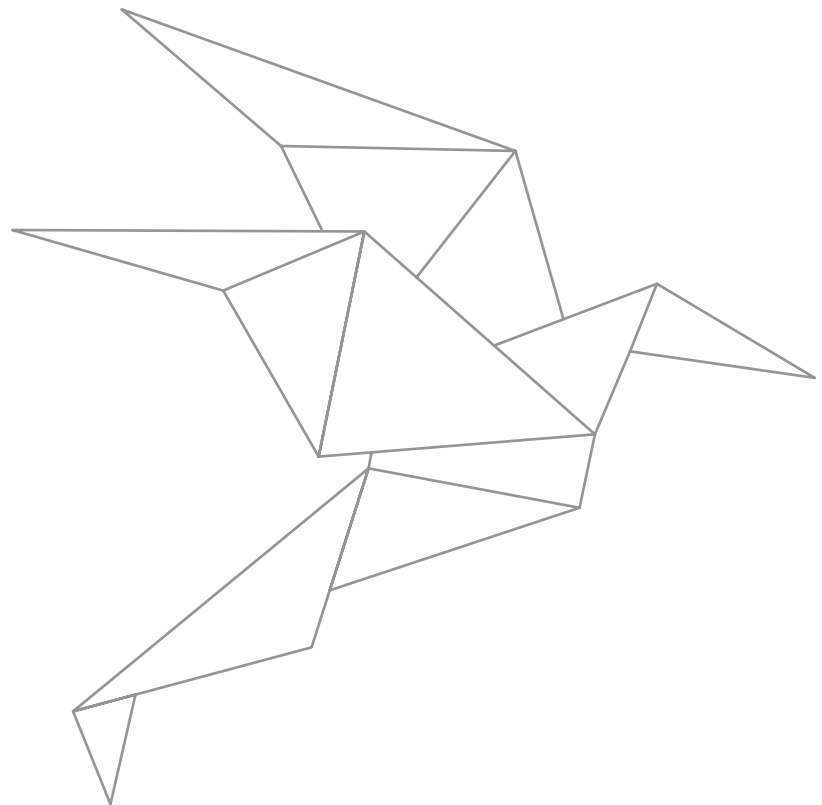
- A Bachelor of Law (Honours) degree from University of Glamorgan, Wales (1997)
- A Certificate of Legal Practice from Malaysia (1998)
- Admitted as an Advocate & Solicitor, High Court of Malaya (1999)

Skills & Experience

Dato' Tan Yee Boon possesses more than 17 years of experience in legal services with specialisation in commercial, corporate, litigation and advisory works.

Other Public Company Directorship & Offices

He is a Director of Central Industrial Corporation Bhd and Earnest Investments Holdings Limited, a company listed on the Hong Kong Stock Exchange.



directors' profile

IR TAN HENG KUI

Non-Independent Non-Executive Director
Malaysian, Age 59

Term of Office

- Director of Protasco Berhad since 10 December 2012

Board Committee

- A member of the Nomination & Remuneration Committee
- A member of the Employees' Share Scheme Committee
- A member of the Board Risk Management Committee

Education & Qualification

- A Bachelor of Science (Honours) degree in Civil Engineering from the University of Wales, United Kingdom (1981)
- A Professional Engineer registered with the Board of Engineers Malaysia (BEM)
- A Chartered Engineer with the Engineering Council, United Kingdom
- A registered engineer with the ASEAN Federation of Engineering Organisation (AFEO)

Skills & Experience

Ir Tan Heng Kui has more than 30 years of practical experiences in the local engineering industry, mainly in water resources and waste water engineering projects.

His other professional and community services include holding various positions such as National Vice President of the Institution of Engineers Malaysia (IEM) from 1999 to 2004; President of Sabah Engineers Association and President of the Rotary Club of Likas Bay. He was also the Chairman of IEM Sabah Branch from 1995 to 1997; Chairman of the IEM Arbitration Nomination Committee and also the IEM Professional Practice Standing Committee from 1999 to 2004.

Ir Tan Heng Kui was a member of the Professional Practice Committee of BEM from 2001 to 2004 and a member of Dewan Bandaraya Kota Kinabalu High Risk Building Committee from 1995 to 2002.

In 2015, he was conferred the Honorary Fellow of the Asean Federation of Engineering Organisations in recognition of his contribution to the engineering communities.

Other Public Company Directorship & Offices

Ir Tan Heng Kui is a Director at Incoprime Sdn Bhd and Press Metal Berhad since 1991 and 2001 respectively.

Ir Tan Heng Kui is a Director of Kumpulan Ikram (Sabah) Sdn Bhd since 1997. He is also Principal of Perunding Pertama Consulting Engineers since 1988.



SUHAIMI BIN BADRUL JAMIL

Independent Non-Executive Director
Malaysian, Age 53

Term of Office

- Director of Protasco Berhad since 16 December 2014

Board Committee

- Chairman of Board Risk Management Committee
- A member of the Audit Committee

Education & Qualification

- A Master of Business Administration from Deakin University, Australia (2004)
- A Bachelor of Economics (with specialisation in accounting), Australian National University (1985)
- A Graduate Diploma in Accounting, Australian National University (1986)
- A Chartered Accountant (Malaysia) with the Malaysian Institute of Accountants
- A Fellow member of CPA Australia

Skills & Experience

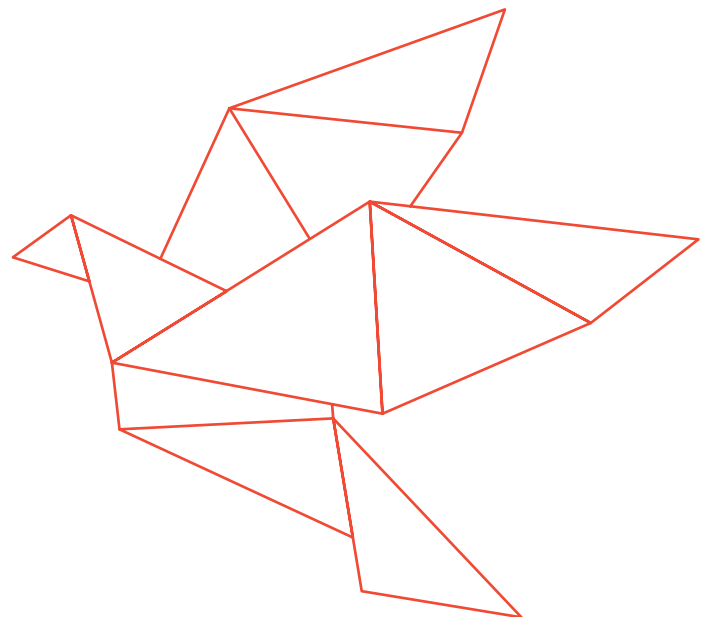
Suhaimi started his career with HRM Arthur Andersen, Chartered Accountants in the audit and financial consulting department. He left to join the corporate world and went on to be appointed as a Group Financial Controller, Group General Manager and finally as a Group Executive Director for a Malaysian conglomerate whose activities included property development, transportation, insurance and banking, plantation, construction, manufacturing and investment holdings.

He then went on to start his own business and has been involved in various start-ups covering diverse areas including education, international trading, agriculture, manufacturing, mining and private equity. Apart from this, he was also a Special Administrator for Danaharta, regularly consults various companies in areas of corporate finance, corporate restructuring, risk management, turnaround management, cross border investments in South East Asia, mergers and acquisitions and strategic management and leadership.

He held various board directorships in public listed companies as well as licensed financial institutions. Among the companies in which he was a board member were MEMS Technology Berhad as Chairman of the Board; Petra Energy Berhad; Credit Corporation (M) Berhad; MIMB Investment Bank Berhad; Gadek Capital Berhad; SPK-Sentosa Corporation Berhad; Intrakota Consolidated Berhad; eB Capital Berhad and SJ Kumpulan Berhad. He was also an Executive Director with Ferrier Hodgson MH and Baker Tilly MH.

Notes:

- (i) None of the Directors have any family relationship with each other and with any substantial shareholders of the Company.
- (ii) None of the Directors have any conviction for offences, other than traffic offences, for the past 10 years.
- (iii) Other than Dato' Sri Ir Chong Ket Pen and Ir Tan Heng Kui's interests in related party transactions as disclosed in Note 47 of the Financial Statements, none of the other Directors have conflict of interest with the Company.
- (iv) The Directors' holdings in shares of the Company are disclosed in the Analysis of Shareholdings section of the Annual Report. Other than Ir Tan Heng Kui, none of the other Directors hold any shares in the subsidiaries of the Company.



CHAIRMAN'S Statement

VALUED SHAREHOLDERS,

On behalf of the Board of Directors, I hereby present the Annual Report of Protasco Berhad Group of Companies for the financial year ended 31 December 2015.

REVIEW OF FY2015

For FY2015, the Group recorded a turnover of RM1.31 billion, an increase of 22.9% over FY2014. Despite the challenging environment, the Group's revenue has surpassed the RM1 billion mark for the second consecutive year, following the RM1.06 billion posted for FY2014.

The Group returned to black, with profit attributable to shareholders at RM66.8 million, from a loss of RM46.4 million in FY2014. Excluding one-off impairment losses that incurred in FY2014, we are pleased to see operational profit grew by 17% in FY2015. This is the third consecutive year of double-digit growth for the Group, following growth of 29% in FY2013 and 19% in FY2014.

Your Board has declared and paid two (2) interim dividends totalling eight (8) sen per ordinary share for FY2015. As I have reported in previous years, in order to maintain the established trend of past years' dividend pay-out, your Board is pleased to recommend a final dividend of five (5) sen per share for the financial year ended 31 December 2015. This recommendation is however subject to your approval at the forthcoming Annual General Meeting.

**Tan Sri Datuk Dr
Hadenan Bin A Jalil**
Chairman





GROUP
REVENUE



RM
1.31
billion

OPERATING
PROFIT



RM
66.8
million



REVIEW OF OPERATIONS

The Maintenance Division performed better as compared to FY2014, registering an increase of 22% in revenue to RM676.2 million. The increase was due to additional work orders secured for roads damaged during the December 2014 massive floods in the east coast of Malaysia. Pre-tax profit, however, declined by 18% to RM80.2 million due to the nature of emergency works, which yielded lower margins.

The Construction Division's revenue rose to RM247.8 million, approximately 15% over the preceding year. Pre-tax profit doubled to RM28.8 million. The major contributor to the performance of this division is the on-going "Perumahan Penjawat Awam 1Malaysia (PPA1M)" project. As at the end of the financial year, the PPA1M was 52% completed.

The Group's mixed development project within De Centrum development continues to be a significant revenue earner for FY2015. The Property Development Division recorded RM150 million in revenue, an increase of 79% over the preceding year. Pre-tax profit stood at RM12.8 million.

We launched De Centrum Phase 1, an integrated development comprising shops, shopping mall, SOHO and serviced apartments, in late 2012, and is fully sold out in 2013. This phase of development

was 99% completed as at 31 December 2015 and achieved full completion in early January 2016. We are currently handing over vacant possession to the owners. Another on-going project of De Centrum Development, Phase 2A, has achieved 50% completion as at 31 December 2015.

The Engineering and Consultancy Services Division registered a lower turnover of RM54.8 million as compared to RM85.3 million in the preceding year. Correspondingly, pre-tax profit decreased to RM2.7 million against RM8.9 million recorded in the preceding year, due to reduced geotechnical works carried out during the financial year as well as higher operating costs.

Infrastructure University Kuala Lumpur, the education arm of the Group, posted RM58 million in turnover for FY2015, backed by a student population of 4,007 as at the end of the financial year. Pre-tax profit rebounded to RM1.5 million as compared to pre-tax loss of RM732,000 in the preceding year due to impairment losses made on outstanding student fees.

The Trading and Manufacturing Division turnover remained stable at RM113 million. The demand for bitumen products and pavement materials remained challenging and coupled with higher legal expenses incurred on a litigation case, this division's pre-tax profit declined by 43% to RM2.9 million.

OUR BUSINESS

(Profit Contribution by Sectors for FY2015)

CONSTRUCTION



MAINTENANCE



PROPERTY & INFRASTRUCTURE



ENGINEERING & CONSULTANCY



EDUCATION



TRADING & MANUFACTURING



HIGHLIGHTS OF THE YEAR

We had several achievements worth mentioning during the year:

- (1) HCM Engineering Sdn Bhd (HCM), a wholly-owned subsidiary of the Group, was awarded the main civil and infrastructure works to connect Old Klang Road and the New Pantai Expressway, by Gelanggang Harapan Sdn Bhd, a subsidiary of Malaysian Resources Corporation Berhad. The contract sum is approximately RM58 million and works are to be completed by 30 September 2016.
- (2) HCM was awarded maintenance works on Federal Roads in Zone 2A, Sarawak, by Jabatan Kerja Raya for a total contract sum of approximately RM77 million. The award encompasses construction of four (4) overtaking lanes in Sibu and Bintulu divisions.
- (3) HCM won the bid to design and build an additional 4-storey office building with basement carpark for the Asian Football Confederation at the existing facilities located at Bukit Jalil, Mukim Petaling, Kuala Lumpur. The contract with a value of RM44 million is to be completed in 18 months by March 2017.
- (4) Kumpulan Ikram Sdn Bhd (Ikram), a wholly-owned subsidiary of the Group entered into a Master Service Agreement with the Government of Malaysia for the appointment of Ikram as a service provider with regards to the forensic engineering services on slopes and slope-related structures. The agreement, which is effective from 1 January 2016 will cover a period of three (3) years with an option to renew for a further period of two (2) years. The services shall cover all slope failures throughout Malaysia except for slopes at federal roads, roads that are currently under privatised concession agreements and roads pending completion by the Government or Government agencies. The contract sum is estimated to be RM25 million per annum, subject to annual consumption by the Government pursuant to the agreement.
- (5) Protasco Development Sdn Bhd, a wholly-owned subsidiary of the Group, was awarded the construction project to build 1,100 units of houses in the Federal Territory of Putrajaya under the PPA1M Phase 2 by Perbadanan Putrajaya. The value of the project is approximately RM300.5 million.



PPA1M project at Presint 6, Putrajaya

chairman's statement

MARKET OUTLOOK AND PROSPECT

The past six (6) months had been an uncertain and volatile period for both the local and regional markets, with concern over low crude oil prices and the weakening of the Ringgit to levels last seen in 1998.

The property market is softening and property transactions have slowed down due to weakening purchasing power and the tightening of credit by financial institutions. Our De Centrum Phase 2A is due for completion this year and we plan to launch Phase 2B, comprising villas and condominiums. We remain cautious while planning the next phase of development for De Centrum.

The 11th Malaysia Plan 2016-2020 maps out Malaysia's route towards developed nation status in 2020. Ongoing projects and those scheduled to commence in the near term under the 11th Malaysia Plan will ensure the construction sector plays a dominant role in the growth of Malaysia's economy. With our cash reserves of RM142.4 million and our low gearing level of 0.86 times, we believe that we are well-placed to seize these approaching opportunities.

Meanwhile, I am pleased to announce on behalf of the Board that the Government of Malaysia awarded Roadcare (M) Sdn Bhd, our subsidiary, a 10-year extension of the maintenance concession of the central and eastern regions of Peninsular Federal Roads. The extension commenced 17 February 2016.

Whilst the Maintenance Division will continue to provide steady income to the Group, we expect the growth for 2016 will come from the Construction Division. The on-going PPA1M project and soon to commence Phase 2 of PPA1M will contribute to the growth.

Your Board of Directors anticipates that the Group's earnings for FY2016 will remain sustainable. Nevertheless, we will continue to explore other business opportunities, both locally and internationally, to enhance the shareholders' value.



The Group continuously look into improving employee's welfare and development



PPA1M project at Presint 6, Putrajaya

HUMAN CAPITAL DEVELOPMENT

Following the roll-out of the Group's I AM PROTASCO strategic plan in 2014, the Group embarked on the next phase by implementing a strategically designed Performance Management System, in order to ultimately achieve our vision to be an internationally acclaimed conglomerate ensuring growth and delivering value for a better quality of life. It is a holistic approach of identifying, evaluating and developing the work performance of employees guided by our Core value, so that our goals and objectives are more effectively achieved, while at the same time benefiting employees in terms of recognition, receiving feedback, catering for work needs and offering career guidance.

An improved reward and recognition system is being put in place to motivate our people, enabling the organisation to achieve its Vision. Through the Performance Management System it becomes possible for the Group to provide career paths and advancement opportunities and rewards for its 2,000 workforce.



The Ikram Road Scanner



A comprehensive lab facilities in IUKL

A WORD OF APPRECIATION

On behalf of the Board, I would like to extend our gratitude to YBhg Dato' Mohd Ibrahim Bin Mohd Nor and YBhg Dato' Shaiful Hazizy Bin Zainol Abidin who resigned from the Board on 1 October 2015 and 1 April 2016, respectively. We thank them for their contributions throughout their tenure as Directors of Protasco Berhad.

I would like to record my appreciation to the Directors for their invaluable intellectual and professional advice given to the Board and the Management.

To YBhg Dato' Sri Ir Chong Ket Pen, Management and staff, we acknowledge your dedication and contributions towards the success of the Protasco Group. Together as a team, we will continue to make strategic decisions in transforming the Group.

Lastly, to our shareholders, I wish to thank you for your support despite the challenges faced by the Group. Your support will motivate the Board and the Management to deliver more values and returns in the coming years.

TAN SRI DATUK DR HADENAN BIN A JALIL

Chairman



SHAPING OUR UNIQUE EXPERTISE

Our unparalleled expertise and in-depth knowledge keep us ahead and by raising the bar, we deploy bespoke solutions for our multitude of clients.



PROTASO BERHAD



STATEMENT ON CORPORATE SOCIAL RESPONSIBILITY

Protasco continues to subscribe to the principles of sustainable development and seek to maximise the positive impacts of our activities to our employees, environment and the community. Every day, we work to develop innovative service solutions and products that put our social responsibility goals into place.

OUR EMPLOYEES

Through our 'I AM PROTASCO' strategic plan, employees are made responsible for their own career development. The Performance Management System (PMS) has been aligned with the Core Values and will enable them to determine their own career growth alongside the company.

Protasco Berhad (Protasco) is a company that encourages inclusion and celebrates diversity, be it at the various stages of their career or in the different types of job skills and geography. Work-life balance has always been an encouraged culture within the Group where teamwork and strong professional relationship is built beyond the office building via fun departmental outings. Inter-company bonding are strengthen through activities which include employee Corporate Social Responsibility (CSR) initiatives like the recent outings to the National Zoo in Kuala Lumpur and the Melaka Zoo, in Malacca, where participants had the opportunity to work closely with the animals and its minders.

The company also provides strong support to the staff welfare beyond the office setting. An employee-led Welfare Club has been established where Protasco supports with a Ringgit for Ringgit contribution to the subscription fee. Club initiatives include recreational and charitable activities as well as health focused programmes to encourage good staff well-being. The Club also looks into providing monetary and counselling support for employees who have suffered loss.

THE COMMUNITY

At Protasco, we made a commitment to give back to our communities. We seek to improve the role we play in the community, integrating their needs into our operations for the betterment of society. In 2015 initiatives had been focused on meeting the plights of the flood victims.

With our strength in various aspects of infrastructure, we have pledged a strong commitment towards providing education to the



Teambuilding in Pulau Pangkor



The annual inter-divisional sports carnival – PROSCAR



Charitable support for the disabled children in Klang



Education excellence are rewarded through Fee waiver scheme



School students received ang pows from Protasco for Chinese New Year

community through establishment of the Infrastructure University Kuala Lumpur (IUKL). Excellent students continue to be rewarded with fee waiver on their following semester's tuition fees. This practice had been put in place as the University understands that with recognition and reward for hard work, students will be encouraged to strive even harder for personal success.

Visits to the welfare homes for the young and elderly are regularly organised. The Group encourages employees to participate and volunteer for these activities. Protasco also takes the opportunity to provide them with contributions to alleviate some of their hardship. On an annual basis, a selected orphanage or welfare homes will be treated to the Group's breaking of fast feast held during the month of Ramadhan.

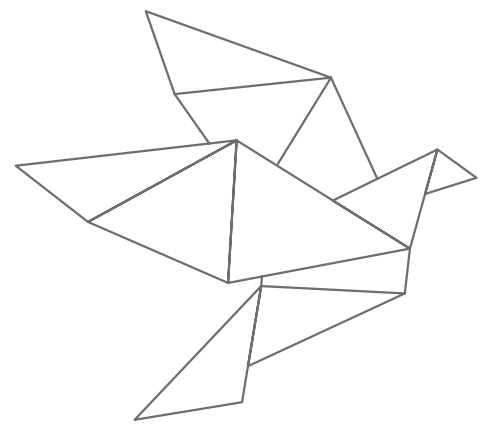
A fund, Tabung Amanah Zakat IUKL under the purview of the Pusat Zakat Selangor has been set up by Masjid Ikram and extends financial assistance to qualified employees of the Group and students of IUKL.

THE ENVIRONMENT

In road maintenance, the Group advocates environmentally sustainable practices by utilising the Cold-In-Place-Recycling Technology (CIPR).

Its geotechnical services particularly in the treatment of slopes encourage the use of environment friendly techniques such as the soil confinement systems that promotes the growth of vegetation, therefore keeping a balance in the ecosystem.

The Group's De Centrum Gallerie is designed to improve energy consumption by optimising the orientation of the building, minimising solar heat gain and harvesting natural lighting. Its innovative roof design promotes the use of natural ventilation, reducing the Mall's carbon footprint.



statement on corporate social responsibility



Three houses were built for the Orang Asli communities in Kampung Teranek



A different type of house was built on higher ground to address flooding issues

SPECIAL FOCUS IN 2015

In April 2014, the company embarked on the I AM PROTASCO journey, a strategically designed business and branding plan aimed at harmonising all entities under the Group with a common Vision, Mission and Core Values. A deep dive campaign on Living the Values for the employees were held throughout 2015, where at the heart of this inception process is a key mission for Protasco's CSR.

In December 2014, after the most devastating flood in three decades hit the east coast of Peninsular Malaysia, Protasco took actions that was not just an immediate relief for the victims but also covered medium and long term efforts as well.

The year-long aid was not all altruistic. It was necessary as many of the affected areas were towns and villages that were connected by the network of roads maintained by Roadcare (M) Sdn Bhd, a member of Protasco Group.



Pn Ruzaini Abdullah, receiving her fully completed home at Kampung Kolam Mas, Galas, Gua Musang

Working strategically with the Public Works Department (JKR), the Group organised a collection of urgently needed items which were then delivered to affected areas to assist the victims during the peak of the flood calamity. An estimated RM50,000 worth of essential items such as bottled water and packed dry food, as well as other non-perishable products were distributed.

With the receding water, real devastation sank in for many of the victims as they went back to find no home to return to. The destructive monsoon had left more than 200,000 people displaced. For the rest, it was time to salvage and clean up what the 'land-tsunami' had left behind.

At this stage, Protasco had started action on a two-phased assistance. The first is medium-term, where assistance was focused on victims with physical homes still intact, but had lost most of the furnishings. This include impacted employees and their families, where help comprised monetary donation of more than RM110,000 as well as

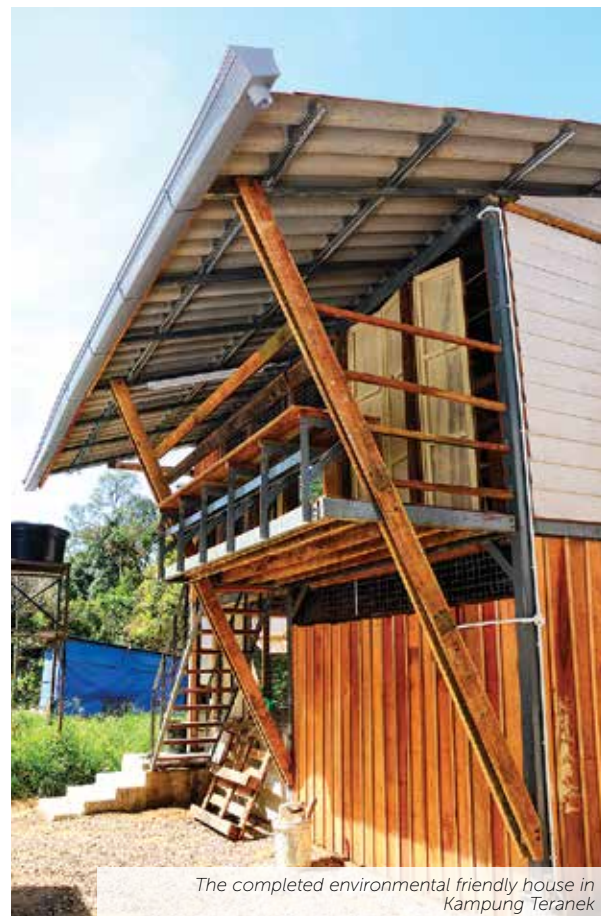
essential items. Additionally, aids in the form of washing machines and refrigerators were also contributed to flood victims in Temerloh, Pahang through a partnership with an NGO, Persatuan Silaturrahim Anak-anak Temerloh Bersatu Malaysia (PESAT). The second phase, which was more permanent, was Project House Relief which focused on helping those left with no roof above their heads. For these victims, Protasco empathised the ordeal that the flood must have brought to them, followed by losing the physical structure that secured the family unit with physiological and safety needs, which could be traumatising.

Working with the local State Assembly Representatives (ADUN), three qualified families were shortlisted in Kampung Kolam Mas, Kampung Sg Terah and Kampung Batu Papan, all in Gua Musang, Kelantan and their homes were soon constructed.

Protasco found a like-minded partner in EPIC Homes, an NGO with ready-to-build-home and a community building concept. Assistance were extended to the Orang Asli community from Suku Temiar of Kampung Teranek in Gua Musang. Trained volunteers helped build homes for Orang Asli and at the same time trained local volunteers to provide them with the basic building skills.

With a staggering 77% of total Orang Asli in Malaysia classified as poor and 35% are hardcore poor, Protasco will continue to channel assistance to improve their livelihood where possible.

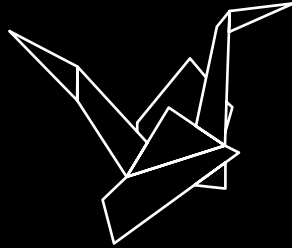
Protasco continues to subscribe to the principles of sustainable development and seek to maximise the positive impacts of our activities to our employees, environment and the community. Every day, we work to develop innovative service solutions and product that put our social responsibility goals into place.



The completed environmental friendly house in Kampung Teranek

Event

HIGHLIGHTS



▼ 27 & 28 April 2015

I AM PROTASCO Living the Values Campaign: Knowledge Driven

Trading & Manufacturing Division's staff attended a two-day programme, celebrating Protasco Berhad's 4th Core Value, Knowledge Driven, at Bayou Lagoon Melaka, in Ayer Keroh.



◀ May 2015

I AM PROTASCO Living the Values Campaign: Integrity

Engineering & Consultancy Services Division hosted the I AM PROTASCO Living the Values Campaign the whole month of May 2015. This time, highlighting Integrity as one of Protasco Berhad's Core Values.



June 2015

I AM PROTASCO Living the Values Campaign: Teamwork

Property & Infrastructure Division took on the final Core Value Campaign, highlighting Teamwork and organised a teambuilding programme at Escape@Room, Seremban Prima, Seremban, Negeri Sembilan.

▼ 11 June 2015

Protasco Berhad's 14th Annual General Meeting

Protasco Berhad's 14th Annual General Meeting was held on 11 June 2015 at Unipark Suria.



1 July 2015

Iftar Perdana 1436H

The annual Iftar Perdana was held on 1st July 2015, the 14th day of Ramadhan 1436.

▼ 15 July 2015

Coffee Break by Roadcare and JKR

Roadcare (M) Sdn Bhd collaborated with Public Works Department for the nationwide "Coffee Break" programme. A road safety programme in conjunction with Hari Raya Aidilfitri celebration 2015. The programme was launched at a Petronas Petrol Station in Semenyih.





▲ 30 July 2015

Protasco Berhad Group Hari Raya Open House 2015

Protasco Berhad Group hosted its inaugural Hari Raya Open House at its Multipurpose Hall in Unipark.

▼ 12 August 2015

I AM PROTASCO Living the Values Campaign: Ownership

Maintenance Division took on the last Core Value, Ownership and carried out a Treasure Hunt programme in the states of Pahang, Terengganu and Selangor.



27 August 2015

I AM PROTASCO Living the Values Campaign Closing Ceremony : The Journey Continues

The Protasco Berhad I AM PROTASCO, Living the Values Campaign was concluded in a programme that was organised by the Maintenance Division held on 27 August 2015.



▲ 13 & 16 Aug 2015

Handover Ceremony of Project House Relief at Kuala Betis and Galas Gua Musang

Two handover ceremonies were held in Gua Musang, Kelantan by Protasco Berhad and its subsidiary, Roadcare (M) Sdn Bhd for the 2014 flood Project House Relief. Protasco collaborated with the NGO, EPIC Homes to help to locals to rebuild new homes.



▲ 5 September 2015

13th IUKL Convocation

840 graduates of the Infrastructure University Kuala Lumpur received their PhDs, Masters, Bachelor Degrees, and Diplomas in IUKL's 13th Convocation ceremony.

▲ 9 September 2015

4th Infrastructure University Innovation and Invention Competition (IUIIC 2015)

Infrastructure University Kuala Lumpur, through its Research Management Centre, organised its 4th Infrastructure University Innovation and Invention Competition (IUIIC 2015). The annual university-wide innovation competition showcased inventions from 63 institutions of higher learning and schools.



corporate event highlights



▲ 9-11 September 2015

International Construction Week (ICW) 2015

Protasco Berhad participated in the International Construction Week 2015 held at PWTC. ICW 2015 is a leading event dedicated for building, construction machinery and equipment.



▲ 11 Sept 2015

Chief Secretary of the Government visit to LARAI Presint 6, Putrajaya

Chief Secretary to the Malaysian Government, Tan Sri Dr Ali Hamsa, visited the "Perumahan Penjawat Awam 1Malaysia" (PPA1M) Larai project site at Presint 6, Putrajaya. Protasco Development Sdn Bhd is the developer and HCM Engineering is the contractor for PPA1M Larai.

14-16 Sept 2015

International Conference on Slopes

Kumpulan Ikram Sdn Bhd (Ikram) organised the 4th International Conference on Slopes Malaysia 2015, through collaboration between Protasco Berhad, Ministry of Works (KKR) and Public Works Department (JKR).



◀ 17 September 2015

Protasco Unveils Masterplan for De Centrum City

Protasco Development Sdn Bhd (PDSB) unveiled its Masterplan for a new township called De Centrum City in Kuala Lumpur South. The development has an estimated growth development value (GDV) of RM10 billion over a 15-year period.



▲ October 2015

Inspection of LPT2 with Kumpulan Ikram Sdn Bhd Road Scanner (IRS)

Ikram was invited by the Ministry of Works (KKR) to examine the road condition of LPT2. Under the invitation from KKR, Kumpulan Ikram Sdn Bhd examined the LPT2 using the Ikram Road Scanner (IRS) to assess the riding quality of the highway.

▼ 31 October 2015

Jom Ceriakan Zoo Melaka

40 Protasco Berhad Group staff participated in a one-day Volunteer Programme at Zoo Melaka, Malacca.



1 December 2015

Protasco wins RM300.5 million contract to construct PPA1M Phase 2

Protasco Berhad was awarded a contract worth RM300.5 million from Perbadanan Putrajaya to construct 1,100 units of the Perumahan Penjawat Awan 1Malaysia (PPA1M) houses in the Federal Territory of Putrajaya.



19 December 2015

Protasco and Roadcare's Back-to-school handover event at DUN Galas, Gua Musang

Protasco Berhad and Roadcare (M) Sdn Bhd donated school bags and uniforms, shoes and socks to 400 students in Gua Musang, in anticipation for 2016's school year. The event was held at Kem PLKN EtnoBotani, Gua Musang.

January – February 2016

Master Service Agreement (MSA) Roadshows by Kumpulan Ikram Sdn Bhd and JKR

Kumpulan Ikram Sdn Bhd launched the first of its MSA nationwide roadshows at Marriot Putrajaya on 19 January 2016. Representatives from local agencies who will benefit from the MSA attended the briefing. The final roadshow concluded on 23 February 2016 at Sg Petani, Kedah.



3 December 2015

Ernst & Young Entrepreneur of the Year Award

Dato' Sri Ir Chong Ket Pen, Executive Vice Chairman and Group Managing Director Protasco Berhad, was a final nominee at the Malaysian EY Entrepreneur of the Year, under the category of Master Entrepreneur. This category applies to businesses that have maintained management excellence over a sustained period and the business was founded more than 5 years ago.

29 December 2015

Kumpulan Ikram Sdn Bhd signed a three-year Master Service Agreement (MSA) with Ministry of Works

Kumpulan Ikram Sdn Bhd signed a three-year Master Service Agreement (MSA) with Ministry of Works Malaysia to provide forensic engineering services on slopes and slope related structures.



20 February 2016

Jom Ceriakan Zoo Negara

35 Protasco Berhad Group staff participated in a one-day Volunteer Programme at Zoo Negara, Kuala Lumpur.





SYNERGISING FOR OPTIMAL EXCELLENCE

Capitalising on the potential of long term business growth, we are synergising our diverse strengths to ensure excellence and future sustainability.



AUDIT COMMITTEE REPORT

MEMBERS OF THE AUDIT COMMITTEE

As at the date of this Annual Report, the composition of the Audit Committee (the Committee) is as follows:

Members	Date of Appointment
Dato' Mohd Hanif Bin Sher Mohamed <i>Chairman (Independent Non-Executive Director)</i>	28 November 2012
Dato' Tan Yee Boon <i>Member (Independent Non-Executive Director)</i>	7 August 2014
Suhaimi Bin Badrul Jamil <i>Member (Independent Non-Executive Director)</i>	16 December 2014

Secretaries

The Company Secretary or his/her representative shall be the Secretary of the Committee.

TERMS OF REFERENCE

• Composition

The Committee members shall be appointed by the Board of Directors (the Board) and comprises at least three (3) Directors, all of whom must be Non-Executive Directors, with a majority of them being Independent Directors. The composition of the Committee shall fulfil the requirements as prescribed in the Listing Requirements of Bursa Malaysia.

• Authority

The Committee shall have the authority to:

- a) Investigate any activity of Protasco Berhad and its subsidiaries (the Group) within its terms of reference and shall have direct communication with Internal Audit Department, Chief Financial Controller and external auditors;
- b) Have full and unrestricted access to the Group's information such as records, properties and personnel;

- c) Have resources which are required to perform its duties as set out in its terms of reference; and
- d) Obtain independent professional advice and be able to convene meetings with external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Group, whenever deemed necessary.

The Committee shall report to the Board on the matters considered and its recommendations, pertaining to the Group.

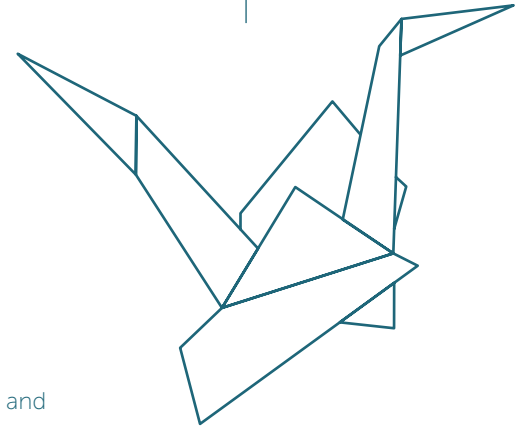
• Duties and Responsibilities

- a) Internal Control System

The Committee is to:

- i) Oversee the internal controls framework of its effectiveness and adequacy to safeguard the Company's interest and assets from misappropriation;
- ii) Review general policies and procedures to reasonably assure the adequacy of internal accounting and financial reporting controls; and
- iii) Make all necessary enquiries of the Management and external auditors concerning established standards of corporate conduct, performance and deviations therefrom.





b) Financial Reporting

The Committee is to:

- i) Provide assurance on the reliability of the quarterly financial report and year-end financial statements used by the Board;
- ii) Review and discuss the Group's quarterly financial result and performance with the Management;
- iii) Review with the Management and external auditors the audited financial results for the year prior to the presentation to the Board for the purpose of approval and adoption; and
- iv) Discuss issues arise from the interim and final audit report with external auditor and any matter the external auditors may wish to discuss in the absence of the Management, where necessary.

c) External Audit

The Committee shall recommend the following to the Board of Directors:

- i) Appointment of external auditors;
- ii) The audit fee; and
- iii) Resignation or dismissal of the external auditors and its written explanations, if any.

To discuss the following with the external auditors:

- i) The audit plan and the scope of audit;
- ii) The evaluation on internal control system;
- iii) The coordination of audit with other audit firms where more than one audit firm is involved;

iv) The audit reports; and

v) Assistance given by the Management to the external auditors.

d) Internal Audit

The Committee shall perform the following:

- i) Review the adequacy of the audit scope, programmes, functions, competency and resources of the Internal Audit Department and that it has the necessary authority to carry out its works;
- ii) Review and approve Internal Audit Department annual audit plan and review its progress; and
- iii) To review and discuss major issues raised in the internal audit reports and the Management's action plans.

e) Related Party Transactions

To review any related party transactions and conflict of interest that may arise within the Group including any transactions, procedures or course of conduct that raises questions of management integrity.

f) Other Matters

To perform or review such other matters as the Committee considers necessary and as the Board of Directors may direct.

MEETINGS

• Frequency and Quorum of Meetings

A minimum of four (4) meetings a year shall be conducted. The Committee shall also meet with the external auditors without the presence of Executive Board members at least two (2) times a year. A majority of Independent Directors present shall form a quorum. If necessary, members of the Management, Head of Internal Audit and representatives of the external auditors are to be present at the meeting.

audit committee report

• Attendance

The Committee held five (5) meetings during the financial year ended 31 December 2015. The attendance of members are as follows:

Member	No. of Meetings Attended
Dato' Mohd Hanif Bin Sher Mohamed	5/5
Dato' Tan Yee Boon	4/5
Suhaimi Bin Badrul Jamil	5/5

SUMMARY OF ACTIVITIES

The main activities undertaken by the Committee during the year are as follows:

- a) Review the unaudited financial quarterly results for Board approval;
- b) Review audited annual financial statements of the Group and its subsidiaries prior to approval by the Board;
- c) Review the Statement of Risk Management and Internal Controls prior to their inclusion in the Annual Report;
- d) Discuss the appointment of external auditors and their audit fees;
- e) Review the internal and external auditor's scope of the audit and audit plan;
- f) Review the progress of internal audit plan and discuss major issues raised in the internal audit reports;
- g) Discuss the major issues raised by the external auditors and the Management's response and follow up actions;
- h) Review the verification work performed by the external auditors on the allocation of share options / share grants under the Employees' Share Scheme at the end of the financial year to ensure compliance with the established criteria;
- i) Review any related party transactions and conflict of interest situation that may arise within the Group and to ensure that such transactions are undertaken at arm's length, on normal commercial terms; and
- j) Consider any other issues as defined by the Board.

INTERNAL AUDIT FUNCTION

The Group's has an Internal Audit Department reports to the Committee and assists the Board in monitoring and managing risks and internal controls.

The principal responsibility of the Internal Audit Department is to undertake an independent, regular and systematic review of the system of internal control so as to provide reasonable assurance that internal controls and risks are satisfactorily monitored and managed within the Group.

The reviews were performed in accordance to the International Professional Practices Framework (IPPF). This involved in assessing key risk areas, walkthrough or high level reviews of the major operations, discussions held with the top management and key staff.

The Internal Audit Department has been carrying out the following activities during the year to achieve the above objectives:

- i) Reviewing and assessing the effectiveness and adequacy of risk management and internal controls of various operating divisions within the Group;
- ii) Conducting special reviews, audits and investigations on an ad-hoc basis as requested by the Committee or the Management;
- iii) Reviewing and assessing the compliance with the established policies and procedures;
- iv) Identifying opportunities to improve the operations and business processes in the Group; and
- v) Recommending improvements on the existing internal controls in the Group.

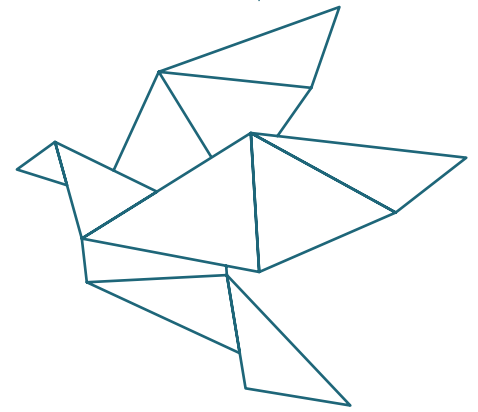
Total costs incurred by Internal Audit Department for the financial year ended 31 December 2015 were approximately RM250,000.

None of the issues raised during audit review had any significant impact to the Group. All the issues raised had been addressed accordingly.

REVIEW OF THE AUDIT COMMITTEE

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

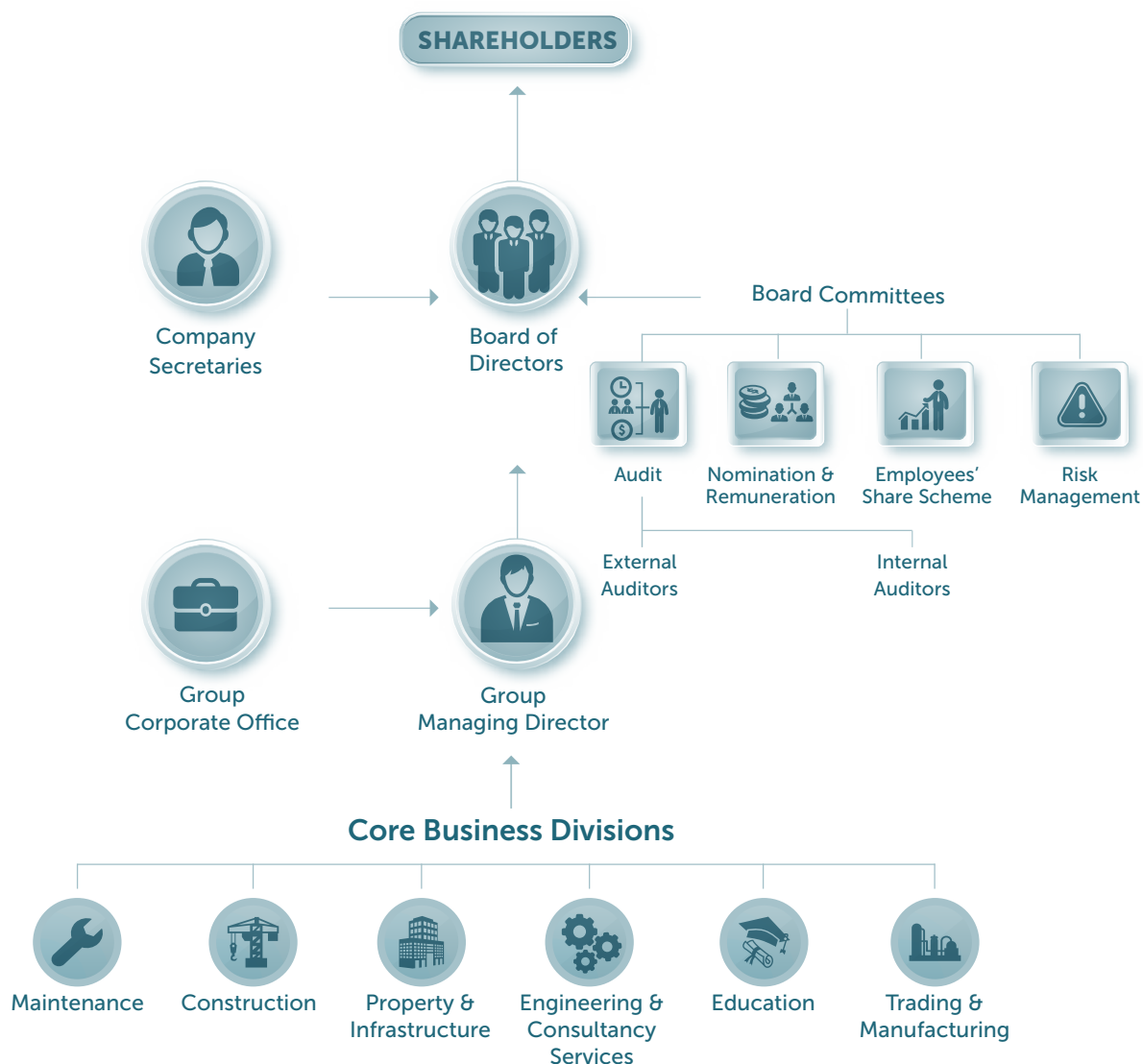
STATEMENT ON CORPORATE GOVERNANCE



COMPLIANCE WITH THE CODE

The Company’s Board of Directors (Board) is committed in ensuring that the Company practises good corporate governance in line with the principles, requirements, and best practices specified in the Malaysian Code on Corporate Governance 2012 (MCCG 2012). In this regard, the Company conducts its affairs with transparency, integrity and professionalism with checks and balances in place to directly and indirectly benefit the Company and its stakeholders.

THE GROUP GOVERNANCE MODEL



statement on corporate governance

The Group has applied the eight principles of MCCG 2012 along with the Corporate Governance Model throughout the financial year ended 31 December 2015, as set out hereunder.

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

CLEAR FUNCTIONS OF THE BOARD AND MANAGEMENT

The Board has full and effective control over the business undertakings of the Company subject to the powers reserved for shareholders under the Company's Memorandum and Articles of Association, the Listing Requirements and applicable laws. This includes responsibility for determining the Company's overall strategic direction and the approval of annual and interim results, specific items of investments and divestments, as well as the risk management framework and internal control policies and procedures for the Company.

The Group Managing Director is responsible for the day-to-day management of the operations of the Company.

CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD

The Company is led by a Board comprising members with a wide range of business, financial, technical, legal and public service experience. This depth and diversity in expertise and perspectives as reflected in the Directors' Profile from page 14 to page 19 bring vital ingredients necessary for the Company's strategic direction and guidance in the management of the various business activities undertaken by the Protasco Group of Companies (the Group).

In furtherance of its responsibilities, the Board will:

- Set the Group's strategy, performance target and long term goals of the business and ensure that resources are available to meet its objective;
- Review the Group's progress against its strategy, performance target and long term goals;
- Identify principal risks and ensure the implementation of appropriate systems to manage these risks;

- Review the adequacy and integrity of the Group's internal control systems including compliance with applicable laws, regulations, rules, directives and guidelines;
- Establish such committees, policies and procedures to effectively discharge the Board's roles and responsibilities;
- Review financial reporting processes and financial position.

CODE OF CONDUCT FOR DIRECTORS

The Company is aware of its responsibility to conduct itself in all aspects of its business to the highest ethical standards. Its Code of Conduct sets out the Company's key rules and values that acts as guidelines for the Directors to make their decision.

The Code of Conduct is available at www.protasco.com.my.

SUSTAINABILITY POLICY

The Company endeavors to operate its business in accordance with environmental, social and economic responsibility. This includes working within the law in order to be innovative and demonstrate initiative to meet the requirements of various stakeholders. The Company strives to achieve a sustainable long-term balance between meeting its business goals and preserving the environment. It recognises that the sustainability of the ecosystem is an integral part of sustaining its business.

The strategies to promote sustainability and its implementation is available at www.protasco.com.my.

ACCESS TO INFORMATION AND PROFESSIONAL ADVICE

The Company provides the Board with full assistance and gives it complete access to necessary materials and relevant information. Together with proper counsel from qualified Company Secretaries and others, these have enabled the Board to discharge its functions properly. The Directors are also encouraged to and not prevented from making verifications and endorsements and seeking external guidance.



QUALIFIED AND COMPETENT COMPANY SECRETARY

Both Company Secretaries of the Company are qualified to act as Company Secretary under Section 139A of the Companies Act 1965. The Company Secretaries are responsible in advising the Board on issues relating to corporate compliance with the relevant laws, rules, and regulations affecting the Company and the Group as well as best practices of corporate governance. All Directors have access to the advice and services of the Company Secretaries.

The Board Charter will be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities. The last review by the Board was carried out on 31 March 2016.

The Board Charter is available for reference at www.protasco.com.my.

BOARD CHARTER

The Board has adopted a Board Charter which sets out the roles, functions, compositions, operation and processes of the Board and which is intended to ensure that all the Board members acting on behalf of the Company are fully aware of their obligation of discharging their duties and responsibilities to the Company. The Board Charter serves as a source of reference and primary induction literature to provide insights to prospective Board members. In addition, it also assists the Board in the assessment of its own performance and that of its individual Directors.

PRINCIPLE 2: STRENGTHEN COMPOSITION OF THE BOARD

BOARD COMPOSITION AND BALANCE

At present, there are seven (7) members of the Board comprising two (2) Executive and five (5) Non-Executive Directors. There is a balance in the Board with the presence of four (4) Independent Directors in the seven (7) member board with the necessary skills and experience. Hence, the ratio of Independent Directors to Non-Independent Directors is 4:3. All the Independent Directors have neither business nor other relationships that could significantly interfere with the exercise of their independent judgment.

In discharging its duties, the Board is assisted by Board committees:

Committees	Members	Directorship	Roles
Audit Committee	Dato' Mohd Hanif Bin Sher Mohamed	Independent Non-Executive Director	Chairman
	Dato' Tan Yee Boon	Independent Non-Executive Director	Member
	Suhaimi Bin Badrul Jamil	Independent Non-Executive Director	Member
Nomination and Remuneration Committee	Dato' Tan Yee Boon	Independent Non-Executive Director	Chairman
	Ir Tan Heng Kui	Non-Independent Non-Executive Director	Member
	*Dato' Shaiful Hazizy Bin Zainol Abidin	Independent Non-Executive Director	Member
Employees' Share Scheme Committee	Dato' Tan Yee Boon	Independent Non-Executive Director	Chairman
	Ir Tan Heng Kui	Non-Independent Non-Executive Director	Member
	*Dato' Shaiful Hazizy Bin Zainol Abidin	Independent Non-Executive Director	Member
Board Risk Management Committee	Suhaimi Bin Badrul Jamil	Independent Non-Executive Director	Chairman
	Ir Tan Heng Kui	Non-Independent Non-Executive Director	Member
	Dato' Tan Yee Boon	Independent Non-Executive Director	Member

* Dato' Shaiful Hazizy Bin Zainol Abidin has resigned on 1 April 2016. The vacancy created by Dato' Shaiful Hazizy Bin Zainol Abidin will be filled in due time.

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Each Committee operates within its respective defined Terms of Reference (TOR) which have been approved by the Board.

The Board periodically review and assess their respective TORs to ensure the TORs remain relevant, adequate and concise in governing the functions and responsibilities of the Committees and reflect the latest developments in the Main Market Listing Requirement of Bursa Malaysia and the MCCG 2012.

BOARDROOM DIVERSITY

The Board recognises the benefits of gender diversity in the Boardroom and the workforce at all levels which will promote greater diversity of thought and broader perspectives in approach. Although the Board does not endorse a specific target, it does commit itself to having representatives of women on the Board subject to identification of suitable candidates with appropriate skills.

APPOINTMENTS AND RE-ELECTION OF DIRECTORS

In compliance with the Company's Articles of Association, at each Annual General Meeting, one-third (1/3) of Directors or if their number is not three (3), the number nearest to one-third (1/3), shall retire from office at least once in three (3) years. The Directors to retire shall be those who have been longest in office since their last re-election or appointment.

Section 129 of the Companies Act 1965 requires Directors over the age of seventy (70) years to offer themselves for re-appointment at every Annual General Meeting.

The Nomination and Remuneration Committee (NRC) will assess the Directors who are due for re-election at the Annual General Meeting based on the result of the annual performance evaluation and will submit its recommendation to the Board for approval.

BOARD EVALUATION

The Board undertook performance evaluation annually which comprises Board assessment, self-assessment and assessment on Board committees. The Chairman of the NRC will be presented with the analysis of the overall performance evaluation and deliberated at the NRC meeting. The NRC will access and identify areas which require improvement and recommend to the Board for action.

The performance evaluation for the financial year under review was conducted in February 2016 covers the following areas:

Evaluation	Assessment Criteria
Board of Directors	Board contribution, composition, leadership, board papers, internal control processes and Board / Management relationship.
Individual Directors	Individual Director's contributions, strengths and improvement.
Board Committees	Board Committees' structure, meetings and communication.

NOMINATION AND REMUNERATION COMMITTEE (NRC) AND ITS PROCESSES

The Company's NRC is responsible to recommend identified candidate(s) to the Board if a vacancy on the Board is anticipated or otherwise occurs due to resignation, retirement or any other reasons or if there is a need to appoint additional Director(s) with the required skill or profession in order to close the competency gap in the Board.

NRC shall strive for a structured assessment of individual members as well as of the Chairman of the Board to achieve a better balance in Board in terms of gender, age, background, experience and competency.

NRC considers candidates for directorship identified from various sources such as recommendation from the existing Directors, senior management staff, shareholders or third party referrals.

A Director candidate is evaluated by NRC based on the basic criteria established by the Committee from time to time before NRC recommends the candidate to the Board for its consideration.

NRC takes into consideration many factors in evaluating Director candidates, including the individual's educational and professional background, employment record, whether the individual has any special experience in a relevant area, possession of the required skill and qualification, personal accomplishments and such other factors it deems appropriate. The Board, based on the recommendation of the NRC, would evaluate and decide on the appointment of the proposed candidates.

To ensure Directors have sufficient time to fulfil their roles and discharge their responsibilities effectively, one criterion for the NRC to determine candidates of potential Directors is that they must not hold directorships at more than five (5) Public Listed Companies (PLCs).

During the financial year, NRC had reviewed and assessed the effectiveness of the individual Directors, the Board as a whole and the Board Committees. NRC was satisfied with the performance of the Board and Board Committees.

REMUNERATION POLICY

The remuneration of Directors is determined at a reasonable level for the Company, enabling it to attract and retain Directors with a good mix of relevant experiences and expertise.

Details of the Directors' Remuneration for the financial year ended 31 December 2015 are as follows:

	RM'000
.....	
Executive :	
Salaries and emoluments	1,776
Bonus	548
Contributions to defined contribution plans	279
Estimated money value of benefits-in-kind	35
Share based payment	1,053
<hr/>	
Non-Executive :	
Fee and other emoluments	478
Share based payment	557

The number of Directors whose total remuneration during the financial year fell within the following bands is analysed below:

	No. of Directors
.....	
Executive:	
RM800,001 – RM850,000	1
RM2,800,001 - RM2,850,000	1
<hr/>	
Non-Executive:	
RM50,001 - RM100,000	1
RM100,001 - RM150,000	3
RM150,001 - RM200,000	2
RM250,001 - RM300,000	1

Executive Directors

The remuneration of the Executive Directors shall be proposed and subject to review by the NRC for Directors' approval. The NRC shall take into consideration their responsibilities, scope of works, remuneration paid by other companies in a comparable sector and other relevant factors.

Executive Directors shall also be entitled to other standard benefits provided to employees of the Company such as company car, medical expenses, insurance coverage and other additional benefits if so proposed by the NRC for the Board's approval.

Non-Executive Directors

The remuneration of Non-Executive Directors shall be proposed by NRC and reviewed by the Board which comprises the following:

Director Fee Non-Executive Directors receive fees. The fees are to be determined and recommended by the Board and to be approved by Shareholders.

**The Company has at its Annual General Meeting held on 24 June 2014, obtained a shareholders' mandate on payment of Directors' fees of not exceeding RM500,000 per annum.*

Meeting Allowance The Non-Executive Directors of the Company will receive meeting allowance for attending Board Committee meetings, Board meetings and general meeting. The meeting allowances are to be determined by the Board.

Other benefits The Non-Executive Directors of the Company are also entitled to other benefits provided to employees of the Company such as receiving discount for purchasing of property(ies) or product(s) develop or sold by the Company.



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EMPLOYEE SHARES SCHEME COMMITTEE

At an Extraordinary General Meeting of the Company held on 1 October 2013, the shareholders approved the establishment of an Employees' Share Scheme (ESS). The scheme came into effect on 4 October 2013 for a period of five (5) years with an option to extend for another five (5) years. Subsequently, an ESS Committee was established with delegated authority to assist the Board in determining all questions of policy and expediency that may arise in the administration of the scheme and generally exercises all acts that are required and necessary to promote the best interest of the Company. The ESS Committee administers the scheme in accordance with the ESS Bylaws and the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The ESS Committee also oversees the Management's implementation of the scheme with regard to the eligibility of the employees to participate in the scheme, ESS shares grant, option offers, offer date, basis of allotment, exercise of option and option allocations (after taking into consideration the performance, seniority and number of years of service and the employees' actual or potential contribution to the Group) as well as dispute and termination issues in relation to the scheme in line with the ESS Bylaws.

The ESS Committee shall within the duration of the scheme, grant ESS shares or make offers to any eligible employee whom the ESS Committee may in its discretion select to subscribe for new Protasco shares.

Further information pertaining to the ESS for the year under review are presented as Item No. 8 on page 55.

PRINCIPLE 3: REINFORCE INDEPENDENCE OF THE BOARD

DIRECTOR INDEPENDENCE

The Company has a nine (9) year policy for Independent Non-Executive Directors.

The tenure of an Independent Director is capped at nine (9) years. An Independent Director who continue to serve the Company for more than nine (9) years shall serve in the capacity of a Non-Independent Director.

SEPARATION OF CHAIRMAN AND GROUP MANAGING DIRECTOR

The Company ensures the positions of the Chairman and the Group Managing Director are held by different individuals and that the Chairman post is a Non-Executive post.

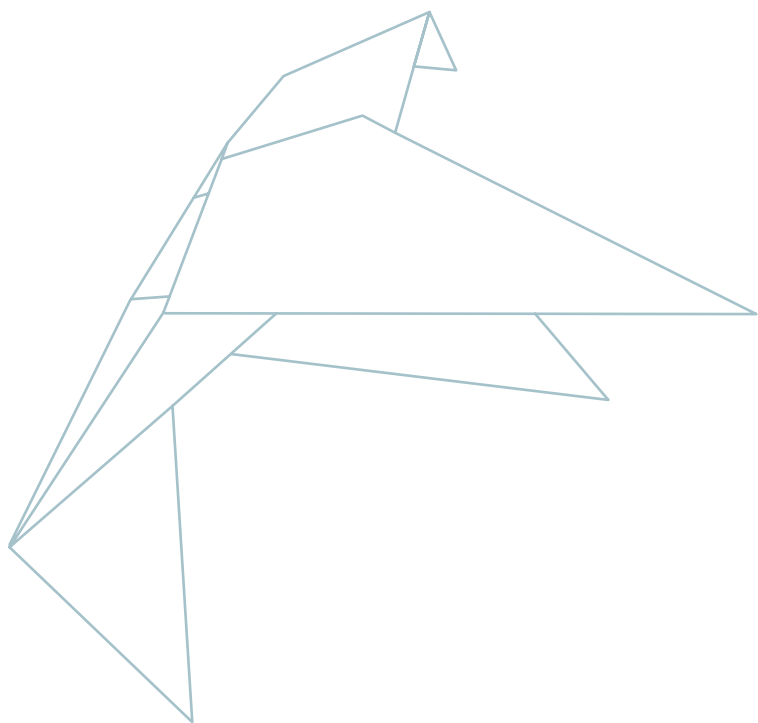
The Chairman is responsible for ensuring the adequacy and effectiveness of the Board's Governance process and acts as a facilitator at Board Meetings to ensure that contributions from Directors are forthcoming on matters being deliberated and that no Board Member dominates discussion.

The Group Managing Director implements the Group's strategies, policies and decisions adopted by the Board and oversees the operations and business development of the Group.

PRINCIPLE 4: FOSTER COMMITMENT

BOARD MEETING AND TIME COMMITMENT

Board meetings, Audit Committee meetings and Annual General Meeting are always scheduled in advance prior to the new calendar year. The Board is aware of the commitments with respect to time that each has to commit as a member of the Board and each committee. All board papers are distributed within one week of the meetings to ensure Directors are well informed and prepared for the meetings.



During the year under review, five (5) board meetings were held. Details of Directors' attendance are set out as follows:

Name of Director	Total Number of Meetings Attended
Tan Sri Datuk Dr Hadenan Bin A Jalil	4 out of 5
Dato' Sri Ir Chong Ket Pen	4 out of 5
Dato' Mohd Hanif Bin Sher Mohamed	5 out of 5
Dato' Tan Yee Boon	5 out of 5
Dato' Sri Su-Azian @ Muzaffar Syah Bin Abd Rahman	4 out of 5
Dato' Shaiful Hazizy Bin Zainol Abidin (<i>resigned on 1 April 2016</i>)	5 out of 5
Ir Tan Heng Kui	3 out of 5
Suhaimi Bin Badrul Jamil	5 out of 5

PROFESSIONAL DEVELOPMENT

All Directors have attended and obtained certification from the Mandatory Accreditation Programme. Upon recommendation made by the NRC who had assessed the training needs of the Directors, the Board decided that each Director shall attend at least one training programme during the financial year.

The Company arranges relevant training programme(s) for all Directors to keep themselves abreast with the relevant changes in laws, regulations and the business development and enhance their professionalism in discharging their fiduciary duties to the Company in compliance with paragraph 15.08 of the Main Market Listing Requirements of the Bursa Securities. Details of the training programmes, conferences and forums attended by the Directors during the year under review are set out as follows:

Name of Director	Date	Description of Training
Tan Sri Datuk Dr Hadenan Bin A Jalil	29 February 2015	FIDE Focus Group Discussion – Directors' Remuneration Study 2014
	31 March 2015	Seminar on Current Trends in Shareholders' Activism & Predicting Financial Crime – Detection, Prevention & Remediation
Dato' Sri Ir Chong Ket Pen	23 July 2015	The Global Sustainability and Impact Investing Forum
Dato' Mohd Hanif Bin Sher Mohamed	7 May 2015	Audit Oversight Board Conversation with Audit Committees
	23 July 2015	The Global Sustainability and Impact Investing Forum
	22 September 2015	Corporate Governance Statement Reporting Workshop
	26 November 2015	CG Breakfast Series with Directors : Board Reward & Recognition
Ir Tan Heng Kui	12 August 2015	Updates on the New Companies Bill
Dato' Tan Yee Boon	10 December 2015	Cooking the Books – The Malaysian Recipe on Financial Fraud
Dato' Sri Su-Azian @ Muzaffar Syah Bin Abd Rahman	26 November 2015	CG Breakfast Series with Directors : Board Reward & Recognition
Suhaimi Bin Badrul Jamil	12 March 2015	Focusing on Directors' Duties, Liabilities and Expectations
	26 – 27 October 2015	MIA International Accountants Conference 2015

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PRINCIPLE 5: UPHOLD INTEGRITY IN FINANCIAL REPORTING

FINANCIAL REPORTING

The Directors are required by the Companies Act 1965 to ensure that financial statements prepared for each financial year provide a true and fair view of the Company and the Group. The Directors deliberate on financial statements and ensure that the Group has used appropriate accounting policies, supported by reasonable and prudent judgment and estimates. The Audit Committee assists the Board by scrutinising the information to be disclosed.

The Group's Financial Statements are presented in pages 58 to 171 of this Annual Report.

THE ROLE OF AUDIT COMMITTEE IN FINANCIAL REPORTING

The Audit Committee plays an important part in the Company's financial integrity for the shareholders. In general, the Audit Committee assume the following responsibilities:

- Understand management's responsibilities and representations
- Understand and assess the appropriateness of management's selection of accounting principles and the most critical accounting policies
- Understand management's judgments and accounting estimates applied in financial reporting
- Review and monitor the suitability and independence of external auditors
- Confer with both management and the external auditors about the financial statements
- Assess whether financial statements are complete and fairly present, in all material respects, the financial position of the company and that disclosures are clear and transparent

- Review earnings releases, financial statements, and other information presented with the financial statements prior to release
- Review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work
- Ensure that external audit and internal audit complement each other and that their efforts are coordinated and effective

RELATIONSHIP WITH THE AUDITORS

Through the Audit Committee of the Board, the Group has established a professional, transparent and appropriate relationship with the Group's auditors, both internal and external, particularly in obtaining their professional advice towards ensuring full compliance with applicable accounting standards.

External Auditors

The Audit Committee met the external auditors twice during the year under review on 25 February and 18 November 2015 without the presence of the Executive Directors and Management to exchange independent views on matters which require the Committee's attention.

The Audit Committee had assessed the suitability and independence of the external auditors. In its assessment, the Audit Committee considered several factors such as competency and scope of audit and level of non-audit services rendered by Crowe Horwath for financial year 2015.

Crowe Horwath confirmed that they have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements for the financial year 2015.

Being satisfied with Crowe Horwath's performance, technical competency and audit independence, the Audit Committee recommended the appointment of Crowe Horwath as external auditors for financial year ending 2016, which was concurred by the Board for it to be proposed for shareholders' approval at the forthcoming Annual General Meeting.

Internal Auditors

The Board acknowledges their responsibility for the Group's system of internal controls and reviews its effectiveness regularly via the Internal Audit Department which provides support to the Audit Committee in dispensing its responsibilities with respect to the adequacy and integrity of the system of internal control within the Group.

A Statement on Risk Management and Internal Control outlining the internal controls within the Group is presented on pages 52 - 53 of this Annual Report.

PRINCIPLE 6: RECOGNISE AND MANAGE RISKS

RISK MANAGEMENT FRAMEWORK

The Board Risk Management Committee, which is guided by its Terms of Reference, was established to assist the Board to oversee the overall compliance to relevant laws and regulations, internal policies and procedures.

To ensure effectiveness, the Risk Management Working Committee, comprising management staff from the Corporate Finance Department, Corporate Affairs Department and Property & Infrastructure Division, is responsible to continuous monitoring and management of the risks of the Group. The Group adopts an enterprise wide risk management approach. Head of Divisions are responsible to review and update their respective division's risk profile. The review and update of the risk profile includes identification of risks resulting from changing of business environment, both external and internal. Risks identified are evaluated based on their potential impact on the Group, the likelihood of occurrence as well as the effectiveness of available control procedures. The Business Risk Profile, where identified risks are recorded, is updated on an ongoing basis and presented to the Risk Management Committee on a half-yearly basis.

Significant risk matters that require the attention of the Board are reported by the Risk Management Working Committee to the Board Risk Management Committee.

INTERNAL AUDIT FUNCTION REPORTING TO THE AUDIT COMMITTEE

The Group has an Internal Audit Department, which reports to the Audit Committee and assists the Board in monitoring and managing risks and internal controls.

The principal responsibility of the Internal Audit Department is to undertake an independent, regular and systematic review of the system of internal control so as to provide reasonable assurance that internal controls and risks are satisfactorily monitored and managed within the Group.

The reviews were performed in accordance to the International Professional Practices Framework (IPPF). This involved in assessing key risk areas, walkthrough or high level reviews of the major operations, discussions held with top management and key staff.

Information on internal control and risk management of the Group is detailed in the Audit Committee Report on Page 38, and Statement on Risk Management and Internal Control on pages 52 - 53 respectively.

PRINCIPLE 7: ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

CORPORATE DISCLOSURE

To ensure quality disclosure, the Company has a corporate disclosure policy to ensure accurate, clear and timely disclosure of material information and take reasonable steps to ensure that the general public has access to such information. The Company's dedicated Investor Relations unit is committed to communicate the Company's strategy, operational performance, financial results, and other materials developments to Bursa Malaysia, analysts, investors, shareholders and other stakeholders in a timely, open, comprehensive manner. The Corporate Disclosure Policy is available at www.protasco.com.my.

GROUP CORPORATE WEBSITE

The Board is committed to leverage on information technology for effective dissemination of information on a timely manner. Protasco's corporate website (www.protasco.com.my) provides easy access to information about the Group. Information available on the corporate website includes Protasco's corporate profile, individual profiles of senior management, share and dividend information including the dividend reinvestment plan, investor presentations, financial results, Annual Reports and corporate news.

In addition, stakeholders can obtain regulatory announcements made by Protasco to Bursa Malaysia on the latter's website at www.bursamalaysia.com.

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ANNUAL REPORT

The Company's Annual Report provides a comprehensive report on the Group's operations and financial performance for the year under review. It provides full disclosure and is in compliance with the relevant regulations to ensure greater transparency. The Annual Reports are also printed in summary form together with a digital version of the Annual Report in PDF format on CD-ROM. An online version of the Annual Report is also available on Protasco's corporate website.

PRINCIPLE 8: STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

ANNUAL GENERAL MEETING

The Annual General Meeting is the main delivery channel for dialogue with all shareholders. They are encouraged and are given ample opportunities to enquire about the Groups' activities and prospects as well as to communicate their expectations and concerns.

The notices of Annual General Meeting are sent out to shareholders at least 21 days before the date of the meeting in accordance with the Company's Articles of Association. Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf. Shareholders can also contact the Company with their queries.

Shareholders are encouraged to be aware of their rights with regards to the convening of general meetings, appointment of proxies, demand for poll voting and access to information. The details of the shareholder's rights are available at www.protasco.com.my.

POLL VOTING

The Board encourages poll voting for substantive resolutions. The Board will evaluate the feasibility of carrying out electronic polling at its general meetings in the future.

INVESTOR RELATIONS

The Company holds meetings with investors, journalists and financial analysts to update them on business performance, operations and corporate developments as well as obtain feedback and discuss matters of common interests.

In addition, the Company issues timely release of its financial results and other mandatory announcements and responds promptly to enquiries from investors, regulators, the public and financial analysts.

The Company has a dedicated website, www.protasco.com.my, designed to assist its stakeholders. The Company has subscribed to Bursa Malaysia website linking service so that the Company's announcements made to Bursa Malaysia can be retrieved concurrently from both websites.

The Company also subscribes to the services provided by IR Chart Nexus Sdn Bhd, as recommended by Bursa Malaysia, to enhance its Investor Relations programmes.

Contact Person : **Han Long Kong**,
Director, Investor Relations Department
Tel : 603-8738 3388
Fax : 603-8926 4008
Email : lkhan@protasco.com.my

WHISTLEBLOWING POLICY

Protasco Berhad expects high standard of integrity from all employees. It takes a serious view of any misconduct or wrongdoing of its employees with respect to their obligations for the Group's interests. This Whistleblowing policy which is available at www.protasco.com.my is established to help employees and other stakeholders to raise their concerns without fear of retaliation on any known and/or suspected misconduct, wrongdoings, corruption, fraud or any other acts as illustrated below.



This policy is established with the following objectives:

1. To enable employees to raise any concerns of integrity and misconduct in timely and systematic manner;
2. To protect employees from reprisal or unfair treatment for disclosing concerns in good faith in accordance with the Policy;
3. To develop a culture of accountability, integrity and good governance practices within the Company.

Types of Wrongdoing

The act of misconduct including, but not limited to the following:

1. Suspected criminal offence
2. Non-compliance with regulatory requirements and internal procedures
3. Financial / professional misconduct
4. Sexual harassment, injury or damages to other staffs member(s) or the Company's properties
5. Abuse of position or company's asset for personal gain or interest
6. Involvement in conflict of interest transactions without appropriate disclosure
7. Receiving or soliciting graft or kickbacks

Confidentiality and Protection

The identity of the whistleblower will be kept confidential. Complete protection will be given to the whistleblower against any reprisal, threat or intimidation including any action to obstruct the whistleblower's rights to continue performing his / her duties including making further disclosure.

Any party that retaliates against the whistleblower may be subject to disciplinary action. Further to that, the whistleblower is protected under the Malaysian Whistleblower Protection Act 2010 (Act 711).

Acting in good faith

The Company expects all parties to act in good faith and have reasonable grounds when reporting the wrongdoings. If allegations are proven to be malicious, parties responsible may be subject to appropriate action, up to and including legal action, where applicable.

Reverting to complainant

The Company reserves the right not to inform the whistleblower of the precise action plan and/or the outcome of the investigation as this may infringe a duty of confidentiality owed to someone else.

Whistleblowing channels

For the above purpose, the following channels should be used:

- a. Via email : **whistleblow@protasco.com.my**
- b. In writing to : **The Chairman
Protasco Berhad
2nd Floor, Corporate Block
Unipark Suria, Jalan Ikram-Uniten
43000, Kajang, Selangor
Tel: 03 8738 3388**

STATEMENT OF DIRECTOR'S RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

The Directors are required by the Companies Act 1965 to prepare financial statements for each financial year in accordance with the applicable approved accounting standards in Malaysia, giving a true and fair view of the financial position of the Group and Company at the end of the financial year and of the results and cash flows of the Group and Company for the financial year ended.

The Directors have the responsibility to ensure that the Company keeps proper accounting records, disclosing with reasonable accuracy the financial position of the Group and Company and ensuring that the financial statements comply with the Companies Act 1965.

The Directors have overall responsibilities for undertaking necessary steps that are reasonably open to them to protect and safeguard the assets of the Group to prevent and detect fraud and other irregularities. The Board has also ensured that the quarterly and annual financial statements of the Company and Group are released to Bursa Malaysia in a timely manner to keep the investing public well informed of the Groups' latest development.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

“The Malaysian Code of Corporate Governance requires the Board of Directors (Board) to maintain a sound system of risk management and internal control to safeguard shareholders’ investments and the Group’s assets. Pursuant to Para 15.26(b) of Bursa Malaysia Securities Berhad Main Market Listing Requirements and guided by *Statement on Risk Management & Internal Control: Guidelines for Directors of Public Listed Companies (Guidelines)*, the Board is pleased to present the Statement on Risk Management and Internal Control for the financial year under review.”

RESPONSIBILITY

The Board acknowledges its responsibility for the Group’s system of internal controls and risk management which includes the establishment and reviewing the adequacy and integrity of the systems. The Board however recognises that this system is designed to manage rather than eliminate the risks completely. As such, it should be noted that it only provides reasonable assurance against the occurrence of any material misstatement, operational failure, loss or fraud. In addition, the Group’s system does not apply to associate companies where the Group does not have full management over them.

The Board has established ongoing processes for identifying the principal risks impeding the achievement of the organisation’s goals and objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically. This process is regularly reviewed by the Board, taking into account changes in the regulatory and business environment as mentioned in the Guidelines.

In accordance with the Guidelines, the Board assures that this process has been in place for the year under review and up to the date of issuance of the Annual Report.

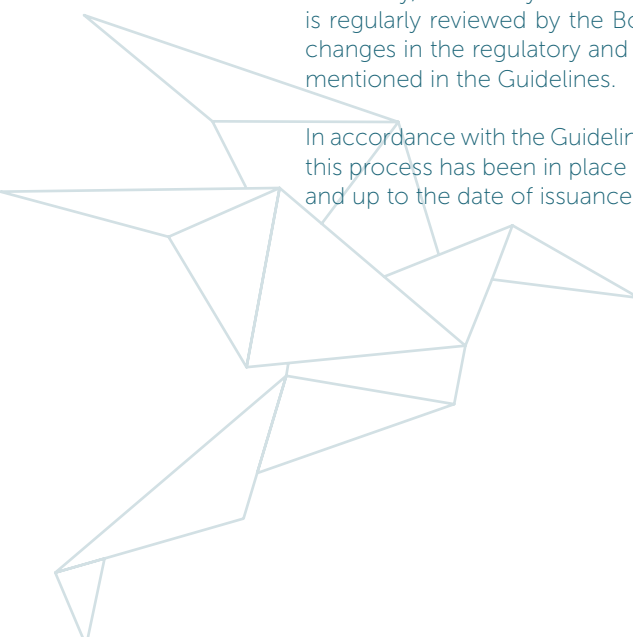
RISK MANAGEMENT FRAMEWORK

The Board Risk Management Committee, which is guided by its Terms of Reference, was established to assist the Board to oversee the overall compliance to relevant laws and regulations, internal policies and procedures. The Members of the Board Risk Management Committee are:

- 1) Suhaimi Bin Badrul Jamil (Chairman)
- 2) Dato’ Tan Yee Boon (Member)
- 3) Ir Tan Heng Kui (Member)

The Risk Management Working Committee, comprising management staff from Corporate Finance, Corporate Affairs and Property & Infrastructure Division, is responsible for continuous monitoring and management of the risks of the Group. The Group adopts an enterprise wide risk management approach. Head of Divisions are responsible for review and update their respective division’s risk profile. The review and update of the risk profile includes identification of risks resulting from changing of business environment, both external and internal. Risks identified are evaluated based on their potential impact on the Group, the likelihood of occurrence as well as the effectiveness of available control procedures. The Business Risk Profile, where identified risks are recorded, is updated on an ongoing basis and presented to the Board Risk Management Committee on a half-yearly basis.

Significant risk matters that require the attention of the Board are reported to the Board Risk Management Committee.



KEY ELEMENTS OF INTERNAL CONTROL

The key elements of the Group's internal control system include:

- The Audit Committee comprises of Non-Executive Directors, all of whom are Independent Directors. The Committee primarily assist the Board in reviewing the organisational's risk with the assistance of the Internal Audit Department.
- Well defined lines of responsibilities for the Board, the Management and each operating unit within the Group; including authorisation level on day-to-day operation.
- Each operating unit undertakes business planning and budgeting process each year which are appraised at regular interval.
- The Group's quarterly financial performance is presented to the Board for review and approval;
- Internal Audit Department performs periodic audits based on the approved audit plan to ascertain the adequacy and effectiveness of the internal control system.
- Internal Audit Department performs follow up on the Management's response and action plans stated in the audit reports.
- Human capital programmes which include staff training, performance appraisal, succession planning and code of ethics.

CONCLUSION

The Board has received assurance from the Group Managing Director and Chief Financial Controller that the Company's risk management and internal control system is operating adequately and effectively in all material aspect.

For the financial year under review, the Board is in the opinion that the Group's system of internal controls is satisfactory. Any deficiencies identified have been or are being addressed accordingly. Notwithstanding this, review of the internal control systems will be continuously carried out to ensure the ongoing effectiveness of the system.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The Statement has been reviewed by the external auditors for the inclusion in the Annual Report of the Company for the year ended 31 December 2015 and reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and integrity of the system of the risk management and internal controls.



OTHER COMPLIANCE INFORMATION



1. Share Buyback

The Company had at its Fourteenth Annual General Meeting held on 11 June 2015 obtained approval of the shareholders in relation to the Share Buyback authority, whereby the Directors are authorised to purchase and / or hold at any point in time up to ten per cent (10%) of the issued and paid share capital of the Company for the time being quoted on the Bursa Malaysia Securities Berhad.

For the financial year ended 31 December 2015, the Company purchased a total of 1,445,000 shares, all of which are retained as treasury shares. None of the shares purchased has been sold or cancelled during the financial year ended 31 December 2015. Details of the shares repurchased are set out below:

Monthly Breakdown	No. of ordinary shares	Buyback Price Per Share (RM)		Average Cost Per Share	Total Cost
		Lowest	Highest	RM	RM ('000)
February	500,000	1.72	1.75	1.75	875
March	435,000	1.55	1.59	1.59	694
August	510,000	1.43	1.60	1.55	788
TOTAL	1,445,000				2,357

2. Depository Receipt Programme

During the financial year, the Company did not sponsor any Depository Receipts programmes.

3. Imposition of Sanctions and / or Penalties

During the financial year, there were no material sanctions and / or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies.

4. Non-Audit Fees

Non-audit fees paid to the external auditors of the Group for the financial year ended 31 December 2015 amounted to RM5,000.00.

5. Variation in Results for the Financial Year

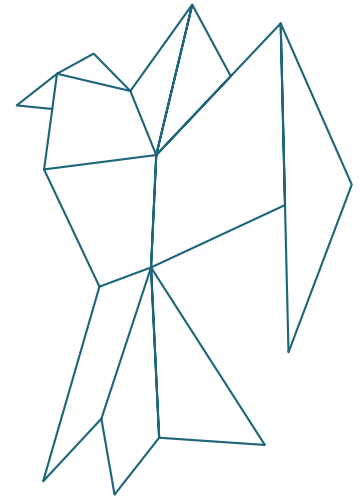
There was no deviation of 10% or more between the profit after tax and non-controlling interests stated in the announced unaudited results and the audited financial statements of the Group for the financial year ended 31 December 2015.

6. Profit Guarantees

During the financial year, there was no profit guarantees given by the Company.

7. Material Contracts

Other than as disclosed in the Note 47 of the Financial Statements, there were no material contracts entered into by the Company or its subsidiaries involving Directors' and major shareholders' interests since the end of previous financial year.



8. Options, Warrants or Convertible Securities

Employees' Share Scheme (ESS)

The details of the ESS for the financial year ended 31 December 2015 were as follows:

Total number of ESS Shares granted	1,084,400
Total number of ESS Options vested	4,337,600
Total number of ESS Options exercised	1,022,600
Total number of ESS Options outstanding	3,315,000

ESS Shares and ESS Options granted to Executive Directors in office

Total number of ESS Shares granted	320,000
Total number of ESS Options vested	1,280,000
Total number of ESS Options exercised	480,000
Total number of ESS Options outstanding	800,000

ESS Shares and ESS Options granted to Executive Directors and Senior Management in office

Aggregate maximum allocation in percentage	55%
Actual percentage granted and vested	55%

ESS Options granted to Non-Executive Directors in respect of the financial year ended 31 December 2015 are disclosed on page 63 of the Annual Report.

The Audit Committee has reviewed and verified that the allocations granted during the financial year were in accordance with the allocation criteria approved by the ESS Committee and in compliance with the ESS Bylaws.

The Company did not issue any warrants or convertible securities during the financial year ended 31 December 2015.

9. Utilisation of Proceeds from Corporate Proposals

The Proposed Private Placement which was announced in November 2015 has not been implemented.

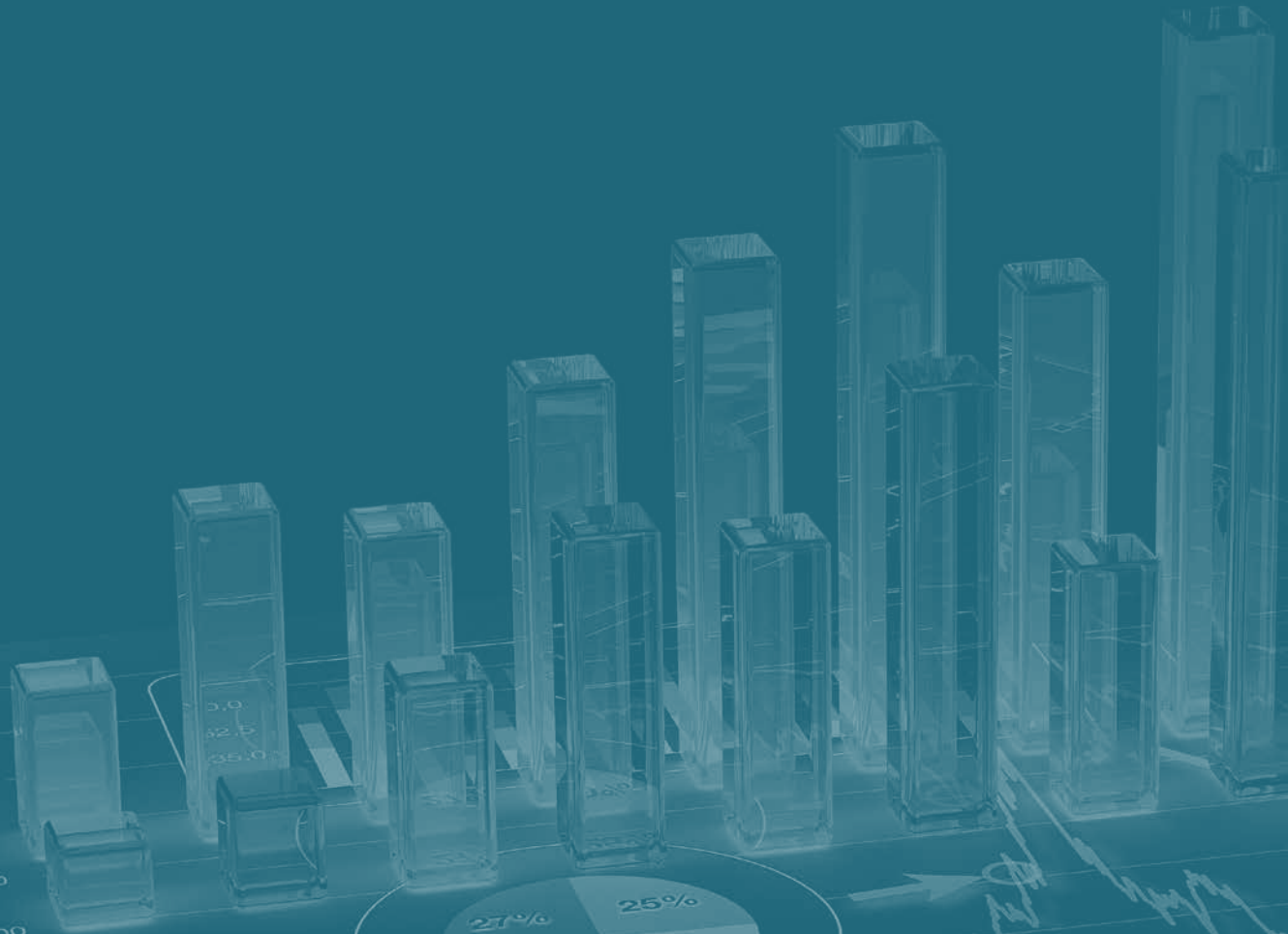
10. Recurrent Related Party Transactions

Details of the Recurrent Related Party Transactions are disclosed in Note 47 of the Financial Statements.

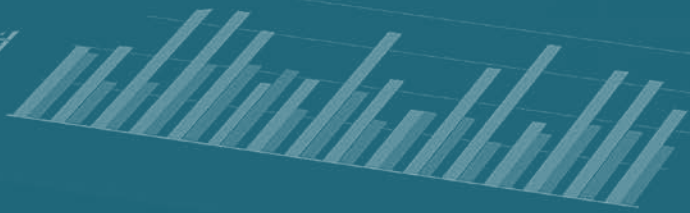
11. Going Concern Statement

Having exercised due and reasonable enquiry into the affairs of the Company, the Board is satisfied with the Company and shall proceed to operate as a going concern business in the foreseeable future.

900
800
700
600
500
400
300
200
100
0



21	12,00	11,00	25,00	24,00	14,00	22,00	19,00	12,00
11,00	12,00	11,00	25,00	24,00	14,00	22,00	19,00	12,00



80
60
40
20
0



The background features a teal gradient with faint, semi-transparent images of financial data. On the left, there are two 3D bar charts. In the center, a 3D pie chart is shown with one slice slightly separated. Below these, there are several line graphs and a document with a grid pattern, all rendered in a light, semi-transparent style.

FINANCIAL Statements

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DIRECTORS' REPORT

The Directors hereby submit their annual report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	The Group RM'000	The Company RM'000
Profit after taxation for the financial year	92,493	27,853
Attributable to:		
Owners of the Company	66,757	27,853
Non-controlling interests	25,736	-
	92,493	27,853

DIVIDENDS

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

- (a) paid an interim single tier dividend of 5 sen per ordinary share amounting to RM16,763,505 in respect of the financial year ended 31 December 2014 as declared in the Directors' report of that financial year;
- (b) declared a first interim dividend of 4 sen per ordinary share amounting to RM13,373,404 in respect of the current financial year and paid on 1 July 2015; and
- (c) declared a second interim dividend of 4 sen per ordinary share amounting to RM13,437,132 in respect of the current financial year and paid on 12 January 2016.

At the forthcoming Annual General Meeting, the Directors recommend a final dividend of 5 sen per ordinary share amounting to approximately RM16,796,600 in respect of the current financial year computed based on the issued and paid-up share capital with voting right as at 31 December 2015 of 335,932,090 ordinary shares of RM0.50 each, for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for as a liability in the financial year ending 31 December 2016.

directors' report

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:

- (a) there were no changes in the authorised share capital of the Company;
- (b) the Company increased its issued and paid-up share capital from RM167,636,045 to RM168,689,545 by the issuance of 2,107,000 new ordinary shares of RM0.50 each pursuant to the following exercise:

	Number of Ordinary Shares	Term of Issue	Purpose of Issue
Employees' Shares Scheme Shares at an issue price of RM1.73	1,084,400	Cash	Shares granted to employees pursuant to the Employees' Shares Scheme
Employees' Shares Scheme Options at an issue price of RM1.56	1,022,600	Cash	Options granted to employees pursuant to the Employees' Shares Scheme and exercised by the employees
	2,107,000		

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company; and

- (c) there were no issues of debentures by the Company.

TREASURY SHARES

During the financial year, the Company purchased 1,445,000 (2014 - 2,000) of its issued ordinary shares from the open market at market prices ranging from RM1.43 to RM1.75 (2014 - RM1.54 to RM1.73) per share. The total consideration paid for the purchase including transaction costs amounted to RM2,356,155 (2014 - RM3,355). The shares purchased were retained as treasury shares in accordance with the requirement of Section 67A of the Companies Act 1965 and presented as a deduction from equity.

During the financial year ended 31 December 2015, none of the (2014 - 17,335,100) issued ordinary shares that were held as treasury shares had been re-sold in the open market (2014 - at market prices ranging from RM1.41 to RM1.45 per share).

As at 31 December 2015, the Company held as treasury shares a total of 1,447,000 (2014 - 2,000) of its 337,379,090 (2014 - 335,272,090) issued and paid-up ordinary shares. The treasury shares are held at a carrying amount of RM2,359,510 (2014 - RM3,355). The details are disclosed in Note 23 to the financial statements.

directors' report

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company except for the share options granted pursuant to the Employees' Shares Scheme below.

EMPLOYEES' SHARES SCHEME

The Employees' Shares Scheme (ESS) of the Company is governed by the ESS By-Laws and was approved by shareholders on 1 October 2013. The ESS is to be in force for a period of 5 years effective from 4 October 2013.

The main features of the ESS are disclosed in Note 25 to the financial statements.

During the financial year, the Company granted 1,084,400 new ordinary shares under the ESS (ESS Shares). The ESS Shares were issued at an issue price of RM1.73 and awarded to the eligible employees pursuant to the Company's ESS.

During the financial year, the Company granted 4,337,600 share options under the ESS (ESS Options). The ESS Options are granted on 16 July 2015 and exercisable at any time on or after the vesting period on 12 August 2015 prior to the expiry date. The ESS Options expire on 11 August 2016.

The options price and the details in the movement of the options granted are as follows:

Number Of Options Over Ordinary Shares Of RM0.50 Each

Date of Offer	Exercise Price	At 1.1.2015	Granted	Exercised	At 31.12.2015
16 July 2015	RM1.56	-	4,337,600	(1,022,600)	3,315,000

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose in this report the names of holders to whom options have been granted to subscribe for less than 80,000 ordinary shares of RM0.50 each. The names of option holders granted options to subscribe for 80,000 or more ordinary shares of RM0.50 each during the financial year, other than Directors whose details are disclosed in the section of Directors' Interests in this report, are as follows:

Number Of Options Over Ordinary Shares Of RM0.50 Each

	At 1.1.2015	Granted	Exercised	At 31.12.2015
Dato' Chong Ther Nen	-	480,000	-	480,000
Edward Khoo Mong Wei	-	96,000	(96,000)	-
Dato' Tan Swee Kee	-	80,000	(80,000)	-
Mohd Taufik Bin Haron	-	80,000	-	80,000
Ronnie Yap Kee Tian	-	80,000	-	80,000
Dato' Mohd Ibrahim Bin Mohd Nor	-	80,000	(80,000)	-

directors' report

BAD AND DOUBTFUL DEBTS

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

At the date of this report, the Directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their values as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

The contingent liabilities are disclosed in Note 46 to the financial statements. At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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

CHANGE OF CIRCUMSTANCES

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

directors' report

ITEMS OF AN UNUSUAL NATURE

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

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

DIRECTORS

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

Tan Sri Datuk Dr Hadenan Bin A. Jalil
 Dato' Sri Chong Ket Pen
 Dato' Mohd Hanif Bin Sher Mohamed
 Tan Heng Kui
 Dato' Tan Yee Boon
 Dato' Sri Su-Azian @ Muzaffar Syah Bin Abd Rahman
 Dato' Shaiful Hazizy Bin Zainol Abidin
 Suhaimi Bin Badrul Jamil
 Dato' Mohd Ibrahim Bin Mohd Nor (Resigned on 1 October 2015)

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interests of Directors holding office at the end of the financial year in shares in the Company and its related corporations during the financial year are as follows:

Number Of Ordinary Shares Of RM0.50 Each

	At 1.1.2015	Bought/ Allotted	Sold	At 31.12.2015
<i>Direct Interests</i>				
Tan Sri Datuk Dr Hadenan Bin A. Jalil	120,000	30,000	-	150,000
Dato' Sri Chong Ket Pen	42,634,142	1,175,000	-	43,809,142
Dato' Mohd Hanif Bin Sher Mohamed	535,000	30,000	(335,000)	230,000
Tan Heng Kui	5,995,900	30,000	-	6,025,900
Dato' Tan Yee Boon	-	30,000	-	30,000
Dato' Sri Su-Azian @ Muzaffar Syah Bin Abd Rahman	-	600,000	-	600,000
Dato' Shaiful Hazizy Bin Zainol Abidin	-	20,000	-	20,000
Suhaimi Bin Badrul Jamil	-	20,000	-	20,000
<i>Indirect Interests</i>				
Dato' Sri Chong Ket Pen^^	33,233,650	170,000	-	33,403,650
Dato' Sri Su-Azian @ Muzaffar Syah Bin Abd Rahman#	2,500,000	-	-	2,500,000

directors' report

DIRECTORS' INTERESTS (CONT'D)

Notes:

^{^^} Deemed interest by virtue of his substantial shareholdings in Penmacorp Sdn Bhd which in turn is a substantial shareholder of the Company pursuant to Section 6A of the Companies Act 1965 as well as his spouse and children's shareholdings in the Company pursuant to Section 134(12)(c) of the Companies Act 1965.

Deemed interest by virtue of his substantial shareholdings in Rencana Berkat Sdn Bhd pursuant to Section 6A of the Companies Act 1965.

By virtue of his interest in the Company, Dato' Sri Chong Ket Pen is deemed to have interests in shares in the subsidiaries to the extent of the Company's interest, in accordance with Section 6A of the Companies Act 1965.

In addition to the above, the following Directors who were in office at the end of the financial year are deemed to have interests in the shares of the Company to the extent of the options granted to them pursuant to the ESS of the Company:

Number Of Options Over Ordinary Shares Of RM0.50 Each

	At 1.1.2015	Granted	Exercised	At 31.12.2015
<i>Direct Interests</i>				
Tan Sri Datuk Dr Hadenan Bin A. Jalil	-	120,000	-	120,000
Dato' Sri Chong Ket Pen	-	800,000	-	800,000
Dato' Mohd Hanif Bin Sher Mohamed	-	120,000	-	120,000
Tan Heng Kui	-	120,000	-	120,000
Dato' Tan Yee Boon	-	120,000	-	120,000
Dato' Sri Su-Azian @ Muzaffar Syah Bin Abd Rahman	-	480,000	(480,000)	-
Dato' Shaiful Hazizy Bin Zainol Abidin	-	80,000	-	80,000
Suhaimi Bin Badrul Jamil	-	80,000	-	80,000
<i>Indirect Interest</i>				
Dato' Sri Chong Ket Pen	-	480,000	-	480,000

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) 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 except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain Directors have substantial financial interests as disclosed in Note 47 to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is 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 than the share options granted to the Directors pursuant to the ESS of the Company.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The significant event during the financial year is disclosed in Note 52 to the financial statements.

SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

The significant event occurring after the reporting period is disclosed in Note 53 to the financial statements.

AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the Directors dated 31 March 2016.

Dato' Sri Chong Ket Pen

Dato' Mohd Hanif Bin Sher Mohamed

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT 1965

We, Dato' Sri Chong Ket Pen and Dato' Mohd Hanif Bin Sher Mohamed, being two of the Directors of Protasco Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 68 to 170 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 December 2015 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 55, which is not part of the financial statements, is prepared in all material respects, 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 and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the Directors dated 31 March 2016.

Dato' Sri Chong Ket Pen

Dato' Mohd Hanif Bin Sher Mohamed

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT 1965

I, Muhammad Hafidzi Bin Abu Bakar, being the officer primarily responsible for the financial management of Protasco Berhad, do solemnly and sincerely declare that the financial statements set out on pages 68 to 170 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)
 Muhammad Hafidzi Bin Abu Bakar)
 at Kuala Lumpur in the Federal Territory)
 on this 31 March 2016)

Muhammad Hafidzi Bin Abu Bakar

Before me

Lai Din
 W668
 Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PROTASCO BERHAD
(Incorporated In Malaysia)
Company No: 548078 - H

Report on the Financial Statements

We have audited the financial statements of Protasco Berhad, which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, 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 68 to 170.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2015 and of their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

independent auditors' report

Report on Other Legal and Regulatory Requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Requirements

The supplementary information set out in Note 55 on page 171 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants (MIA Guidance) and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

Crowe Horwath

Firm No: AF 1018
Chartered Accountants

31 March 2016

Kuala Lumpur

Lee Kok Wai

Approval No: 2760/06/16 (J)
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2015

	←-----The Group-----→		←-----The Company-----→	
Note	31.12.2015 RM'000	31.12.2014 RM'000 (Restated)	31.12.2015 RM'000	31.12.2014 RM'000 (Restated)
ASSETS				
NON-CURRENT ASSETS				
Investment in subsidiaries	5	-	148,506	147,806
Investment in associates	6	308	-	-
Property, plant and equipment	7	205,584	92	50
Investment property	8	101,270	-	-
Land held for property development	9	-	-	-
Goodwill on consolidation		36	-	-
Long-term investments	10	225	-	-
Deferred tax assets	11	423	-	-
		307,846	148,598	147,856
		187,841		129,204
CURRENT ASSETS				
Inventories	12	4,546	-	-
Property development costs	13	16,129	-	-
Amount owing by contract customers	14	320,324	-	-
Trade receivables	15	289,313	-	-
Other receivables, deposits and prepayments	16	20,311	116	26
Amount owing by subsidiaries	17	-	117,217	111,208
Amount owing by associates	18	5,081	-	-
Current tax assets		5,680	-	-
Short-term investments	19	93,769	142	4,683
Deposits with licensed banks	20	71,981	-	5,500
Cash and bank balances	21	89,781	773	415
		916,915	118,248	121,832
		692,863		136,324
TOTAL ASSETS		1,224,761	266,846	269,688
		926,202		265,528

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

statements of financial position
at 31 december 2015

	<-----The Group----->		-----The Company----->		
Note	31.12.2015 RM'000	31.12.2014 RM'000 (Restated)	1.1.2014 RM'000 (Restated)	31.12.2014 RM'000 (Restated)	1.1.2014 RM'000 (Restated)
EQUITY AND LIABILITIES					
EQUITY					
Share capital	22	168,690	167,636	166,113	166,113
Treasury shares		(2,360)	(3)	(18,329)	(18,329)
Share premium		76,536	73,719	64,363	64,363
Employee share option reserve		1,293	-	973	973
Foreign exchange translation reserve		(11,496)	(10,903)	(11,043)	-
Capital reserve		8,875	8,875	8,600	-
Retained profits		134,119	94,170	177,804	1,670
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY					
		375,657	333,494	388,481	214,790
Non-controlling interests		33,659	42,442	37,511	-
TOTAL EQUITY		409,316	375,936	425,992	214,790

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

statements of financial position

at 31 december 2015

	←-----The Group-----→		←-----The Company-----→	
Note	31.12.2015 RM'000	31.12.2014 RM'000 (Restated)	31.12.2015 RM'000	31.12.2014 RM'000 (Restated)
NON-CURRENT LIABILITIES				
Deferred tax liabilities	8,885	9,212	-	-
Long-term borrowings	268,329	92,732	-	-
	277,214	101,944	-	-
CURRENT LIABILITIES				
Trade payables	387,135	269,467	-	-
Other payables and accruals	62,728	57,875	1,013	1,125
Amount owing to subsidiaries	-	-	3,469	6,690
Dividend payable	13,437	16,763	13,437	16,763
Current tax liabilities	6,455	9,901	2,772	2,804
Short-term borrowings	54,131	75,081	-	-
Bank overdrafts	14,345	19,235	-	-
	538,231	448,322	20,691	27,382
TOTAL LIABILITIES	815,445	550,266	20,691	27,382
TOTAL EQUITY AND LIABILITIES	1,224,761	926,202	266,846	269,688
				265,528

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	The Group		The Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
REVENUE	36	1,305,030	1,061,573	40,600	134,400
COST OF SALES		(1,050,142)	(810,290)	-	-
GROSS PROFIT		254,888	251,283	40,600	134,400
OTHER INCOME		11,559	9,404	41	156
ADMINISTRATIVE EXPENSES		(37,687)	(42,727)	(12,795)	(14,197)
OTHER EXPENSES		(95,702)	(197,159)	-	(84,643)
PROFIT FROM OPERATIONS		133,058	20,801	27,846	35,716
FINANCE COSTS		(3,997)	(4,079)	-	-
SHARE OF LOSS IN ASSOCIATES		(51)	(52)	-	-
PROFIT BEFORE TAXATION	37	129,010	16,670	27,846	35,716
INCOME TAX EXPENSE	39	(36,517)	(35,464)	7	404
PROFIT/(LOSS) AFTER TAXATION		92,493	(18,794)	27,853	36,120
OTHER COMPREHENSIVE EXPENSES:					
Item that may be reclassified subsequently to profit or loss:					
- Foreign currency translation differences		(419)	(418)	-	-
		(419)	(418)	-	-
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE FINANCIAL YEAR		92,074	(19,212)	27,853	36,120

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

statements of profit or loss and other comprehensive income
for the financial year ended 31 december 2015

	Note	The Group		The Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
PROFIT/(LOSS) AFTER TAXATION					
ATTRIBUTABLE TO:					
Owners of the Company		66,757	(46,444)	27,853	36,120
Non-controlling interests		25,736	27,650	-	-
		92,493	(18,794)	27,853	36,120
TOTAL COMPREHENSIVE INCOME/ (EXPENSES) ATTRIBUTABLE TO:					
Owners of the Company		66,164	(46,304)	27,853	36,120
Non-controlling interests		25,910	27,092	-	-
		92,074	(19,212)	27,853	36,120
EARNINGS/(LOSS) PER SHARE (SEN)					
	40				
Basic		19.93	(13.95)		
Diluted		19.93	N/A		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Non-Distributable					Distributable			Attributable To Owners Of The Company		Non-Controlling Interests	Total Equity
	Share Capital	Treasury Shares	Share Premium	Employee Share Option Reserve	Foreign Exchange Translation Reserve	Capital Reserve	Retained Profits	RM'000	RM'000	RM'000		
The Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1.1.2014	166,113	(18,329)	64,363	973	(11,043)	8,600	177,804	388,481	37,511	425,992		
Loss after taxation for the financial year	-	-	-	-	-	-	(46,444)	(46,444)	27,650	(18,794)		
Other comprehensive income for the financial year:												
- foreign currency translation	-	-	-	-	140	-	-	140	(558)	(418)		
Total comprehensive expenses for the financial year:	-	-	-	-	140	-	(46,444)	(46,304)	27,092	(19,212)		
Balance carried forward	166,113	(18,329)	64,363	973	(10,903)	8,600	131,360	342,177	64,603	406,780		

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

statements of changes in equity

for the financial year ended 31 december 2015

The Group	Note	Non-Distributable						Distributable			Total Equity RM'000	
		Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Employee Share		Foreign Exchange Translation Reserve RM'000	Capital Reserve RM'000	Retained Profits RM'000	Attributable To Owners Of The Company RM'000		Non-Controlling Interests RM'000
					Option Reserve RM'000	Share Reserve RM'000						
Balance brought forward		166,113	(18,329)	64,363	973	(10,903)	8,600	131,360	342,177	64,603	406,780	
Contributions by and distribution to owners of the Company:												
Issuance of new shares	22	1,523	-	2,102	-	-	-	-	3,625	-	3,625	
Share issuance costs		-	-	(79)	-	-	-	-	(79)	-	(79)	
Transfer to share premium upon exercise of share options	25	-	-	914	(914)	-	-	-	-	-	-	
Share option forfeited during the financial year		-	-	-	(59)	-	-	-	(59)	-	(59)	
Changes in ownership interests in subsidiaries that do not result in loss of control	42	-	-	-	-	-	-	(79)	(79)	79	-	
Treasury shares acquired	23	-	(3)	-	-	-	-	-	(3)	-	(3)	
Treasury shares sold	23 & 24	-	18,329	6,419	-	-	-	-	24,748	-	24,748	
Transfer to capital reserve		-	-	-	-	-	275	(275)	-	-	-	
Dividends:												
- by the Company	41	-	-	-	-	-	-	(36,836)	(36,836)	-	(36,836)	
- by subsidiaries to non-controlling interests (NCI)		-	-	-	-	-	-	-	-	(22,240)	(22,240)	
Total transactions with owners of the Company		1,523	18,326	9,356	(973)	-	275	(37,190)	(8,683)	(22,161)	(30,844)	
Balance as at 31.12.2014		167,636	(3)	73,719	-	(10,903)	8,875	94,170	333,494	42,442	375,936	

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

statements of changes in equity

for the financial year ended 31 december 2015

	Non-Distributable			Distributable			Attributable To Owners Of The Company		Non-Controlling Interests	Total Equity
	Share Capital	Treasury Shares	Share Premium	Employee Share Option Reserve	Foreign Exchange Translation Reserve	Capital Reserve	Retained Profits	Company		
The Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1.1.2015	167,636	(3)	73,719	-	(10,903)	8,875	94,170	333,494	42,442	375,936
Profit after taxation for the financial year	-	-	-	-	-	-	66,757	66,757	25,736	92,493
Other comprehensive income for the financial year:	-	-	-	-	(593)	-	-	(593)	174	(419)
- foreign currency translation	-	-	-	-	(593)	-	-	(593)	174	(419)
Total comprehensive income for the financial year	-	-	-	-	(593)	-	66,757	66,164	25,910	92,074
Balance carried forward	167,636	(3)	73,719	-	(11,496)	8,875	160,927	399,658	68,352	468,010

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

statements of changes in equity

for the financial year ended 31 december 2015

The Group	Note	Distributable										Total Equity RM'000
		Non-Distributable					Distributable					
		Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Employee Share Option Reserve RM'000	Foreign Exchange Translation Reserve RM'000	Capital Reserve RM'000	Retained Profits RM'000	Attributable To Owners Of The Company RM'000	Non-Controlling Interests RM'000		
Balance brought forward		167,636	(3)	73,719	-	(11,496)	8,875	160,927	399,658	68,352	468,010	
Contributions by and distribution to owners of the Company:												
Issuance of new shares	22	1,054	-	2,418	-	-	-	-	3,472	-	3,472	
Issuance of shares by subsidiaries to NCI		-	-	-	-	-	-	-	-	40	40	
Recognition of share-based payments		-	-	-	1,692	-	-	-	1,692	-	1,692	
Transfer to share premium upon exercise of share options	25	-	-	399	(399)	-	-	-	-	-	-	
Changes in ownership interests in subsidiaries that do not result in loss of control	42	-	-	-	-	-	-	3	3	(3)	-	
Treasury shares acquired	23	-	(2,357)	-	-	-	-	-	(2,357)	-	(2,357)	
Dividends:												
- by the Company	41	-	-	-	-	-	-	(26,811)	(26,811)	-	(26,811)	
- by subsidiaries to NCI		-	-	-	-	-	-	-	-	(34,730)	(34,730)	
Total transactions with owners of the Company		1,054	(2,357)	2,817	1,293	-	(26,808)	(24,001)	(34,693)	(58,694)		
Balance as at 31.12.2015		168,690	(2,360)	76,536	1,293	(11,496)	8,875	134,119	375,657	33,659	409,316	

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

statements of changes in equity

for the financial year ended 31 december 2015

The Company	Note	<----- Non-Distributable----->				Distributable		Total Equity RM'000
		Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Employee Share Option Reserve RM'000	Retained Profits RM'000		
Balance at 1.1.2014		166,113	(18,329)	64,363	973	1,670	214,790	
Profit after taxation/Total comprehensive income for the financial year		-	-	-	-	36,120	36,120	
Contributions by and distribution to owners of the Company:								
Issuance of new shares	22	1,523	-	2,102	-	-	3,625	
Share issuance costs		-	-	(79)	-	-	(79)	
Transfer to share premium upon exercise of share options	25	-	-	914	(914)	-	-	
Share options forfeited during the financial year		-	-	-	(59)	-	(59)	
Treasury shares acquired	23	-	(3)	-	-	-	(3)	
Treasury shares sold	23 & 24	-	18,329	6,419	-	-	24,748	
Dividends	41	-	-	-	-	(36,836)	(36,836)	
Total transactions with owners of the Company		1,523	18,326	9,356	(973)	(36,836)	(8,604)	
Balance at 31.12.2014		167,636	(3)	73,719	-	954	242,306	

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

statements of changes in equity

for the financial year ended 31 december 2015

The Company	Note	Share Capital RM'000	Treasury Shares RM'000	Employee Share			Retained Profits RM'000	Total Equity RM'000
				Share Premium RM'000	Option Reserve RM'000	Distributable		
Balance at 1.1.2015		167,636	(3)	73,719	-	954	242,306	
Profit after taxation/Total comprehensive income for the financial year		-	-	-	-	27,853	27,853	
Contributions by and distribution to owners of the Company:								
Issuance of new shares	22	1,054	-	2,418	-	-	3,472	
Recognition of share-based payments	25	-	-	-	1,692	-	1,692	
Transfer to share premium upon exercise of share options	25	-	-	399	(399)	-	-	
Treasury shares acquired	23	-	(2,357)	-	-	-	(2,357)	
Dividends	41	-	-	-	-	(26,811)	(26,811)	
Total transactions with owners of the Company		1,054	(2,357)	2,817	1,293	(26,811)	(24,004)	
Balance at 31.12.2015		168,690	(2,360)	76,536	1,293	1,996	246,155	

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit before taxation	129,010	16,670	27,846	35,716
Adjustments for:				
Bad debts written off	506	318	-	-
Depreciation of property, plant and equipment	15,923	14,279	19	8
Expenses recognised in respect of share-based payments	1,692	-	1,692	-
Impairment losses on:				
- investment in associates	-	1	-	-
- trade and other receivables	3,984	110,026	-	84,643
Interest expense	10,105	3,607	-	-
Loss on disposal of land held for property development	49	-	-	-
Property, plant and equipment written off	23	-	1	-
Gain on disposal of property, plant and equipment	(1,328)	(678)	-	-
Gross dividends from subsidiaries	-	-	(38,200)	(132,000)
Income from short-term investments	(535)	(715)	(17)	(104)
Interest income	(1,497)	(1,472)	(25)	(52)
Writeback of impairment losses on:				
- inventories	-	(10)	-	-
- trade and other receivables	(7,592)	(1,542)	-	-
Share of loss in associates	51	52	-	-
Share options forfeited during the financial year	-	(59)	-	(59)
Tax-exempt dividend received from investment in unit trusts	-	(99)	-	-
Unrealised gain on foreign exchange	(165)	(444)	-	-
Operating profit/(loss) before working capital changes	150,226	139,934	(8,684)	(11,848)
Increase in inventories	(3,074)	(174)	-	-
(Increase)/Decrease in property development costs	(4,321)	2,223	-	-
Increase in amount owing by contract customers	(218,215)	(92,900)	-	-
Increase in amount owing by associates	(1,465)	(133)	-	-
(Increase)/Decrease in trade and other receivables	(20,927)	37,776	(90)	(34,588)
Increase/(Decrease) in trade and other payables	122,521	(42,269)	(112)	413
CASH FROM/(FOR) OPERATIONS	24,745	44,457	(8,886)	(46,023)
Interest paid	(10,105)	(3,607)	-	-
Income tax (paid)/refunded	(43,300)	(36,269)	(25)	277
NET CASH (FOR)/FROM OPERATING ACTIVITIES CARRIED FORWARD	(28,660)	4,581	(8,911)	(45,746)

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

statements of cash flows
for the financial year ended 31 december 2015

	Note	The Group		The Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
NET CASH (FOR)/FROM OPERATING ACTIVITIES BROUGHT FORWARD		(28,660)	4,581	(8,911)	(45,746)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Investment in an associate		(300)	-	-	-
Interest received		1,497	1,472	25	52
Income from short-term investments received		535	715	17	104
Net dividend received from subsidiaries		-	-	38,200	132,000
Additional investment in subsidiaries		-	-	(700)	(18,300)
Acquisition from non-controlling interests	42	-	(40)	-	-
Net cash outflow from acquisition of a subsidiary		-	-	-	(327)
Net (placement)/withdrawal of short-term investments		(61,373)	8,051	4,541	(4,187)
Net withdrawal/(placement) of deposits pledged with licensed banks		1,146	(2,660)	-	-
Proceeds from disposal of land held for property development		1,951	-	-	-
Proceeds from disposal of property, plant and equipment		3,739	1,776	-	-
Purchase of property, plant and equipment	43	(25,759)	(15,600)	(62)	(33)
Purchase of investment property		(42,565)	(46,111)	-	-
Purchase of treasury shares		(2,357)	(3)	(2,357)	(3)
Resale of treasury shares		-	24,748	-	24,748
Advances to subsidiaries		-	-	(6,009)	(41,436)
Tax-exempt dividend received from investment in unit trusts		-	99	-	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(123,486)	(27,553)	33,655	92,618
BALANCE CARRIED FORWARD		(152,146)	(22,972)	24,744	46,872

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

statements of cash flows
for the financial year ended 31 december 2015

	Note	The Group		The Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
BALANCE BROUGHT FORWARD		(152,146)	(22,972)	24,744	46,872
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Dividends paid		(30,137)	(32,668)	(30,137)	(32,668)
Dividends paid to non-controlling interests		(34,730)	(22,240)	-	-
Proceeds from issuance of new shares		3,472	3,546	3,472	3,546
Proceeds from issuance of new shares to non-controlling interests		40	-	-	-
Repayment to subsidiaries		-	-	(3,221)	(27,810)
Drawdown of term loans		146,439	89,381	-	-
Repayment of term loans		(653)	(62)	-	-
Repayment of hire purchase obligations		(1,212)	(1,132)	-	-
Net (repayment)/drawdown of short-term borrowings		(15,851)	30,445	-	-
NET CASH FROM/(FOR) FINANCING ACTIVITIES		67,368	67,270	(29,886)	(56,932)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(84,778)	44,298	(5,142)	(10,060)
FOREIGN EXCHANGE TRANSLATION DIFFERENCES		(252)	148	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		227,418	182,972	5,915	15,975
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	44	142,388	227,418	773	5,915

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of the Company is Malaysia. The registered office and principal place of business are as follows:

Registered office : 802, 8th Floor, Block C, Kelana Square,
17, Jalan SS7/26, 47301 Petaling Jaya,
Selangor Darul Ehsan.

Principal place of business : Unipark Suria, Jalan Ikram-Uniten,
43000 Kajang, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 31 March 2016.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Financial Reporting Standards (FRSs) and the requirements of the Companies Act 1965 in Malaysia.

3.1 During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments, if any):

FRSs and IC Interpretations (Including The Consequential Amendments)

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

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements.

notes to the financial statements
for the financial year ended 31 december 2015

3. BASIS OF PREPARATION (CONT'D)

- 3.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:

FRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
FRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
Amendments to FRS 10 and FRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to FRS 11 : Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128 (2011): Investment Entities – Applying the Consolidation Exception	1 January 2016
Amendments to FRS 101: Presentation of Financial Statements – Disclosure Initiative	1 January 2016
Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 127 (2011): Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to FRSs 2012 – 2014 Cycle	1 January 2016

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

- 3.3 MASB has issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRSs), that are to be applied by all entities other than private entities; with the exception of entities that are within the scope of MFRS 141 (Agriculture) and IC Interpretation 15 (Agreements for Construction of Real Estate), including its parent, significant investor and venturer (herein called "transitioning entities").

As further announced by MASB on 28 October 2015, the transitioning entities are allowed to defer the adoption of MFRSs to annual periods beginning on or after 1 January 2018.

Accordingly, as a transitioning entity as defined above, the Group has chosen to defer the adoption of MFRSs and will only prepare its first set of MFRS financial statements for the financial year ending 31 December 2018. The Group is currently assessing the possible financial impacts that may arise from the adoption of MFRSs and the process is still ongoing.

notes to the financial statements

for the financial year ended 31 december 2015

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the Directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:

(a) Depreciation of Property, Plant and Equipment

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

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

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

(b) Income Taxes

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

(c) Construction Contracts

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

(i) Contract Revenue

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

(ii) Contract Costs

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

notes to the financial statements

for the financial year ended 31 december 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(d) Property Development

The Group recognises property development revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that the property development costs incurred for work performed to date bear to the estimated total property development costs.

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

(e) Classification between Investment Properties and Owner-occupied Properties

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

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

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

(f) Classification of Leasehold Land

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

(g) Impairment of Non-financial Assets

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

notes to the financial statements
for the financial year ended 31 december 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(h) Impairment of Available-for-sale Financial Assets

The Group reviews its available-for-sale financial assets at the end of each reporting period to assess whether they are impaired. The Group also records impairment loss on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

(i) Impairment of Goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

(j) Write-down of Inventories

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

(k) Impairment of Trade and Other Receivables

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

(l) Fair Value Estimates for Certain Financial Assets and Liabilities

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

(m) Share-based Payments

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity investments at the date at which they are granted. The estimating of the fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option volatility and dividend yield and making assumptions about them.

notes to the financial statements

for the financial year ended 31 december 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities, if any) controlled by the Group. 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. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a jointly venture.

notes to the financial statements

for the financial year ended 31 december 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

Business combinations from 1 January 2011 onwards

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

Business combinations before 1 January 2011

All subsidiaries are consolidated using the purchase method. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Non-controlling interests are initially measured at their share of the fair values of the identifiable assets and liabilities of the acquiree as at the date of acquisition.

4.3 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Business combinations from 1 January 2011 onwards

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

Business combinations before 1 January 2011

Under the purchase method, goodwill represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable assets, liabilities and contingent liabilities of the subsidiaries at the date of acquisition.

If, after reassessment, the Group's interest in the fair values of the identifiable net assets of the subsidiaries exceeds the cost of the business combinations, the excess is recognised as income immediately in profit or loss.

notes to the financial statements

for the financial year ended 31 december 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 GOODWILL (CONT'D)

Interests in Associates

In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

4.4 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia (RM) which is the Company's functional and presentation currency and has been rounded to the nearest thousand unless otherwise stated.

(b) Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss except for differences arising from the translation of available-for-sale equity instruments which are recognised in other comprehensive income.

(c) Foreign Operations

Assets and liabilities of foreign operations are translated to RM at the rates of exchange ruling at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates ruling at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

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

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or a partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion that related to non-controlling interests is derecognised but is not reclassified to profit or loss.

notes to the financial statements

for the financial year ended 31 december 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FUNCTIONAL AND FOREIGN CURRENCIES (CONT'D)

(c) Foreign Operations (Cont'd)

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the proportionate share of the accumulative exchange differences is reclassified to profit or loss.

In the consolidated financial statements, when settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

4.5 FINANCIAL INSTRUMENTS

Financial instruments are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/ deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

(i) Financial Assets at Fair Value Through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges. Fair value through profit or loss category also comprises contingent consideration in a business combination.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

notes to the financial statements

for the financial year ended 31 december 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

(ii) Held-to-maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with interest income recognised in profit or loss on an effective yield basis.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current assets.

(iii) Loans and Receivables Financial Assets

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Loans and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets.

(iv) Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

notes to the financial statements

for the financial year ended 31 december 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Liabilities

All financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges. Fair value through profit or loss category also comprises contingent consideration in a business combination.

Financial liabilities 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.

(c) Equity Instruments

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

(i) Ordinary Shares

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(ii) Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

Where treasury shares are sold, the difference between the sales consideration and the carrying amount of the treasury shares are shown as a movement in equity. When the consideration received is more than the carrying amount, the credit difference arising is taken to the share premium account. Where the consideration received is less than the carrying amount, the debit difference is offset against reserves.

(d) Derecognition

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

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

notes to the financial statements

for the financial year ended 31 december 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(e) Financial Guarantee Contracts

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

The Group designates corporate guarantees given to financial institutions for credit facilities granted to subsidiaries as insurance contracts as defined in FRS 4 Insurance Contracts. The Group recognises these corporate guarantees as liabilities when there is a present obligation, legal or constructive, 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 a reliable estimate can be made of the amount of the obligation.

4.6 INVESTMENTS IN SUBSIDIARIES

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

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

4.7 INVESTMENTS IN ASSOCIATES

An associate is an entity in which the Group has a long term equity interest and where it exercise significant influence over the financial and operating policies.

The investment in an associate is accounted for in the consolidated statement of financial position using the equity method, based on the financial statements of the associate made up to the end of the reporting period. The Group's share of the post-acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gains on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with FRS 139. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued.

notes to the financial statements

for the financial year ended 31 december 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land is stated at cost less any impairment losses, and is not depreciated.

Depreciation is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:

Buildings	2%
Leasehold land	Over the lease period of 99 years
Renovation	10% - 33.33%
Reference books, office equipment, furniture and fittings	10% - 33.33%
Motor vehicles	12.50% - 20%
Laboratory equipment, plant and machinery	12.50% - 20%

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. Capital work-in-progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use. Cost of capital work-in-progress includes direct cost, related expenditure and interest cost on borrowings taken to finance the construction or acquisition of the assets to the date that the assets are completed and put into use.

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

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

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

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

4.9 INVESTMENT PROPERTIES

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Investment properties under construction are properties not ready for commercial use at the end of the reporting period. Investment properties under construction are stated at cost less any impairment losses, and are not depreciated.

Depreciation is charged to profit or loss on the straight-line method over the estimated useful lives of the investment properties.

notes to the financial statements

for the financial year ended 31 december 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 INVESTMENT PROPERTIES (CONT'D)

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

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

Transfers are made to or from investment property only when there is a change in use. All transfers do not change the carrying amount of the property reclassified.

4.10 PROPERTY DEVELOPMENT COSTS

(a) Land Held For Property Development

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

Costs associated with the acquisition of land include the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Pre-acquisition costs are charged to profit or loss as incurred unless such costs are directly identifiable to the consequent property development activity.

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

(b) Property Development Costs

Property development costs are those assets on which significant works have been undertaken and are expected to be completed within the normal operating cycle.

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

Property development costs that are not recognised as an expense are recognised as an asset and carried at the lower of cost and net realisable value.

When the financial outcome of a development activity can be reliably estimated, the amount of property revenue and expenses recognised in profit or loss are determined by reference to the stage of completion method. The stage of completion is determined based on the proportion that the property development costs incurred for work performed to date bear to the estimated total property development costs at the end of the reporting period.

When the financial outcome of a development activity cannot be reliably estimated, the property development revenue is recognised only to the extent of property development costs incurred that will be recoverable. The property development costs on the development units sold are recognised as an expense in the period in which they are incurred.

Where it is probable that property development costs will exceed property development revenue, any expected loss is recognised as an expense in profit or loss immediately, including costs to be incurred over the defects liability period.

notes to the financial statements

for the financial year ended 31 december 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 IMPAIRMENT

(a) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

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

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

(b) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which FRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow using a pre-tax discount rate. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating units and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rate basis.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

notes to the financial statements

for the financial year ended 31 december 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 ASSETS UNDER HIRE PURCHASE

Assets acquired under hire purchase are capitalised in the financial statements as property, plant and equipment and the correspondence obligations are treated as hire purchase payables. The assets capitalised are measured at the lower of the fair value of the leased assets and the present value of the minimum lease payments and are depreciated on the same basis as owned assets. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of charge on the hire purchase outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

4.13 INVENTORIES

Completed properties for sale are stated at the lower of cost and net realisable value. Cost is determined by the specific identification method.

Other inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

4.14 AMOUNTS OWING BY/TO CONTRACT CUSTOMERS

The amounts owing by/to contract customers are stated at cost plus profits attributable to contracts in progress less progress billings and allowance for foreseeable losses, if any. Cost includes direct materials, labour and applicable overheads.

4.15 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

4.16 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

4.17 PROGRESS BILLINGS/ACCRUED BILLINGS

In respect of progress billings:

- (i) where revenue recognised in profit or loss exceeds the billings to purchasers, the balance is shown as accrued billings under current assets; and
- (ii) where billings to purchasers exceed the revenue recognised to profit or loss, the balance is shown as progress billings under current liabilities.

notes to the financial statements

for the financial year ended 31 december 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.18 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss and included in the development costs, where appropriate, in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss and included in the development costs, where appropriate, in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

(c) Share-based Payment Transactions

The Group operates an equity-settled share-based compensation plan, under which the Group receives services from employees as consideration for equity instruments of the Company known as (share options).

At grant date, the fair value of the share options is recognised as an expense on a straight-line method over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding credit to employee share option reserve in equity. The amount recognised as an expense is adjusted to reflect the actual number of the share options that are expected to vest. Service and non-market performance conditions attached to the transaction are not taken into account in determining the fair value.

In the Company's separate financial statements, the grant of the share options to the subsidiaries' employees is not recognised as an expense. Instead, the fair value of the share options measured at the grant date is accounted for as an increase to the investment in subsidiary undertaking with a corresponding credit to the employee share option reserve.

Upon expiry of the share option, the employee share option reserve is transferred to retained profits.

When the share options are exercised, the employee share option reserve is transferred to share capital or share premium if new ordinary shares are issued, or to treasury shares if the share options are satisfied by the reissuance of treasury shares.

When the Company charges a subsidiary for the share options granted to its employees, the recharge is offset against the investments in subsidiaries in the Company's separate financial statements, with any excess being charged to profit or loss as a distribution from the subsidiary.

4.19 BORROWING COSTS

Borrowing costs, directly attributable to the acquisition, construction or production of a qualifying asset, are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they incurred.

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

notes to the financial statements

for the financial year ended 31 december 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.20 INCOME TAXES

Income tax for the year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the reporting period and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

4.21 RELATED PARTIES

A party is related to an entity (referred to as the "reporting entity") if:

- (a) A person or a close member of that person's family is related to a reporting entity if that person:
 - (i) has control or joint control over the reporting entity;
 - (ii) has significant influence over the reporting entity; or
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

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

notes to the financial statements

for the financial year ended 31 december 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.21 RELATED PARTIES (CONT'D)

(b) An entity is related to a reporting entity if any of the following conditions applies:

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a) above.
- (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the reporting entity either directly or indirectly, including any Director (whether executive or otherwise) of that entity.

4.22 Operating Segments

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

4.23 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

4.24 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

notes to the financial statements

for the financial year ended 31 december 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.25 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. However, this basis does not apply to share-based payment transactions.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:

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

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

4.26 REVENUE AND OTHER INCOME

(a) Sale of Goods

Revenue is measured at fair value of the consideration received or receivable and is recognised upon delivery of goods and customers' acceptance and where applicable, net of returns and trade discounts.

(b) Services

Revenue is recognised upon rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

(c) Education and Training Fees

Tuition and training fees, net of discounts, are recognised on an accrual basis whereas non-refundable registration and enrolment fees are recognised when chargeable.

(d) Construction Contracts

Revenue on contracts is recognised on the percentage of completion method unless the outcome of the contract cannot be reliably determined, in which case revenue on contracts is only recognised to the extent of contract costs incurred that are recoverable. Foreseeable losses, if any, are provided for in full as and when it can be reasonably ascertained that the contract will result in a loss.

The stage of completion is determined based on completion of a physical proportion of the contract work.

notes to the financial statements
for the financial year ended 31 december 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.26 REVENUE AND OTHER INCOME (CONT'D)

(e) Property Development

Revenue from property development is recognised from the sale of completed and uncompleted development properties.

Revenue from the sale of completed properties is recognised when the sale is contracted.

Revenue on uncompleted properties contracted for sale is recognised based on the stage of completion method unless the outcome of the development cannot be reliably determined in which case the revenue on the development is only recognised to the extent of development costs incurred that are recoverable.

The stage of completion is determined based on the proportion that the development costs incurred for work performed to date bear to the estimated total development costs.

(f) Dividend Income

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

(g) Interest Income

Interest income is recognised on an accrual basis, using the effective interest method.

(h) Management Fee

Management fee is recognised when services are rendered.

(i) Rental Income

Rental income is accounted for on a straight-line method over the lease term.

notes to the financial statements
for the financial year ended 31 december 2015

5. INVESTMENT IN SUBSIDIARIES

	The Company	
	2015 RM'000	2014 RM'000
At cost:		
Unquoted shares in Malaysia:		
- ordinary shares	130,679	129,979
- Redeemable Convertible Preference Shares (RCPS)	17,500	17,500
	148,179	147,479
Unquoted shares outside Malaysia:		
- ordinary shares	327	327
	148,506	147,806

During the financial year:

- (a) The Company subscribed for an additional 700,000 ordinary shares of RM1 each at par in Protasco Development Sdn Bhd;
- (b) The Group incorporated two wholly-owned subsidiaries for property development activities as follows:
 - (i) De Centrum Land Sdn Bhd; and
 - (ii) De Centrum Retail Sdn Bhd
- (c) The Group internally restructured its equity interests in the following subsidiaries:
 - (i) Jalur Saujana Sdn Bhd (JSSB) increased its issued and paid-up share capital from 2 to 100,000 ordinary shares of RM1 each. The Group subscribed for 59,998 ordinary shares and the remaining shares were allotted to a non-controlling interest. Consequently, the Group's the equity interest in JSSB was diluted from 100% to 60%. The details and effects of the dilution of equity interest in this subsidiary are disclosed in Note 42 to the financial statements; and
 - (ii) the Group increased its effective equity interests in Infra Water Sdn Bhd through the acquisition of equity from non-controlling interests. The details and effects of this acquisition are disclosed in Note 42 to the financial statements.
- (d) Hong Kong Companies Registrar has approved the Group's application to strike out and deregister Ximax Communications Company Limited, a wholly-owned subsidiary of Protasco Trading Sdn Bhd, which was incorporated in Hong Kong. Consequently, the financial results of this subsidiary has been deconsolidated from the Group.
- (e) Protasco Venture Partners Inc., a wholly-owned subsidiary of the Company, incorporated a company in Indonesia namely, PT. Protasco Infra Indonesia (PPII), with a registered capital of USD1 million. The Group agreed to contribute 67% of the registered share capital while the remaining 33% equity interest will be contributed by a local business partner. Both parties have yet to inject their respective agreed capital contribution into PPII at the end of the reporting period.

notes to the financial statements
for the financial year ended 31 december 2015

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries held by the Company are as follows:

Name of Subsidiary	Country of Incorporation	Effective Equity Interest		Principal Activities
		2015 %	2014 %	
HCM Engineering Sdn Bhd	Malaysia	100	100	Road construction, rehabilitation and maintenance.
Kumpulan Ikram Sdn Bhd	Malaysia	100	100	Training, geotechnical laboratory, structural and material testing, soil investigation, research and development, listing of building materials, engineering and technical related activities and services.
Protasco Trading Sdn Bhd	Malaysia	100	100	Trading of construction materials and petroleum products.
Protasco Infra Sdn Bhd	Malaysia	100	100	Investment holding.
Protasco Development Sdn Bhd	Malaysia	100	100	Property development.
Protasco VenturePartners Inc. ^Δ	British Virgin Islands	100	100	Investment holding.

Details of subsidiaries held through HCM Engineering Sdn Bhd are as follows:

Name of Subsidiary	Country of Incorporation	Effective Equity Interest		Principal Activities
		2015 %	2014 %	
Roadcare (M) Sdn Bhd*	Malaysia	51	51	Road maintenance and rehabilitation.
HCM-TH Technologies Sdn Bhd*	Malaysia	70	70	Dormant.
HCM Engineering-Isyoda JV Sdn Bhd*	Malaysia	100	100	Dormant.
HCM-Ikhtisas Sdn Bhd*	Malaysia	78	78	Investment holding.
HCM (L) Bhd.* #	FT Labuan	100	100	Renting out machines.
HCM-Molek JV Sdn Bhd*	Malaysia	60	60	Road maintenance and rehabilitation.

notes to the financial statements
for the financial year ended 31 december 2015

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of subsidiaries held through HCM Engineering Sdn Bhd are as follows: (Cont'd)

Name of Subsidiary	Country of Incorporation	Effective Equity Interest		Principal Activities
		2015 %	2014 %	
HCM Arabia Sdn Bhd*	Malaysia	78	78	Road maintenance and rehabilitation.
KPS-HCM Sdn Bhd	Malaysia	70	70	Road maintenance and rehabilitation.
Permint Granite-HCM Sdn Bhd	Malaysia	70	70	Road maintenance and rehabilitation.
HCM Kasturi Sdn Bhd*	Malaysia	100	100	Dormant.
Alkatech Sdn Bhd*	Malaysia	100	100	Dormant.
Makmur Bersih Sdn Bhd*	Malaysia	100	100	Dormant.
Empayar Indera Sdn Bhd	Malaysia	51	51	Road maintenance and rehabilitation.
Infra Water Sdn Bhd *^	Malaysia	100	-	Dormant.

Details of a subsidiary held through HCM (L) Bhd. are as follows:

Name of Subsidiary	Country of Incorporation	Effective Equity Interest		Principal Activities
		2015 %	2014 %	
Global Traders Ltd*	FT Labuan	100	100	Dormant.

Details of subsidiaries held through Kumpulan Ikram Sdn Bhd are as follows:

Name of Subsidiary	Country of Incorporation	Effective Equity Interest		Principal Activities
		2015 %	2014 %	
Ikram Engineering Services Sdn Bhd	Malaysia	100	100	Site investigation and soil testing services.
Kumpulan Ikram (Sabah) Sdn Bhd*	Malaysia	60	60	Site investigation and soil testing services.
Kumpulan Ikram (Sarawak) Sdn Bhd*	Malaysia	60	60	Site investigation and soil testing services.
Ikram Education Sdn Bhd	Malaysia	100	100	Educational services.
Ikram Latihan Sdn Bhd*	Malaysia	100	100	Training courses.

notes to the financial statements
for the financial year ended 31 december 2015

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of subsidiaries held through Kumpulan Ikram Sdn Bhd are as follows: (Cont'd)

Name of Subsidiary	Country of Incorporation	Effective Equity Interest		Principal Activities
		2015 %	2014 %	
Ikram Infrastructure Asset Management Sdn Bhd	Malaysia	100	100	Provision of structural and material testing.
Ikram QA Services Sdn Bhd	Malaysia	100	100	Certification and listing of products.
Ikram Paves Sdn Bhd	Malaysia	100	100	Provision of evaluation and testing services for road pavement.
Ikram Greentech Sdn Bhd*	Malaysia	100	100	Dormant.
Ikram International Sdn Bhd*	Malaysia	100	100	Dormant.
Ikram Libyana Sdn Bhd*	Malaysia	60	60	Dormant.

Details of a subsidiary held through Ikram Latihan Sdn Bhd are as follows:

Name of Subsidiary	Country of Incorporation	Effective Equity Interest		Principal Activities
		2015 %	2014 %	
Ikram Skills Academy Sdn Bhd	Malaysia	100	100	Provision of skills training courses.

Details of subsidiaries held through Protasco Trading Sdn Bhd are as follows:

Name of Subsidiary	Country of Incorporation	Effective Equity Interest		Principal Activities
		2015 %	2014 %	
QP Industries Sdn Bhd*	Malaysia	100	100	Production of pavement materials.
QP Trading Sdn Bhd*	Malaysia	100	100	Dealing in materials for road pavement.
Ximax Communications Sdn Bhd*	Malaysia	100	100	Investment holding.

Details of a subsidiary held through Ximax Communications Sdn Bhd are as follows:

Name of Subsidiary	Country of Incorporation	Effective Equity Interest		Principal Activities
		2015 %	2014 %	
Ximax Communications Company Limited*	Hong Kong	-	100	Dormant.

notes to the financial statements
for the financial year ended 31 december 2015

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of subsidiaries held through Protasco Development Sdn Bhd are as follows:

Name of Subsidiary	Country of Incorporation	Effective Equity Interest		Principal Activities
		2015 %	2014 %	
Protasco Land Sdn Bhd	Malaysia	100	100	Property development.
De Centrum Development Sdn Bhd	Malaysia	100	100	Property development.
Sun Rock Development Sdn Bhd * #	Malaysia	64	64	Property development.
De Centrum Land Sdn Bhd	Malaysia	100	-	Property development.
De Centrum Retail Sdn Bhd	Malaysia	100	-	Retail business.
Jalur Saujana Sdn Bhd* ^^	Malaysia	60	-	Property development.

Details of a subsidiary held through Protasco Land Sdn Bhd are as follows:

Name of Subsidiary	Country of Incorporation	Effective Equity Interest		Principal Activities
		2015 %	2014 %	
Protasco Land SA (Pty) Ltd* #	South Africa	100	100	Property development.

Details of subsidiaries held through Protasco Infra Sdn Bhd are as follows:

Name of Subsidiary	Country of Incorporation	Effective Equity Interest		Principal Activities
		2015 %	2014 %	
Hainan Protasco Engineering Co Ltd *	China	100	100	Investment holding.
Ikram Masterbuilder Sdn Bhd	Malaysia	100	100	Building construction.
Infra Water Sdn Bhd *^	Malaysia	-	55	Dormant.

Details of a subsidiary held through Hainan Protasco Engineering Co Ltd are as follows:

Name of Subsidiary	Country of Incorporation	Effective Equity Interest		Principal Activities
		2015 %	2014 %	
Hainan Rifu Resources Co Ltd *	China	82	82	Dormant.

notes to the financial statements
for the financial year ended 31 december 2015

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of subsidiaries held through Protasco Venture Partners Inc. are as follows:

Name of Subsidiary	Country of Incorporation	Effective Equity Interest		Principal Activities
		2015 %	2014 %	
Jalur Saujana Sdn Bhd* ^^	Malaysia	-	100	Dormant.
Protasco Agro Ltd*	British Virgin	100	100	Dormant.
PT. Protasco Infra Indonesia*	Indonesia	67	-	Dormant.

Notes:

* Audited by firms of auditors other than Messrs. Crowe Horwath.

The auditors' reports on the audited financial statements of these subsidiaries contained an emphasis of matter that the subsidiaries' going concern is dependent on the continuing financial support from the Company and/or their bankers.

^ The subsidiary has been transferred from Protasco Infra Sdn Bhd to HCM Engineering Sdn Bhd during the financial year.

^^ The subsidiary has been transferred from Protasco Venture Partners Inc. to Protasco Development Sdn Bhd during the financial year.

Δ The subsidiary is not required to be audited under the laws of the country of incorporation.

The details of non-controlling interests (NCI) at the end of the reporting period are as follows:

	The Group			
	Effective Equity Interest		Total NCI	
	2015 %	2014 %	2015 RM'000	2014 RM'000
Roadcare (M) Sdn Bhd (Roadcare)	49	49	32,276	40,695
Permint Granite-HCM Sdn Bhd (PG-HCM)	30	30	4,910	5,454
KPS-HCM Sdn Bhd (KPS-HCM)	30	30	3,224	4,461
Empayar Indera Sdn Bhd (EISB)	49	49	5,191	3,575
HCM-Molek JV Sdn Bhd (HCM-Molek)	40	40	(4,056)	(4,008)
HCM Arabia Sdn Bhd (HCMA)	22	22	(12,382)	(12,057)
Kumpulan Ikram (Sabah) Sdn Bhd (KI-Sabah)	40	40	3,172	2,872
Kumpulan Ikram (Sarawak) Sdn Bhd (KI-Sarawak)	40	40	2,047	1,902
Other individually immaterial subsidiaries			(723)	(452)
			33,659	42,442

notes to the financial statements
for the financial year ended 31 december 2015

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows:

	Roadcare RM'000	PG- HCM RM'000	KPS- HCM RM'000	EISB RM'000	HCM- Molek RM'000	HCMA RM'000	KI-Sabah RM'000	KI- Sarawak RM'000
<u>At 31 December 2015</u>								
Non-current assets	11,030	1,588	961	2,324	26	-	1,503	791
Current assets	213,441	20,284	19,086	32,589	3,363	6,230	10,086	5,813
Non-current liabilities	(1,371)	(245)	(62)	(105)	-	-	(108)	(185)
Current liabilities	(157,230)	(5,259)	(9,239)	(24,214)	(13,529)	(62,514)	(3,552)	(1,302)
Net assets/(liabilities)	65,870	16,368	10,746	10,594	(10,140)	(56,284)	7,929	5,117
<u>Financial year ended 31 December 2015</u>								
Revenue	463,878	58,021	39,853	72,923	-	-	11,007	3,241
Profit/(Loss) for the financial year	32,818	10,188	5,876	10,297	(120)	(1,477)	1,250	361
Total comprehensive income/ (expenses)	32,818	10,188	5,876	10,297	(120)	(1,477)	1,250	361
Total comprehensive income/ (expenses) attributable to NCI	16,081	3,056	1,763	5,046	(48)	(325)	500	145
Dividends paid to non-controlling interests	24,500	3,600	3,000	3,430	-	-	200	-
Net cash flows from/(for) operating activities	29,809	10,139	10,052	25,404	80	(1,221)	1,692	(262)
Net cash flows from/(for) investing activities	(70,105)	(950)	54	(767)	2	-	(138)	(47)
Net cash flows for financing activities	(50,000)	(11,928)	(10,135)	(7,028)	-	-	(544)	(85)
Net increase/(decrease) in cash and cash equivalents	(90,296)	(2,739)	(29)	17,609	82	(1,221)	1,010	(394)

notes to the financial statements
for the financial year ended 31 december 2015

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows (Cont'd):

	Roadcare RM'000	PG- HCM RM'000	KPS- HCM RM'000	EISB RM'000	HCM- Molek RM'000	HCMA RM'000	KI-Sabah RM'000	KI- Sarawak RM'000
<u>At 31 December 2014</u>								
Non-current assets	9,624	2,087	1,317	2,042	120	-	1,699	680
Current assets	192,725	20,314	22,020	13,173	9,322	17,246	10,592	5,903
Non-current liabilities	(1,232)	(380)	(170)	(105)	-	-	(121)	(50)
Current liabilities	(118,066)	(3,842)	(8,298)	(7,813)	(19,462)	(72,052)	(4,991)	(1,778)
Net assets/(liabilities)	83,051	18,179	14,869	7,297	(10,020)	(54,806)	7,179	4,755
<u>Financial year ended 31 December 2014</u>								
Revenue	373,588	48,987	33,573	28,586	9,388	16,215	9,292	4,222
Profit/(Loss) for the financial year	38,537	9,540	5,960	5,721	1,104	(136)	1,394	431
Total comprehensive income/ (expenses)	38,537	9,540	5,960	5,721	1,104	(136)	1,394	431
Total comprehensive income/ (expenses) attributable to NCI	18,883	2,862	1,788	2,803	442	(30)	558	172
Dividends paid to non-controlling interests	19,600	1,800	600	-	-	-	-	240
Net cash flows from/(for) operating activities	48,632	12,010	3,626	6,823	(4,220)	7,446	521	-
Net cash flows from/(for) investing activities	(1,955)	(61)	91	(408)	48	-	(256)	23
Net cash flows for financing activities	(40,000)	(6,120)	(2,328)	(4,963)	-	-	-	(699)
Net increase/(decrease) in cash and cash equivalents	6,677	5,829	1,389	1,452	(4,172)	7,446	265	(676)

notes to the financial statements
for the financial year ended 31 december 2015

6. INVESTMENT IN ASSOCIATES

	The Group	
	2015 RM'000	2014 RM'000
Unquoted shares, at cost		
At 1 January	125	125
Addition during the financial year	300	-
At 31 December	425	125
Share of post acquisition results	1,600	1,651
Foreign exchange translation reserve	(438)	(440)
	1,587	1,336
Redeemable preference shares	1,400	1,400
	2,987	2,736
Accumulated impairment losses	(2,679)	(2,679)
At 31 December	308	57
Accumulated impairment losses:		
At 1 January	(2,679)	(2,678)
Addition during the financial year	-	(1)
At 31 December	(2,679)	(2,679)

Details of the associates held through HCM Engineering Sdn Bhd are as follows:

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2015 %	2014 %	
THT-HCM JV Sdn Bhd	Malaysia	40	40	Dormant.
HCM-KI Engineering Sdn Bhd	Malaysia	40	-	Dormant.

Details of the associate held through Kumpulan Ikram Sdn Bhd are as follows:

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2015 %	2014 %	
Ikram Premier Consulting Sdn Bhd	Malaysia	30	30	Lab or material testing, site investigation, special geotechnical works and other consultancy services.

notes to the financial statements
for the financial year ended 31 december 2015

6. INVESTMENT ASSOCIATES (CONT'D)

Details of the associate held through HCM-Ikhtisas Sdn Bhd are as follows:

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2015 %	2014 %	
Libyan Malaysian Company for Roads and Construction *	Libya	49	49	Construction and maintenance.

Note:

* The management accounts of Libyan Malaysian Company for Roads and Construction for the financial year ended 31 December 2015 have been used for the purpose of applying the equity method of accounting. As no results have been generated by the associated company during the financial year, there was no share of profit or loss recognised for the financial year.

The Group has impaired its investment in Libyan Malaysian Company for Roads and Construction in prior years due to an ongoing civil war in Libya.

The summarised unaudited financial information for all associates (except for Libyan Malaysian Company for Roads and Construction) that are individually immaterial to the Group is as follows:

	Individually Immaterial Associates	
	2015 RM'000	2014 RM'000
<u>Financial year ended 31 December</u>		
Group's share of loss for the financial year	(51)	(52)
Group's share of total expenses	(51)	(52)
Aggregate carrying amount of the Group's interests in these associates	308	57

The Group's share of losses relating to Ikram Premier Consulting Sdn Bhd for the current financial year amounted to RM155,000, of which RM22,000 has been recognised in the consolidated financial statements of the Group. The Group has not recognised the remaining losses where its share of losses exceeded the Group's interest in this associate. The Group has no obligation in respect of these losses.

notes to the financial statements
for the financial year ended 31 december 2015

7. PROPERTY, PLANT AND EQUIPMENT

The Group	Freehold Land		Leasehold Land		Buildings		Renovation		Reference Books, Office Furniture and Equipment, Laboratory Equipment, Plant and Machinery		Motor Vehicles		Capital Work-in-Progress		Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At Cost															
At 1.1.2015	62,276	4,804	4,804	56,972	20,357	53,850	135,915	46,102	1,208	381,484					
Additions	917	-	-	1,733	3,540	7,837	4,293	33,363	51,683						
Disposals	-	-	-	(158)	(386)	(7,400)	(2,398)	-	(10,342)						
Written off	-	-	-	-	(10)	(2)	-	-	(21)	(33)					
Exchanged rate differences	-	-	-	-	(47)	(35)	1,806	(167)	-	1,557					
At 31.12.2015	63,193	4,804	4,804	56,814	22,043	56,959	138,156	47,830	34,550	424,349					
Accumulated Depreciation															
At 1.1.2015	-	-	899	11,719	14,491	44,278	110,362	27,477	-	209,226					
Depreciation charge	-	-	92	1,269	1,343	2,865	6,253	4,101	-	15,923					
Disposals	-	-	-	(11)	-	(317)	(5,387)	(2,216)	-	(7,931)					
Written off	-	-	-	-	-	(8)	(2)	-	-	(10)					
Exchanged rate differences	-	-	-	-	(47)	(35)	1,806	(167)	-	1,557					
At 31.12.2015	-	-	991	12,977	15,787	46,783	113,032	29,195	-	218,765					
Net Book Value	63,193	3,813	3,813	43,837	6,256	10,176	25,124	18,635	34,550	205,584					

notes to the financial statements

for the financial year ended 31 december 2015

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

The Group	Freehold Land		Leasehold Land		Buildings		Renovation		Reference Books, Office Equipment, Furniture and Fittings		Laboratory Equipment, Plant and Machinery		Motor Vehicles		Capital Work-in-Progress		Total	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000
At Cost																		
At 1.1.2014	66,519	4,804	4,804	57,955	19,301	51,767	134,727	42,212	-	-	-	-	-	-	-	-	377,285	
Additions	-	-	-	1,124	3,023	6,398	5,378	958	16,881	-	-	-	-	-	-	-	16,881	
Disposals	-	-	-	(800)	(42)	(762)	(4,835)	(1,655)	(8,094)	-	-	-	-	-	-	-	(8,094)	
Written off	-	-	-	-	-	(1)	(1)	-	(2)	-	-	-	-	-	-	-	(2)	
Transfer#	(4,243)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,243)	
Reclassification	-	-	-	(183)	(72)	(213)	218	-	-	-	-	-	-	-	-	-	-	
Exchange rate differences	-	-	-	-	46	36	(592)	167	-	-	-	-	-	-	-	-	(343)	
At 31.12.2014	62,276	4,804	4,804	56,972	20,357	53,850	135,915	46,102	1,208	1,208	1,208	1,208	1,208	1,208	1,208	1,208	381,484	
Accumulated Depreciation																		
At 1.1.2014	-	-	807	10,739	13,208	41,912	110,614	25,008	-	-	-	-	-	-	-	-	202,288	
Depreciation charge	-	-	92	1,165	1,305	3,056	4,935	3,726	-	-	-	-	-	-	-	-	14,279	
Disposals	-	-	-	(185)	(17)	(652)	(4,718)	(1,424)	(6,996)	-	-	-	-	-	-	-	(6,996)	
Written off	-	-	-	-	-	(1)	(1)	-	(2)	-	-	-	-	-	-	-	(2)	
Reclassification	-	-	-	-	(51)	(73)	124	-	-	-	-	-	-	-	-	-	-	
Exchange rate differences	-	-	-	-	46	36	(592)	167	-	-	-	-	-	-	-	-	(343)	
At 31.12.2014	-	-	899	11,719	14,491	44,278	110,362	27,477	-	-	-	-	-	-	-	-	209,226	
Net Book Value	62,276	3,905	3,905	45,253	5,866	9,572	25,553	18,625	1,208	1,208	1,208	1,208	1,208	1,208	1,208	1,208	172,258	

Transferred to investment property and property development costs during the financial year.

notes to the financial statements
for the financial year ended 31 december 2015

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

	Office Equipment, Furniture and Fittings	
	2015 RM'000	2014 RM'000
The Company		
At cost		
At 1 January	60	27
Additions	62	33
Written off	(1)	-
At 31 December	121	60
Accumulated depreciation		
At 1 January	(10)	(2)
Depreciation charge	(19)	(8)
At 31 December	(29)	(10)
Net book value	92	50

- (a) Certain property, plant and equipment of the Group with a total net book value of RM6,174,798 (2014 - RM4,945,486) are held under hire purchase arrangements.
- (b) The net book value of the property, plant and equipment of the Group at the end of the reporting period pledged as security with the financial institutions for credit facilities granted to the Group as disclosed in Note 31 and Note 34 to the financial statements were as follows :

	The Group	
	2015 RM'000	2014 RM'000
Freehold land	62,782	61,865
Buildings	30,883	31,817
	93,665	93,682

- (c) The capital work-in progress represents construction of a new 12 storey academic block.

notes to the financial statements
for the financial year ended 31 december 2015

8. INVESTMENT PROPERTY

	The Group	
	2015 RM'000	2014 RM'000
At cost:		
At 1 January	58,705	10,347
Addition during the financial year	42,565	48,358
At 31 December	101,270	58,705
Investment property comprise the following, at cost:		
Long-term leasehold land	29,654	29,654
Shopping mall	42,645	-
Investment property under construction:		
- shopping mall	-	22,557
- condominium	28,971	6,494
	28,971	29,051
	101,270	58,705
Fair value:		
- long-term leasehold land	29,951	29,654
- shopping mall	59,063	Not applicable

The fair values of the investment properties are within level 2 of the fair value hierarchy and are estimated by the Directors by reference to market evidence of transaction prices for similar properties. The most significant input into this valuation approach is the price per square foot of comparable properties.

The fair value of the investment property under construction cannot be determined as there are uncertainties in estimating its fair value. The estimated fair value upon completion is expected to be within the range of RM85 million and RM90 million (2014 - RM131 million and RM136 million).

Included in the development costs incurred on the investment property under construction during the financial year are as follows:

	The Group	
	2015 RM'000	2014 RM'000
Interest expense	158	166

The long-term leasehold land comprises five parcels of commercial land which were pledged to a financial institution as security for credit facilities granted to the Group as disclosed in Note 31 to the financial statements.

notes to the financial statements
for the financial year ended 31 december 2015

9. LAND HELD FOR PROPERTY DEVELOPMENT

	The Group	
	2015 RM'000	2014 RM'000
At cost:		
At 1 January	2,000	2,082
Disposal during the financial year	(2,000)	-
Exchange rate differences	-	(82)
At 31 December	-	2,000

10. LONG-TERM INVESTMENTS

	The Group	
	2015 RM'000	2014 RM'000
At cost:		
Unquoted shares	30	30
Club membership	195	195
At 31 December	225	225
Represented by:		
At cost	30	30
At fair value	195	195
	225	225

Investments in unquoted shares of the Group are designated as available for sale financial assets but are stated at cost as their fair values cannot be measured reliably using valuation techniques due to the lack of marketability of the shares.

notes to the financial statements
for the financial year ended 31 december 2015

11. DEFERRED TAX ASSETS/(LIABILITIES)

	The Group	
	2015 RM'000	2014 RM'000
At 1 January	(9,154)	(8,725)
Recognised in profit or loss (Note 39)	696	(429)
Translation differences	(4)	-
At 31 December	(8,462)	(9,154)
Presented as follows:		
Deferred tax assets	423	58
Deferred tax liabilities	(8,885)	(9,212)
	(8,462)	(9,154)

The deferred tax assets/(liabilities) recognised at the end of the reporting period and before appropriate offsetting are as follows:

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Deferred tax assets:				
Unutilised tax losses	204	240	-	-
Unabsorbed capital allowances	1	6	5	5
Allowance for impairment losses	208	370	-	-
Others	575	109	-	-
	988	725	5	5
Deferred tax liabilities:				
Accelerated capital allowances	(8,395)	(8,608)	(5)	(5)
Others	(1,055)	(1,271)	-	-
	(9,450)	(9,879)	(5)	(5)
At 31 December	(8,462)	(9,154)	-	-

notes to the financial statements
for the financial year ended 31 december 2015

11. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

No deferred tax assets have been recognised in respect of the following items:

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Excess of depreciation over capital allowances	28	-	-	-
Provision	724	686	686	686
Unutilised tax losses	37,525	31,486	17,510	9,050
Unabsorbed capital allowances	92	9	9	7
	38,369	32,181	18,205	9,743

12. INVENTORIES

	The Group	
	2015 RM'000	2014 RM'000
At cost:		
Stores and spares	1,814	1,121
Unsold completed properties	2,732	351
	4,546	1,472
Recognised in profit or loss:		
Inventories recognised as cost of sales	145,890	146,237

None of the inventories is carried at net realisable value.

notes to the financial statements
for the financial year ended 31 december 2015

13. PROPERTY DEVELOPMENT COSTS

	The Group	
	2015 RM'000	2014 RM'000
At 1 January		
Freehold land	11,504	9,508
Development costs	74,850	26,690
	86,354	36,198
Incurring during the financial year:		
Freehold land	-	1,996
Development costs	116,541	48,160
	116,541	50,156
Reversal of development costs of completed projects during the financial year:		
Freehold land	(9,302)	-
Development costs	(149,493)	-
	(158,795)	-
Unsold units transferred to inventories:		
Freehold land	(206)	-
Development costs	(2,003)	-
	(2,209)	-
Accumulated costs recognised in profit or loss:		
At 1 January	(74,546)	(24,163)
Recognised during the financial year	(110,011)	(50,383)
Reversal of costs arising from completed projects	158,795	-
At 31 December	(25,762)	(74,546)
Property development costs as at 31 December	16,129	11,808
Represented by:		
Freehold land	1,996	11,504
Development costs	39,895	74,850
Cumulative costs recognised in profit or loss	(25,762)	(74,546)
	16,129	11,808

notes to the financial statements
for the financial year ended 31 december 2015

13. PROPERTY DEVELOPMENT COSTS (CONT'D)

Included in property development costs incurred during the financial year are as follows:

	The Group	
	2015 RM'000	2014 RM'000
Interest expense	204	495

The freehold land included in the property development costs of the Group are pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 29 and Note 34 to the financial statements.

14. AMOUNT OWING BY CONTRACT CUSTOMERS

	The Group	
	2015 RM'000	2014 RM'000
Contract costs incurred to date	307,397	171,205
Attributable profits	19,550	4,163
	326,947	175,368
Progress billings	(6,623)	(73,259)
	320,324	102,109
Contract costs recognised as expense	212,952	145,870

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

	The Group	
	2015 RM'000	2014 RM'000
Depreciation of property, plant and equipment	92	175
Staff costs	-	1,138

notes to the financial statements
for the financial year ended 31 december 2015

15. TRADE RECEIVABLES

	The Group	
	2015 RM'000	2014 RM'000
Trade receivables	215,449	193,789
Retention sums	55,652	40,603
	271,101	234,392
Allowance for impairment losses	(21,604)	(25,230)
	249,497	209,162
Accrued income	-	2,014
Accrued billings	39,816	43,030
	289,313	254,206
Allowance for impairment losses:		
At 1 January	(25,230)	(25,262)
Addition during the financial year	(3,938)	(4,823)
Writeback during the financial year	6,862	1,542
Write-off during the financial year	702	3,313
At 31 December	(21,604)	(25,230)

The Group's normal trade credit terms range from 21 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

The retention sums are unsecured, interest-free and due to be received within 6 to 12 months or within normal operating cycle (2014 - 6 to 12 months or within normal operating cycle).

notes to the financial statements
for the financial year ended 31 december 2015

16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Other receivables	101,741	110,257	84,748	84,661
Deposits	22,941	25,275	11	8
Prepayments	1,747	2,659	-	-
	126,429	138,191	84,759	84,669
Allowance for impairment losses	(106,118)	(106,802)	(84,643)	(84,643)
	20,311	31,389	116	26
Allowance for impairment losses:				
At 1 January	(106,802)	(1,655)	(84,643)	-
Addition during the financial year	(46)	(105,203)	-	(84,643)
Writeback for the financial year	730	-	-	-
Write-off during the financial year	-	56	-	-
At 31 December	(106,118)	(106,802)	(84,643)	(84,643)

Included in the other receivables and deposits of the Group and of the Company was an amount of RM84,643,170 (2014 - RM84,643,170) paid for the proposed acquisition of 95,000,000 ordinary shares of IDR1,000 each, representing 76% equity interest in PT Anglo Slavic Indonesia. The amount has been fully impaired in the financial year ended 31 December 2014. Notwithstanding that, the Group has initiated legal proceedings to recover the amount as disclosed in Note 51(a) to the financial statements.

Included in the deposits of the Group was an amount of RM18,904,000 (2014 - RM18,904,000) paid as coal trades deposits. The amount has been fully impaired in the financial year ended 31 December 2014. Notwithstanding that, the Group has initiated legal proceedings to recover the amount as disclosed in Note 51(c) to the financial statements.

17. AMOUNTS OWING BY/TO SUBSIDIARIES

The amounts owing are non-trade in nature, unsecured, interest-free and repayable on demand. The amounts owing are to be settled in cash.

18. AMOUNT OWING BY ASSOCIATES

The amount owing is trade in nature and subject to normal trade credit terms ranging from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis. The amount owing is unsecured and to be settled in cash.

notes to the financial statements
for the financial year ended 31 december 2015

19. SHORT-TERM INVESTMENTS

	The Group	
	2015 RM'000	2014 RM'000
At fair value:		
Money market fund	93,769	32,396
Market value of money market fund	93,769	32,396

20. DEPOSITS WITH LICENSED BANKS

Deposits with licensed banks of the Group amounting to RM4,029,489 (2014 - RM5,175,153) are pledged to banks for bank guarantees and credit facilities granted to the subsidiaries.

The effective interest rates of deposits at the end of the reporting period were as follows:

	The Group		The Company	
	2015 %	2014 %	2015 %	2014 %
Effective interest rates	1.90 to 3.45	1.85 to 3.45	-	2.33 to 2.94

The maturity periods of the deposits with licensed banks were as follows:

	The Group		The Company	
	2015 %	2014 %	2015 %	2014 %
Maturity periods (days)	1 to 365	1 to 365	-	1 to 30

21. CASH AND BANK BALANCES

Included in cash and bank balances of the Group are as follow:

- (i) a sum of RM13,309,050 (2014 - RM2,470,771) held under a Housing Development Account pursuant to Section 7A of the Housing Developer (Control & Licensing) Act 1996.
- (ii) a Debt Service Account amounting to RM1,000,000 (2014 - RM1,000,000) pledged to a licensed bank for bank overdraft facilities granted to a subsidiary.

notes to the financial statements
for the financial year ended 31 december 2015

22. SHARE CAPITAL

	The Group/The Company			
	2015	2014	2015	2014
	Number of shares '000	'000	RM'000	RM'000
Ordinary shares of RM0.50 each: Authorised	600,000	600,000	300,000	300,000
Issued and fully paid up: At 1 January	335,272	332,225	167,636	166,113
Issue of shares pursuant to:				
- Employees' Shares Scheme Shares (ESS Shares)	1,084	-	542	-
- Employees' Shares Scheme Options (ESS Options) exercised	1,023	3,047	512	1,523
	2,107	3,047	1,054	1,523
At 31 December	337,379	335,272	168,690	167,636

During the current financial year, the Company increased its issued and fully paid-up ordinary shares from RM167,636,045 to RM168,689,545 by the issuance of 2,107,000 new ordinary shares of RM0.50 each as follows:

- the issuance of 1,084,400 new ordinary shares of RM0.50 each pursuant to the Company's ESS shares at an issue price of RM1.73 per share; and
- the issuance of 1,022,600 new ordinary shares of RM0.50 each pursuant to the exercise of the Company's ESS Options at an issue price of RM1.56 per share.

The new shares were issued for cash consideration. The new ordinary shares issued rank pari passu in all respects with the existing shares of the Company.

Of the total 337,379,090 (2014 - 335,272,090) issued and fully paid-up ordinary shares at the end of the reporting period, ordinary shares amounted to 1,447,000 (2014 - 2,000 ordinary shares) were held as treasury shares by the Company. At the end of the reporting period, the number of outstanding ordinary shares in issue and fully paid-up, net of treasury shares, amounted to 335,932,090 (2014 - 335,270,090).

notes to the financial statements
for the financial year ended 31 december 2015

23. TREASURY SHARES

	The Group/The Company	
	2015 RM'000	2014 RM'000
At 1 January	3	18,329
Share buy-back during the financial year	2,357	3
Treasury shares sold	-	(18,329)
At 31 December	2,360	3

The amount relates to the acquisition cost of treasury shares.

At the annual general meeting held on 11 June 2015, the shareholders of the Company approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company purchased its own ordinary shares from the open market under the share buy-back programme. Details are as follows:

Date	Price per Shares	Number of Shares	Total Consideration RM'000
At 1 January 2015		2,000	3
February 2015	1.72 - 1.75	500,000	875
March 2015	1.55 - 1.59	435,000	694
August 2015	1.43 - 1.60	510,000	788
At 31 December 2015		1,447,000	2,360

The total shares purchased under the share buy-back program were financed by internally generated funds. The shares purchased were retained as treasury shares in accordance with Section 67A of the Companies Act 1965 and are presented as a deduction from shareholders' equity.

notes to the financial statements
for the financial year ended 31 december 2015

24. SHARE PREMIUM

	The Group/The Company	
	2015 RM'000	2014 RM'000
At 1 January	73,719	64,363
Arising from the issuance of new ordinary shares during the financial year pursuant to:		
- ESS Shares	1,334	-
- ESS Options	1,084	2,102
	2,418	2,102
Transfer from employee share option reserve upon exercise of share options	399	914
Share issuance costs	-	(79)
Treasury shares sold	-	6,419
At 31 December	76,536	73,719

The share premium reserve represents the premium paid on subscription of ordinary shares in the Company over and above the par value of shares issued, net of transacted costs (if any). The share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act 1965.

25. EMPLOYEE SHARE OPTION RESERVE

	The Group/The Company	
	2015 RM'000	2014 RM'000
At 1 January	-	973
Arising from share-based payments during the financial year	1,692	-
Share options forfeited during the financial year	-	(59)
Transfer to share premium upon exercise of share options	(399)	(914)
At 31 December	1,293	-

The employee share option reserve represents the equity-settled share options granted by the Company to eligible Directors and employees under the Employees' Shares Scheme (ESS) plan. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

The Employees' Shares Scheme of the Company is governed by the ESS By-Laws and was approved by shareholders on 1 October 2013.

notes to the financial statements
for the financial year ended 31 december 2015

25. EMPLOYEE SHARE OPTION RESERVE (CONT'D)

The main features of the ESS are as follows:

- (a) Eligible persons are confirmed employees and/or Directors of the Group, save for companies which are dormant.
- (b) The maximum number of new shares of the Company, which may be available under the scheme, shall not exceed in aggregate 15%, or any such amount or percentage as may be permitted by the relevant authorities of the issued and paid-up share capital of the Company at any one time during the existence of the ESS.
- (c) The option price shall be determined by the ESS Committee based on the 5-day weighted average market price of shares of the Company immediately preceding the offer date of the option, with a discount of not more than 10%, or at the par value of shares of the Company, whichever is higher.
- (d) The option may be exercised by the grantee by notice in writing to the Company in the prescribed form during the option period in respect of all or any part of the new shares of the Company comprised in the ESS.
- (e) The ESS shall be in force for a period of five (5) years commencing from 4 October 2013. The Board of Directors shall have the discretion upon recommendation of the ESS Committee to extend the ESS for another five (5) years or such shorter period as is deems fit immediately from the expiry of the first five (5) years.

During the financial year, the Company granted 1,084,400 new ordinary shares under the ESS (ESS Shares). The ESS Shares were issued at an issue price of RM1.73 and awarded to the eligible employees pursuant to the Company's ESS.

During the financial year, the Company granted 4,337,600 share options under the ESS (ESS Options). The ESS Options are granted on 16 July 2015 and exercisable at any time on or after the vesting period on 12 August 2015 prior to the expiry date. The ESS Options expire on 11 August 2016.

The option prices and the details in the movement of the options granted are as follows:

Number of Options over Ordinary Shares of RM0.50 each					
Date of Offer	Exercise Price	At 1 January 2015	Granted	Exercised	At 31 December 2015
16 July 2015	RM1.56	-	4,337,600	(1,022,600)	3,315,000

notes to the financial statements
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25. EMPLOYEE SHARE OPTION RESERVE (CONT'D)

The fair values of the share options granted were estimated using a trinomial model, taking into account the terms and conditions upon which the options were granted. The fair values of the share options measured at grant date and the assumptions used were as follows:

	The Group/The Company	
	2015	2014
Fair value of share options at the grant date (RM)	39 sen	-
Weighted average share price (RM)	1.73	-
Exercise price (RM)	1.56	-
Expected volatility (%)	30.00	-
Expected life (years)	1	-
Risk free rate (%)	3.80	-
Expected dividend yield (%)	5.18	-

26. FOREIGN EXCHANGE TRANSLATION RESERVE

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

27. CAPITAL RESERVE

The capital reserve relates to the Group's portion of bonus shares issued by a sub-subsiary through the capitalisation of its retained profits account.

The reserve is not distributable as cash dividends.

28. RETAINED PROFITS

Under the single tier tax system, tax on the Company's profits is the final tax and accordingly, any dividends to the shareholders are not subject to tax.

notes to the financial statements
for the financial year ended 31 december 2015

29. LONG-TERM BORROWINGS

	The Group	
	2015 RM'000	2014 RM'000
Secured:		
Hire purchase payable (Note 30)	2,810	1,738
Term loans (Note 31)	258,804	90,994
Bridging loans	6,715	-
	268,329	92,732

The bridging loan is secured by a corporate guarantee of the Company and in the same manner as the Term Loan 5 disclosed in Note 31 to the financial statements.

30. HIRE PURCHASE PAYABLES

	The Group	
	2015 RM'000	2014 RM'000
Minimum hire purchase payments:		
- not later than one year	1,786	1,278
- later than one year but not later than five years	3,211	1,873
	4,997	3,151
Less : future finance charges	(611)	(243)
	4,386	2,908
Current (Note 34):		
- not later than one year	1,576	1,170
Non-current (Note 29):		
- later than one year but not later than five years	2,810	1,738
	4,386	2,908

notes to the financial statements
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31. TERM LOANS

	The Group	
	2015 RM'000	2014 RM'000
Current (Note 34):		
- not later than one year	1,279	69
Non-current (Note 29):		
- later than one year but not later than two years	7,053	52
- later than two years but not later than five years	241,793	78,039
- later than five years	9,958	12,903
	258,804	90,994
	260,083	91,063

Details of the repayment terms are as follows:

Term Loan	Number of Monthly Instalment	Monthly Instalments	Date of Commencement of Repayment	The Group Amount Outstanding	
				2015 RM'000	2014 RM'000
1	240	8,205	February 2011	1,085	1,134
2	240	3,809	March 2012	529	547
3	24	645,834	May 2018	15,500	15,500
4 [^]	*	*	December 2017	205,143	73,882
5 [^]	144	#	June 2017	15,176	-
6 [^]	84	500,000	October 2016	22,650	-
				260,083	91,063

Notes:

* The term loan is repayable as follows, whichever is earlier:

- upon receipt of sale proceeds and proceeds from facilitation funds with regard to a construction project; and/or
- through a final bullet payment of the balance of loan or up to the facility's limit of RM400 million on the 42nd month of loan drawdown.

The repayment of the term loan will be commencing on the 25th month from the date of first drawdown. The monthly repayment schedule is as follows:

		RM'000
(i)	1 st - 24 th month	-
(ii)	25 th - 48 th month	250
(iii)	49 th - 60 th month	400
(iv)	61 st - 108 th month	500
(v)	109 th - 143 th month	700
(vi)	144 th	12,700

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31. TERM LOANS (CONT'D)

Notes (Cont'd):

[^] The Group has not fully drawn down these term loans during the financial year.

Term loan 1 to 6 are secured by a corporate guarantee of the Company. In addition, the respective term loans are secured as follows:

Term Loan 1 and 2 are secured by legal charges over certain freehold land and buildings of the Group as disclosed in Note 7 to the financial statements.

Term Loan 3 is secured by a first party legal charge over the long-term leasehold land of the Group as disclosed in Note 8 to the financial statements.

Term Loan 4 is secured by an assignment by a subsidiary of the Company on the facilitation fund and proceeds receivable from a project awarded by the Government of Malaysia.

Term Loan 5 is secured by:

- (a) a third party legal charge over the freehold land which is included in the property development costs of a subsidiary as disclosed in Note 13 to the financial statements;
- (b) a third party legal charge over certain freehold land and building of a subsidiary;
- (c) a fixed and floating charge over all present and future asset of a certain project of a subsidiary;
- (d) a legal charge and an assignment over the Project Account of the property development project of a subsidiary; and
- (e) a legal charge and an assignment over the residual value in the Housing Development Account upon completion of a certain project of a subsidiary.

Term Loan 6 is secured by a third party charge ranking pari passu with all existing charges over the property held under a subsidiary.

32. TRADE PAYABLES

	The Group	
	2015 RM'000	2014 RM'000
Trade payables	81,356	53,843
Accrued costs	246,376	175,895
Retention sums	49,786	30,238
	377,518	259,976
Deferred income	9,617	9,491
	387,135	269,467

The normal trade credit terms granted to the Group range from 30 to 180 days.

The retention sums are unsecured, interest-free and due to be paid within 6 to 12 months or within normal operating cycle (2014 - 6 to 12 months or within normal operating cycle).

notes to the financial statements
for the financial year ended 31 december 2015

33. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Other payables and accruals	58,161	53,308	1,013	1,125
Amount owing to a Director	59	59	-	-
Amount owing to a subsidiary's shareholder	4,508	4,508	-	-
	62,728	57,875	1,013	1,125

Included in other payables and accruals of the Group is an advance payment received from the Government of Malaysia amounted to RM8,700,000 (2014 - RM8,700,000). The amount owing is interest-free, repayable on demand and secured by a corporate guarantee as disclosed in Note 46 to the financial statements.

The amount owing to a Director is unsecured, interest-free and repayable on demand.

The amount owing to a subsidiary's shareholder is unsecured, interest-free and repayable on demand.

The amounts owing are to be settle in cash.

34. SHORT-TERM BORROWINGS

	The Group	
	2015 RM'000	2014 RM'000
Secured:		
Bills payable	17,019	29,048
Revolving credit	34,257	31,256
Bridging loan	-	13,538
Hire purchase payables (Note 30)	1,576	1,170
Term loans (Note 31)	1,279	69
	54,131	75,081

The bills payable and revolving credit are secured by:

- (a) a corporate guarantee of the Company; and
- (b) fixed and floating charges on certain property, plant and equipment as disclosed in Note 7 to the financial statements;

notes to the financial statements
for the financial year ended 31 december 2015

34. SHORT-TERM BORROWINGS (CONT'D)

The bridging loan was secured by:

- (a) a first legal charge over the freehold land which is included in the property development costs of a subsidiary as disclosed in Note 13 to the financial statements;
- (b) a fixed and floating charge for all present and future assets of the property development project of a subsidiary;
- (c) Deed of assignment over the Project Account of the property development project of a subsidiary; and
- (d) a corporate guarantee of the Company.

35. BANK OVERDRAFTS

Included in the bank overdrafts is an amount of RM259,000 (2014 - RM3,286,000) which is secured by a corporate guarantee of the Company. The remaining balance of the bank overdrafts of RM14,086,000 (2014 - RM15,949,000) is secured by a Debt Service Account maintained by a subsidiary as disclosed in Note 21 to the financial statements and in the same manner as the bridging loan disclosed in Note 34 to the financial statements.

36. REVENUE

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Gross dividends from subsidiaries	-	-	38,200	132,000
Management fees from subsidiaries	-	-	2,400	2,400
Maintenance	676,199	553,397	-	-
Construction	247,752	141,971	-	-
Property development	150,047	83,896	-	-
Trading and manufacturing	112,724	136,361	-	-
Education	58,039	51,858	-	-
Engineering services	54,813	85,261	-	-
Others	5,456	8,829	-	-
	1,305,030	1,061,573	40,600	134,400

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for the financial year ended 31 december 2015

37. PROFIT BEFORE TAXATION

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit before taxation is arrived at after charging/(crediting):				
Audit fee:				
- for the financial year	601	470	65	45
- underprovision in the previous financial year	83	37	20	10
Bad debts written off	506	318	-	-
Depreciation of property, plant and equipment	15,923	14,279	19	8
Property, plant and equipment written off	23	-	1	-
Direct operating expenses on investment properties	273	238	-	-
Directors' remuneration (Note 38)	9,798	7,291	4,177	2,575
Impairment losses on:				
- investment in associates	-	1	-	-
- trade and other receivables	3,984	110,026	-	84,643
Interest expense:				
- bank overdrafts	141	241	-	-
- hire purchase	207	148	-	-
- bills payable	1,083	1,002	-	-
- revolving credit	1,456	1,300	-	-
- term loans	7,183	880	-	-
- others	35	36	-	-
Loss on disposal of land held for property development	49	-	-	-
Rental of:				
- land	6	50	-	-
- office premises	3,458	2,839	-	-
- plant and machinery	680	212	-	-
- motor vehicles	490	696	2	-
- office equipment	196	768	-	2
- others	99	206	-	-
Staff costs:				
- salaries, wages, bonuses and allowances	87,056	88,712	3,305	3,110
- defined contribution plan	9,929	9,663	393	409
- share-based payments	947	-	644	-
- other benefits	12,082	5,942	126	680
Bad debts recovered	-	(3,926)	-	-
Gain on disposal of property, plant and equipment	(1,328)	(678)	-	-
Income from short-term investments	(535)	(715)	(17)	(104)
Interest income:				
- financial institution	(1,287)	(1,393)	(25)	(52)
- others	(210)	(79)	-	-
Net foreign exchange (gain)/loss:				
- unrealised	(165)	(444)	-	-
- realised	32	(1)	-	-
Rental income	(451)	(198)	-	-
Tax-exempt dividend received from investment in unit trusts	-	(99)	-	-
Writeback of impairment losses on:				
- inventories	-	(10)	-	-
- trade and other receivables	(7,592)	(1,542)	-	-

notes to the financial statements
for the financial year ended 31 december 2015

38. DIRECTORS' REMUNERATION

The aggregate amounts of remuneration received and receivable by the Directors of the Group and the Company during the financial year are as follows:

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Directors of the Company				
Executive Directors' remuneration:				
- Fees	-	-	-	-
- Other emoluments	2,603	2,569	2,150	2,150
	2,603	2,569	2,150	2,150
Non-executive Directors' remuneration:				
- Fees	360	456	360	360
- Other emoluments	118	71	22	30
	478	527	382	390
Directors of the Subsidiaries				
Executive Directors' remuneration:				
- Fees	144	304	-	-
- Other emoluments	3,986	3,804	-	-
	4,130	4,108	-	-
Total Directors' emoluments	7,211	7,204	2,532	2,540
Estimated money value of benefits-in-kind	54	87	35	35
Share-based payments	2,533	-	1,610	-
	9,798	7,291	4,177	2,575

notes to the financial statements
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38. DIRECTORS' REMUNERATION (CONT'D)

The details of remuneration receivable by the Directors of the Company and its subsidiaries during the financial year are as follows:

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Presented as follows:				
Executive:				
Short-term employee benefits	6,260	6,136	1,955	1,955
Defined contribution plan	623	628	230	230
Share-based payments	1,976	-	1,053	-
	8,859	6,764	3,238	2,185
Non-Executive:				
- Short-term employee benefits	382	527	382	390
- Share-based payments	557	-	557	-
	9,798	7,291	4,177	2,575

The number of Directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	The Company Number Of Directors	
	2015	2014
Executive Directors:		
RM350,001 - RM400,000	-	1
RM800,001 - RM850,000	1	-
RM2,150,001 - RM2,200,000	-	1
RM2,800,001 - RM2,850,000	1	-
Non-Executive Directors:		
Below RM50,000	-	2
RM50,001 - RM100,000	1	4
RM100,001 - RM150,000	3	-
RM150,001 - RM200,000	2	1
RM250,001 - RM300,000	1	-

notes to the financial statements
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39. INCOME TAX EXPENSE

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current tax expenses:				
- for the financial year	37,335	34,244	42	49
- (over)/underprovision in the previous financial year	(122)	791	(49)	(453)
	37,213	35,035	(7)	(404)
Deferred tax expenses (Note 11):				
- relating to origination and reversal of temporary differences	(701)	805	-	-
- under/(over)provision in the previous financial year	5	(376)	-	-
	(696)	429	-	-
	36,517	35,464	(7)	(404)

During the financial year, the statutory tax rate remained at 25%.

The statutory tax rate will be reduced to 24% from the current financial year's rate of 25%, effective year of assessment 2016.

Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

notes to the financial statements
for the financial year ended 31 december 2015

39. INCOME TAX EXPENSE (CONT'D)

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

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit before taxation	129,010	16,670	27,846	35,716
Tax at the statutory rate of 25%	32,252	4,168	6,962	8,929
Tax effects of:				
Differential in tax rates	-	(26)	-	-
Non-deductible expenses	17,568	32,611	1,065	22,725
Non-taxable income	(14,733)	(3,184)	(9,550)	(33,000)
Utilisation of previously unrecognised deferred tax assets	(142)	(500)	1,565	-
Deferred tax assets not recognised during the financial year	1,689	1,980	-	1,395
(Over)/Underprovision in the previous financial year:				
- current tax	(122)	791	(49)	(453)
- deferred tax	5	(376)	-	-
	36,517	35,464	(7)	(404)

Income tax savings during the financial year arising from:

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Utilisation of current financial year's tax losses	1	32	42	157
Utilisation of tax losses previously not recognised as deferred tax assets	532	145	-	-
	533	177	42	157

notes to the financial statements
for the financial year ended 31 december 2015

40. EARNINGS/(LOSS) PER SHARE

Basic earnings per share is calculated by dividing the net profit/(loss) for the financial year by the weighted average number of ordinary shares in issue excluding treasury shares during the financial year.

	The Group	
	2015	2014
Net profit/(loss) for the financial year (RM'000)	66,757	(46,444)
Weighted average number of ordinary shares in issue ('000)	334,990	332,948
Basic earnings /(loss) per share (sen)	19.93	(13.95)
Weighted average number of ordinary shares for basic earnings per share	334,990	332,948
Shares deemed to be issued for no consideration:		
- employee share options in issue	40	-
Weighted average number of ordinary shares for diluted earnings per share computation	-	-
	335,030	332,948
Diluted earnings per ordinary share (sen)	19.93	N/A

Since the end of the reporting period, certain employees have exercised their options under the ESS Options to acquire 506,400 (2014 - Nil) ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

41. DIVIDENDS

	The Company	
	2015 RM'000	2014 RM'000
In respect of the financial year ended 31 December 2015:		
- first interim dividend of 4 sen per ordinary share	13,374	-
- second interim dividend of 4 sen per ordinary share	13,437	-
In respect of the financial year ended 31 December 2014:		
- interim single tier dividend of 5 sen per ordinary share	-	16,763
In respect of the financial year ended 31 December 2013:		
- final single tier dividend of 6 sen per ordinary share	-	20,073
	26,811	36,836

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42. ACQUISITION/DEEMED DISPOSAL OF NON-CONTROLLING INTERESTS

The Group acquired additional ordinary shares not already owned by the Group in the following subsidiaries:

Name of Subsidiary	Equity Interest Acquired		Purchase Consideration	
	2015 %	2014 %	2015 RM'000	2014 RM'000
Infra Water Sdn Bhd	45	-	*	-
Makmur Bersih Sdn Bhd	-	40	-	40

The details on the effects of the acquisitions of the additional equity interests in existing subsidiaries are as follows:

	The Group	
	2015 RM'000	2014 RM'000
Net (credit)/debit balance acquired from NCI (Discount)/Premium paid on acquisition of NCI	5 (5)	(79) 39
Purchase consideration Less: Non-cash consideration	* -	(40) -
Net cash outflow from acquisition of additional equity interest in subsidiaries	-	(40)

Note:

* - RM5

The Group's dilution of equity interests in a wholly-owned subsidiary as a result of additional shares issued by the subsidiary to non-controlling interests are as follows:

Name of Subsidiary	Equity Interest Diluted		Effect Recognised Directly in Retained Profits	
	2015 %	2014 %	2015 RM'000	2014 RM'000
Jalur Saujana Sdn Bhd	40	-	(2)	-

notes to the financial statements
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43. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cost of property, plant and equipment purchased	51,683	16,881	62	33
Amount financed through hire purchased	(2,690)	(1,281)	-	-
Amount financed through term loan	(23,234)	-	-	-
Cash disbursed for purchase of property, plant and equipment	25,759	15,600	62	33

44. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Deposits with licensed banks	71,981	155,881	-	5,500
Cash and bank balances	89,781	96,947	773	415
Bank overdrafts	(14,345)	(19,235)	-	-
	147,417	233,593	773	5,915
Less : Deposits pledged to licensed banks	(4,029)	(5,175)	-	-
Cash and bank balances pledged to a licensed bank	(1,000)	(1,000)	-	-
	142,388	227,418	773	5,915

notes to the financial statements
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45. CAPITAL COMMITMENTS

	The Group	
	2015 RM'000	2014 RM'000
Approved and contracted for:		
Purchase of property, plant and equipment	20,940	1,425
Approved but not contracted for:		
Purchase of property, plant and equipment	222	4,747

46. CONTINGENT LIABILITIES

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Unsecured:				
Corporate guarantees given to financial institutions for credit facilities granted to subsidiaries	-	-	349,705	179,769
Corporate guarantees given to suppliers for credit facilities granted to a subsidiary	-	-	21,850	33,800
Guarantee given by a subsidiary to the Government of Malaysia for the repayment of advance payment received	8,700	8,700	-	-
Guarantee given by a subsidiary to the Government of Malaysia for services rendered	3,560	3,106	-	-

47. RELATED PARTY DISCLOSURES

47.1 IDENTITIES OF RELATED PARTIES

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly 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.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its Directors, associates, key management personnel and entities within the same group of companies.

notes to the financial statements
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47. RELATED PARTY DISCLOSURES (CONT'D)

47.2 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following transactions with the related parties during the financial year:

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Gross dividends from subsidiaries	-	-	(38,200)	(132,000)
Management fees from subsidiaries	-	-	(2,400)	(2,400)
Share options expenses recharged to subsidiaries	-	-	(947)	-
Services rendered to a related party	(218)	(36)	-	-
Rental payable to:				
- a company substantially owned by a Director of a subsidiary	30	30	-	-
- a company substantially owned by a related party	218	218	-	-
Services rendered to an associate	(5,873)	(8,337)	-	-
Services rendered to by associate	429	82	-	-
Administrative fees charged by an associate	2,957	3,246	-	-

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

47.3 KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel of the Group and of the Company includes Executive Directors and Non-Executive Directors and certain members of senior management of the Group and of the Company.

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Short-term employee benefits	7,265	7,291	2,567	2,575
Share-based payments	2,533	-	1,610	-
	9,798	7,291	4,177	2,575

notes to the financial statements

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48. OPERATING SEGMENTS

BUSINESS SEGMENTS

The Group is organised into six major business segments:

Business Segment	Principal activities
Maintenance	The maintenance of federal and state roads.
Construction	The construction of buildings and other infrastructures.
Property development	The development of commercial and residential properties.
Engineering services	The provision of full spectrum of civil engineering work and related services.
Trading and manufacturing	Trading and manufacturing of construction materials.
Education	The provision of tertiary education.

Other business segment mainly represents investment holding activities.

(a) Segment revenue and results

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 4. Segment results represent profit before tax of the segment. Inter-segment transactions are entered in the ordinary course of business based on terms mutually agreed upon by the parties concerned.

(b) Segment assets

Segment assets are measured based on all assets (including goodwill) of the segment, excluding investment in associates, deferred tax assets, current tax assets and other investment.

(c) Segment liabilities

Segment liabilities are measured based on all liabilities, excluding current tax liabilities, interest bearing loans and borrowings and deferred tax liabilities.

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

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items. Unallocated items comprise mainly investments and related income, loans and borrowings and related expenses, corporate assets (primarily the Company's headquarters) and head office expenses.

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

notes to the financial statements
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48. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

2015	Maintenance RM'000	Construction RM'000	Property Development RM'000	Engineering Services RM'000	Trading and Manufacturing RM'000	Education RM'000	Others RM'000	Eliminations RM'000	Consolidation RM'000
Assets									
Segment assets	299,207	726,062	210,335	217,085	89,114	81,231	267,235	(671,920)	1,218,349
Investment in associates	-	308	-	-	-	-	-	-	308
Unallocated corporate assets	2,263	738	421	1,601	429	296	-	356	6,104
Consolidated total assets									1,224,761
Liabilities									
Segment liabilities	189,602	378,268	470,445	145,087	71,679	51,655	18,652	(525,280)	800,108
Unallocated corporate liabilities	2,692	3,482	660	3,525	22	2,186	2,770	-	15,337
Consolidated total liabilities									815,445
Other information									
Impairment losses on trade and other receivables	-	-	-	3,984	-	-	-	-	3,984
Capital expenditure	4,580	4,494	261	4,456	157	37,672	63	-	51,683
Depreciation and amortisation	3,713	3,806	237	4,223	429	3,496	19	-	15,923
Writeback of impairment losses on trade and other receivables	-	(1,174)	-	(6,333)	(85)	-	-	-	(7,592)

notes to the financial statements
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48. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

2014	Maintenance RM'000	Construction RM'000	Property Development RM'000	Engineering Services RM'000	Trading and Manufacturing RM'000	Education RM'000	Others RM'000	Eliminations RM'000	Consolidation RM'000
Assets									
Segment assets	263,497	394,484	172,111	228,929	79,137	44,985	269,863	(529,958)	923,048
Investment in associates	-	37	-	20	-	-	-	-	57
Unallocated corporate assets	-	612	65	1,067	385	968	-	-	3,097
Consolidated total assets									926,202
Liabilities									
Segment liabilities	133,591	395,644	127,714	145,083	63,428	17,453	25,129	(376,890)	531,152
Unallocated corporate liabilities	5,162	4,568	677	3,695	22	2,186	2,804	-	19,114
Consolidated total liabilities									550,266
Other information									
Impairment losses on trade and other receivables	-	2,824	-	2,292	19,598	669	84,643	-	110,026
Capital expenditure	3,992	4,509	1,289	3,100	144	3,815	32	-	16,881
Depreciation and amortisation	3,314	3,068	143	3,926	413	3,407	8	-	14,279
Writeback of impairment losses on trade and other receivables	-	-	-	(1,223)	(296)	(23)	-	-	(1,542)

The Group operates predominantly in Malaysia. Accordingly, the information by geographical segment is not presented.

notes to the financial statements
for the financial year ended 31 december 2015

48. OPERATING SEGMENTS (CONT'D)

MAJOR CUSTOMER

The following are major customers with revenue equal to or more than 10% of Group revenue:

Customer Name	Revenue		Segment
	2015 RM'000	2014 RM'000	
Customer A	634,675	553,397	Maintenance
Customer B	229,094	76,774	Construction

49. FOREIGN EXCHANGE RATES

The applicable closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to Ringgit Malaysia equivalent) for the translation of the foreign currency balances at the end of the reporting date are as follows:

	The Group	
	2015	2014
Chinese Renminbi	0.66	0.55
Euro	4.67	4.24
Hong Kong Dollar	0.55	0.45
Libyan Dinar	3.01	2.84
South African Rand	0.28	0.30
United States Dollar	4.29	3.50

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50. FINANCIAL INSTRUMENTS

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

50.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily Chinese Renminbi, Euro, Hong Kong Dollar, Libyan Dinar, South African Rand and United States Dollar. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

Foreign currency exposure

The Group	Libyan Dinar RM'000	Euro RM'000	South African Rand RM'000	United States Dollar RM'000	Chinese Renminbi RM'000	Ringgit Malaysia RM'000	Total RM'000
2015							
Financial assets							
Long-term investments	-	-	-	-	-	225	225
Trade receivables	5,956	-	-	-	-	243,541	249,497
Other receivables and deposits	1	200	-	230	-	18,133	18,564
Amount owing by associates	-	-	-	-	-	5,081	5,081
Short-term investments	-	-	-	-	-	93,769	93,769
Deposits with licensed banks	-	-	-	-	-	71,981	71,981
Cash and bank balances	247	8	1,785	1	-	87,740	89,781
	6,204	208	1,785	231	-	520,470	528,898

notes to the financial statements
for the financial year ended 31 december 2015

50. FINANCIAL INSTRUMENTS (CONT'D)

50.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign currency exposure (Cont'd)

The Group	Libyan Dinar RM'000	Euro RM'000	South African Rand RM'000	United States Dollar RM'000	Chinese Renminbi RM'000	Ringgit Malaysia RM'000	Total RM'000
2015							
Financial liabilities							
Trade payables	1,612	-	-	-	-	375,906	377,518
Other payables and accruals	-	-	-	-	1,795	60,933	62,728
Dividend payable	-	-	-	-	-	13,437	13,437
Borrowings	-	-	-	-	-	322,460	322,460
Bank overdrafts	-	-	-	-	-	14,345	14,345
	1,612	-	-	-	1,795	787,081	790,488
Net financial assets/ (liabilities)	4,592	208	1,785	231	(1,795)	(266,611)	(261,590)
Less : Net financial (assets)/ liabilities denominated in the respective entities functional currencies	(4,592)	(208)	(1,785)	(231)	1,795	266,611	261,590
Currency exposure	-	-	-	-	-	-	-

notes to the financial statements
for the financial year ended 31 december 2015

50. FINANCIAL INSTRUMENTS (CONT'D)

50.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign currency exposure (Cont'd)

The Group	Libyan Dinar RM'000	Euro RM'000	South African Rand RM'000	Hong Kong Dollar RM'000	Chinese Renminbi RM'000	Ringgit Malaysia RM'000	Total RM'000
2014							
Financial assets							
Long-term investments	-	-	-	-	-	225	225
Trade receivables	14,368	-	-	-	711	194,083	209,162
Other receivables and deposits	21	181	-	-	-	28,528	28,730
Amount owing by associates	-	-	-	-	-	3,616	3,616
Short-term investments	-	-	-	-	-	32,396	32,396
Deposits with licensed banks	-	-	-	-	-	155,881	155,881
Cash and bank balances	2,716	8	32	-	132	94,059	96,947
	17,105	189	32	-	843	508,788	526,957

notes to the financial statements
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50. FINANCIAL INSTRUMENTS (CONT'D)

50.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign currency exposure (Cont'd)

The Group 2014	Libyan Dinar RM'000	Euro RM'000	South African Rand RM'000	Hong Kong Dollar RM'000	Chinese Renminbi RM'000	Ringgit Malaysia RM'000	Total RM'000
Financial liabilities							
Trade payables	12,451	-	-	-	-	247,525	259,976
Other payables and accruals	-	-	10	7,917	933	49,015	57,875
Dividend payable	-	-	-	-	-	16,763	16,763
Borrowings	-	-	-	-	-	167,813	167,813
Bank overdrafts	-	-	-	-	-	19,235	19,235
	12,451	-	10	7,917	933	500,351	521,662
Net financial assets/ (liabilities)	4,654	189	22	(7,917)	(90)	8,437	5,295
Less : Net financial (assets)/ liabilities denominated in the respective entities functional currencies	(4,654)	(189)	(22)	7,917	90	(8,437)	(5,295)
Currency exposure	-	-	-	-	-	-	-

notes to the financial statements
for the financial year ended 31 december 2015

50. FINANCIAL INSTRUMENTS (CONT'D)

50.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign currency risk sensitivity analysis

Any reasonably possible change in the foreign currency exchange rates at the end of the reporting period against the respective functional currencies of the entities within the Group does not have material impact on the profit or loss after taxation and other comprehensive income of the Group and of the Company and hence, no sensitivity analysis is presented.

(ii) Interest Rate Risk

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

Exposure to interest rate risk

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

	The Group	
	2015	2014
	RM'000	RM'000
Fixed rate instruments		
Deposits with licensed banks	71,981	155,881
Hire purchase payables	(4,386)	(2,908)
Bills payable	(17,019)	(29,048)
Revolving credit	(34,257)	(31,256)
	16,319	92,669
Floating rate instruments		
Term loans	(260,083)	(91,063)
Bank overdrafts	(14,345)	(19,235)
Bridging loan	(6,715)	(13,538)
	(281,143)	(123,836)

notes to the financial statements
for the financial year ended 31 december 2015

50. FINANCIAL INSTRUMENTS (CONT'D)

50.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk (Cont'd)

Interest rate risk sensitivity analysis

The interest rate risk sensitivity analysis on the fixed rate instruments is not disclosed as these financial instruments are measured at amortised cost. Therefore, they are not subject to interest rate risk as defined in FRS 7 since neither their carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

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

	The Group	
	2015 INCREASE/ (DECREASE) RM'000	2014 INCREASE/ (DECREASE) RM'000
Effects on profit/(loss) after taxation		
Increase of 100 basis points (bp)	(2,109)	(929)
Decrease of 100 bp	2,109	929
Effects on equity		
Increase of 100 bp	(2,109)	(929)
Decrease of 100 bp	2,109	929

(iii) Equity Price Risk

The Group's principal exposure to equity price risk arises mainly from changes in quoted prices for short-term investments. The Group manages its exposure to equity price risks by maintaining a portfolio of equities with different risk profiles.

If prices for short-term investments as at the end of the reporting period strengthened by 1% with all other variables being held constant, the Group's equity would have increased by RM937,690 (2014 – RM323,960). A 1% weakening in the prices for short-term investments would have had an equal but opposite effect on the profit/(loss) after taxation and equity respectively.

notes to the financial statements

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50. FINANCIAL INSTRUMENTS (CONT'D)

50.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk

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

The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 90 days which are deemed to have higher credit risks are monitored individually.

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

The Company provides financial guarantee to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

Credit risk concentration profile

The Group's major concentration of credit risks relates to the amount owing by the Government of Malaysia which constituted a significant amount of its total trade receivables at the end of the reporting date.

Exposure to credit risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

notes to the financial statements
for the financial year ended 31 december 2015

50. FINANCIAL INSTRUMENTS (CONT'D)

50.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

Ageing analysis

The ageing analysis of the Group's trade receivables at the end of the reporting period is as follows:

The Group	Gross Amount RM'000	Individual Impairment RM'000	Collective Impairment RM'000	Carrying Value RM'000
2015				
Not past due	154,697	-	-	154,697
Past due:				
- less than 6 months	12,686	-	-	12,686
- 6 to 12 months	29,248	-	-	29,248
- 1 to 2 years	47,781	(722)	-	47,059
- more than 2 years	26,689	(20,882)	-	5,807
	271,101	(21,604)	-	249,497
2014				
Not past due	103,830	-	-	103,830
Past due:				
- less than 6 months	64,536	-	-	64,536
- 6 to 12 months	23,859	(218)	-	23,641
- 1 to 2 years	13,831	(1,627)	-	12,204
- more than 2 years	28,336	(22,755)	(630)	4,951
	234,392	(24,600)	(630)	209,162

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

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

The Group believes that no additional impairment allowance is necessary in respect of trade receivables that are past due but not impaired because they are companies with good collection track record and no recent history of default.

notes to the financial statements
for the financial year ended 31 december 2015

50. FINANCIAL INSTRUMENTS (CONT'D)

50.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk

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

Maturity Analysis

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

The Group	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 Years RM'000
2015						
Trade payables	-	377,518	377,518	377,518	-	-
Other payables and accruals	-	62,728	62,728	62,728	-	-
Dividend payable	-	13,437	13,437	13,437	-	-
Hire purchase payables	4.35 to 8.47	4,386	4,997	1,786	3,211	-
Term loans	5.00 to 5.86	260,083	297,692	16,422	270,067	11,203
Bill payables	4.94 to 5.60	17,019	17,019	17,019	-	-
Revolving credit	4.83 to 7.60	34,257	34,257	34,257	-	-
Bridging loans	5.25	6,715	7,373	406	6,967	-
Bank overdrafts	7.85 to 8.10	14,345	14,345	14,345	-	-
		790,488	829,366	537,918	280,245	11,203
2014						
Trade payables	-	259,976	259,976	259,976	-	-
Other payables and accruals	-	57,875	57,878	57,878	-	-
Dividend payable	-	16,763	16,763	16,763	-	-
Hire purchase payables	4.13 - 7.13	2,908	3,151	1,278	1,873	-
Term loans	4.90	91,063	111,728	5,454	91,252	15,022
Bill payables	4.50 to 5.00	29,048	29,048	29,048	-	-
Revolving credit	4.90	31,256	31,256	31,256	-	-
Bridging loans	4.78	13,538	13,538	13,538	-	-
Bank overdrafts	7.60 to 7.75	19,235	19,235	19,235	-	-
		521,662	542,573	434,426	93,125	15,022

notes to the financial statements
for the financial year ended 31 december 2015

50. FINANCIAL INSTRUMENTS (CONT'D)

50.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis

The Company	Contractual Interest Rate %	Carrying amount RM'000	Contractual Undiscounted Cash flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 Years RM'000
2015						
Other payables and accruals	-	1,013	1,013	1,013	-	-
Amount owing to subsidiaries	-	3,469	3,469	3,469	-	-
Dividend payable	-	13,437	13,437	13,437	-	-
		17,919	17,919	17,919	-	-
2014						
Other payables and accruals	-	1,125	1,125	1,125	-	-
Amount owing to subsidiaries	-	6,690	6,690	6,690	-	-
Dividend payable	-	16,763	16,763	16,763	-	-
		24,578	24,578	24,578	-	-

notes to the financial statements
for the financial year ended 31 december 2015

50. FINANCIAL INSTRUMENTS (CONT'D)

50.2 CAPITAL RISK MANAGEMENT

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

The Group manages its capital based on debt-to-equity ratio. The debt-to-equity ratio is calculated as net debt (total interest-bearing borrowings less cash and cash equivalents) divided by total equity.

There was no change in the Group's approach to capital management during the financial year.

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

	The Group	
	2015 RM'000	2014 RM'000
Hire purchase payables	4,386	2,908
Term loans	260,083	91,063
Bills payable	17,019	29,048
Revolving credit	34,257	31,256
Bridging loan	6,715	13,538
Bank overdrafts	14,345	19,235
	336,805	187,048
Less : Deposits with licensed banks	(71,981)	(155,881)
Cash and bank balances	(89,781)	(96,947)
Net debts	175,043	Not applicable
Total equity	410,514	375,936
Debt-to-equity ratio	0.43	-

notes to the financial statements
for the financial year ended 31 december 2015

50. FINANCIAL INSTRUMENTS (CONT'D)

50.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Financial assets				
<u>Available-for-sale financial assets</u>				
Long-term investments, at fair value	195	195	-	-
Long-term investments, at cost	30	30	-	-
	225	225	-	-
<u>Loans and receivables financial assets</u>				
Trade receivables	249,497	209,162	-	-
Other receivables and deposits	18,564	28,730	116	26
Amount owing by associates	5,081	3,616	-	-
Amount owing by subsidiaries	-	-	117,217	111,208
Deposits with licensed banks	71,981	155,881	-	5,500
Cash and bank balances	89,781	96,947	773	415
	434,904	494,336	118,106	117,149
<u>Fair value through profit or loss</u>				
Short-term investments	93,769	32,396	142	4,683
Financial liabilities				
<u>Other financial liabilities</u>				
Trade payables	377,518	259,976	-	-
Other payables and accruals	62,728	57,875	1,013	1,125
Amount owing to subsidiaries	-	-	3,469	6,690
Dividend payable	13,437	16,763	13,437	16,763
Hire purchase payables	4,386	2,908	-	-
Term loans	260,083	91,063	-	-
Bills payable	17,019	29,048	-	-
Revolving credit	34,257	31,256	-	-
Bridging loan	6,715	13,538	-	-
Bank overdrafts	14,345	19,235	-	-
	749,488	521,662	17,919	24,578

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50. FINANCIAL INSTRUMENTS (CONT'D)

50.4 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company that maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments.

The fair value of the Group's investment in unquoted shares that with carrying amount of RM30,000 (2014 - RM30,000) is not presented due to the lack of marketability of the shares and the fair value cannot be reliably measured.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:

The Group	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			Total Fair Value	Carrying Amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
2015								
<u>Financial Assets</u>								
Long-term investments:								
- The Group club membership	-	195	-	-	-	-	195	195
Short-term investments:								
- money market fund	93,769	-	-	-	-	-	93,769	93,769
<u>Financial Liabilities</u>								
Hire purchase payables	-	-	-	-	4,478	-	4,478	4,386
Term loans	-	-	-	-	260,083	-	260,083	260,083

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50. FINANCIAL INSTRUMENTS (CONT'D)

50.4 FAIR VALUE INFORMATION (CONT'D)

The Group	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			Total Fair Value RM'000	Total Carrying Amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
2014								
<u>Financial Assets</u>								
Long-term investments:								
- Club memberships	-	195	-	-	-	-	195	195
Short-term investments:								
- money market fund	32,396	-	-	-	-	-	32,396	32,396
<u>Financial Liabilities</u>								
Hire purchase payables	-	-	-	-	2,975	-	2,975	2,908
Term loans	-	-	-	-	91,063	-	91,063	91,063
2015								
<u>Financial Assets</u>								
Short-term investments:								
- money market fund	142	-	-	-	-	-	142	142
2014								
<u>Financial Assets</u>								
Short-term investments:								
- money market fund	4,683	-	-	-	-	-	4,683	4,683

notes to the financial statements
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50. FINANCIAL INSTRUMENTS (CONT'D)

50.4 FAIR VALUE INFORMATION (CONT'D)

(a) Fair Value of Financial Instruments Carried at Fair Value

The fair values above have been determined using the following basis:

- (i) The fair value of the club memberships is determined by reference to its most recent transactions history at the end of the reporting period.
- (ii) The fair value of money market fund is determined at their quoted closing bid prices at the end of the reporting period.

There were no transfer between level 1 and level 2 during the financial year.

(b) Fair Value of Financial Instruments not Carried at Fair Value

The fair values of hire purchase payables and term loans, which are for disclosure purpose, are determined by discounting the relevant cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:

	The Group	
	2015	2014
	%	%
Hire purchase payables	7.13% - 8.47%	7.13% - 8.47%
Term loans	4.75%	4.75%

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51. MATERIAL LITIGATIONS

The following are the material litigations involving the Group and the Company during the financial year:

- (a) Protasco Berhad v PT Anglo Slavic Utama (1st Defendant), Tey Por Yee (2nd Defendant) and Ooi Kok Aun (3rd Defendant)

On 28 December 2012, the Company entered into a conditional Sale and Purchase Agreement (Conditional SPA) with PT Anglo Slavic Utama (PT ASU) to acquire 95,000,000 ordinary shares of IDR1,000 each in PT Anglo Slavic Indonesia (PT ASI), representing 76% equity interest in PT ASI for a proposed purchase consideration of USD55 million.

PT ASI holds 95% equity interest in PT Firman Andalan Sakti (PT FAS) which in turn holds 70% equity interest in PT Hase Bumou Aceh (PT Haseba) (PT ASI Group). PT Haseba has a 10 year production management partnership agreement (PMP Agreement) with PT Pertamina (PERSERO) (Pertamina) to develop and to produce oil and gas in the Kuala Simpang Timur Field (KST Field) from 14 December 2004.

On 29 January 2014, the Company entered into an amended and restated Sale and Purchase Agreement (Restated SPA) with PT ASU to amend, vary and restate, in its entirety, the Conditional SPA. With the execution of the Restated SPA, the Company acquired 78,750,000 ordinary shares of IDR1,000 each in PT ASI representing 63% equity interest in PT ASI from PT ASU for a total purchase consideration of USD22.0 million (RM68,393,170). The purchase consideration was paid by off-setting the deposit of RM50.0 million and the balance was paid by cash.

The Restated SPA is subject to, amongst others, the following Conditions Subsequent to the completion of the Restated SPA within 6 months from the date of the Restated SPA (Conditional Period):

- (i) Consent of Pertamina;
- (ii) Extension of the PMP Agreement for a further ten (10) year period; and
- (iii) Issuance of SKT Migas licence by the Ministry of Energy and Mineral Resources' General of Oil and Gas Indonesia to PT Haseba.

In January 2014, the Company paid the balance of purchase consideration of RM18,393,170 to PT ASU. The Company also made an advance of RM16,250,000 for the working capital of PT ASI. The total purchase consideration paid to PT ASU and advance made to PT ASI amounted to RM84,643,170.

On 5 August 2014, the Company announced that the Conditions Subsequent pursuant to the completion of Restated SPA had not been fulfilled by PT ASU within the Condition Period and accordingly, the Restated SPA lapsed on 28 July 2014. The Company terminated the Restated SPA on 4 August 2014.

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51. MATERIAL LITIGATIONS (CONT'D)

- (a) Protasco Berhad v PT Anglo Slavic Utama (1st Defendant), Tey Por Yee (2nd Defendant) and Ooi Kok Aun (3rd Defendant) (Cont'd)

On 22 September 2014, the Company filed a legal suit against PT ASU and two former Directors of the Company for the refund of the purchase consideration and advances. The total amount claimed against PT ASU and the two former Directors (Defendants) are as follows:

Against PT ASU

- (i) A payment of USD22 million;
- (ii) Pre-judgement interest on USD22 million pursuant to Section 11 of the Civil Law Act 1956 from the date of the suit until the date of judgement at an interest rate of 5% per annum;
- (iii) Post judgement interest on USD22 million pursuant to Order 42 Rule 12 of the Rules of Court 2012 from the date of judgement until full and final settlement thereof at an interest rate of 5% per annum; and
- (iv) Damages for the breach of the Restated SPA.

Against two former Directors

- (i) A payment of USD27 million (including an advance of USD5.0 million to PT ASI for the purpose of exploration, wells re-activation and/or construction of wells);
- (ii) Pre-judgement interest on USD27 million pursuant to Section 11 of the Civil Law Act 1956 from the date of the suit until the date of judgement at an interest rate of 5% per annum;
- (iii) Post judgement interest on USD27 million pursuant to Order 42 Rule 12 of the Rules of Court 2012 from the date of judgement until full and final settlement thereof at an interest rate of 5% per annum;
- (iv) Damages for fraud and conspiracy; and
- (v) General damages, aggravated and exemplary.

Notwithstanding the above litigation, the purchase consideration paid and advances made amounting to RM68,393,170 and RM16,250,000 respectively have been fully impaired in the previous financial year.

The following are updates of this litigation:

PT ASU Stay of Proceeding:

PT ASU's application for a stay of proceeding and to refer the legal suit to arbitration was dismissed by the High Court on 11 August 2015. PT ASU had appealed to the Court of Appeal and the appeal was allowed on 25 February 2016. As such, the legal suit against PT ASU at the high court has been stayed pending arbitration proceedings between the Company and PT ASU.

Company's Committal Proceeding:

The Company has filed an application for Contempt of Court against the 2nd and 3rd Defendant and one Mr. Gideon Tan from Messrs. Gideon Tan Razali Zaini, Advocates & Solicitors, the previous Solicitor for the 2nd and 3rd Defendant, for attempted to pervert and/or obstruct the course of justice by interfering with the evidence of a key witness of the Company in this Suit. The said proceeding has been fixed for Case Management on 8 April 2016.

2nd and 3rd Defendant and Gideon's Application to Set Aside Committal Proceeding:

The 2nd and 3rd Defendant and Gideon Tan have filed an application to set aside the Company's Committal proceeding. The said application has been fixed for Case Management on 8 April 2016.

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51. MATERIAL LITIGATIONS (CONT'D)

The following are the material litigations involving the Group and the Company during the financial year: (Cont'd)

- (a) Protasco Berhad v PT Anglo Slavic Utama (1st Defendant), Tey Por Yee (2nd Defendant) and Ooi Kok Aun (3rd Defendant) (Cont'd)

Company's Discovery Proceeding:

The Company has filed an application for discovery (to inspect and make copies) of the bank account records of the 2nd and 3rd Defendant and few other companies related to this Suit in accordance with Section 6 and/or Section 7 of Bankers' Book (Evidence) Act 1949 and/or in accordance with the inherent power of the Court under Order 92 Rule 4 of the Rules of Court 2012. Such inspection and copies of the records shall be used as evidence to prove that the Company had been made a victim of deception and fraud by the defendants. It has been fixed for Hearing on 20 May 2016.

2nd and 3rd Defendant's Stay of Proceeding Pending Arbitration between the Company and PT ASU:

Since the Suit against PT ASU has been stayed for arbitration, the 2nd and 3rd Defendant have filed their stay application pending the disposal of the arbitration between PT ASU and the Company and the matter has been fixed for Hearing on 20 May 2016.

- (b) Kingdom Seekers Ventures Sdn Bhd v Protasco Berhad and 7 others

The Company had on 28 October 2014, been served with a derivative action by Kingdom Seekers Ventures Sdn Bhd (Kingdom Seekers) suing in a representative capacity for and on behalf of PB and/or for the benefit of the Company. The Company is named as the 7th Defendant by virtue of the representative claim.

Kingdom Seekers has alleged that a Director of the Company has purportedly received financial gains through RS Maha Niaga Sdn Bhd, a company purportedly under the Director's control from the Company's oil and gas dealings with an Indonesian party, PT Anglo Slavic Utama and from a wholly-owned subsidiary of the Company namely, Protasco Trading Sdn Bhd's (PTSB) coal/bitumen dealings with another Indonesian party, PT Goldchild Integritas Abadi (Goldchild).

Kingdom Seekers is a company controlled by one of the Company's former Director, namely Tey Por Yee and is a substantial shareholder of the Company.

The Company has on 22 January 2015 filed an application to strike out the Suit. The Court has, on 21 April 2015 allowed the Company and 7 others' application to strike out the Suit with costs of RM15,000.00 each.

Kingdom Seekers has filed an appeal at the Court of Appeal. The appeal has been dismissed on 21 October 2015 with costs of RM15,000 to be paid to the Company.

Kingdom Seekers has filed a notice of motion dated 20 November 2015 seeking leave to appeal to the Federal Court (Motion) against the decision of the Court of Appeal dated 21 October 2015. The Motion has been fixed for Hearing on 28 April 2016.

notes to the financial statements
for the financial year ended 31 december 2015

51. MATERIAL LITIGATIONS (CONT'D)

The following are the material litigations involving the Group and the Company during the financial year: (Cont'd)

(c) Protasco Trading Sdn Bhd vs PT Goldchild Integritas Abadi and Ooi Kock Aun

Protasco Trading Sdn Bhd (PTSB), a wholly owned subsidiary of the Company, had entered into an agreement dated 4 February 2013 (the Agreement) to undertake coal trades with PT Goldchild Integritas Abadi (Goldchild).

Pursuant to the terms of the Agreement and to facilitate coal purchases, a deposit (Deposit) of USD5,161,290 or approximately RM16,000,000 was paid by PTSB to Goldchild on 4 February 2013. The Deposit is to be deducted in stages against future coal trades.

On 19 July 2013, PTSB entered into a Coal Stockpile Joint Venture Agreement with Goldchild to provide a sum of not exceeding USD900,000 or approximately RM2,904,000 for the purpose of the joint venture to purchase coal in Indonesia and resell the coal to potential buyers, subject to such terms and conditions as stipulated in the Coal Stockpile Joint Venture Agreement.

On 22 September 2014, the Company filed a legal suit against Goldchild and one of its former Directors, namely Ooi Kok Aun (OKA), when the Company uncovered that OKA has an undisclosed interest in Goldchild.

Notwithstanding the above litigation, the coal trade deposits made to Goldchild amounted to RM18,904,000 had been fully impaired in the previous financial year.

The following are updates of this litigation:

OKA Striking Out Proceeding:

OKA has filed an application to strike out the legal suit against him and the application has been dismissed on 19 October 2015. OKA has filed an appeal against the High Court decision at the Court of Appeal. No date has been fixed yet by the Court of Appeal.

Goldchild Stay of Proceeding:

Goldchild had filed an application to stay this legal proceeding pending arbitration and has been allowed on 19 October 2015. PTSB had filed Notice of Appeal against the High Court decision at the Court of Appeal. The appeal has been fixed for Hearing on 28 July 2016.

OKA Stay of Proceeding:

Since the legal suit against Goldchild has been stayed for arbitration, OKA has filed an application for stay pending arbitration between PTSB and Goldchild and was allowed on 13 January 2016. PTSB had filed a Notice of Appeal at the Court of Appeal against this decision and the appeal has been fixed for Case Management on 5 April 2016.

notes to the financial statements
for the financial year ended 31 december 2015

52. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

On 24 November 2015, AmlInvestment Bank Berhad on behalf of the Board of the Directors of the Company announced that the Company proposed to undertake a proposed private placement of new ordinary shares of RM0.50 each of up to ten percent (10%) of the issued and paid up share capital of the Company (Proposed Private Placement).

On 7 December 2015, Bursa Malaysia Securities Berhad granted its approval for the listing of and quotation for up to 34,069,409 new ordinary shares of RM0.50 each pursuant to the Proposed Private Placement.

The proposed private placement is pending for completion at the date of this report.

53. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 2 February 2016, HCM Engineering Sdn Bhd, a wholly-owned subsidiary of the Company acquired a shelf company known as Teras Pancar Sdn Bhd (TPSB).

TPSB has an authorised share capital of RM400,000 and an issued and paid up share capital of RM2. The intended business activities of TPSB are principally related to construction works.

54. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the presentation of the current financial year:

	The Group		The Company	
	As Restated RM'000	As Previously Reported RM'000	As Restated RM'000	As Previously Reported RM'000
Statement of Financial Position (Extract):				
Short-term investment	32,396	663	4,683	-
Deposits with licensed bank	155,881	187,614	5,500	10,183

notes to the financial statements
for the financial year ended 31 december 2015

55. SUPPLEMENTARY INFORMATION - DISCLOSURE OF REALISED AND UNREALISED PROFITS/(LOSSES)

The breakdown of the retained profits of the Group and the Company at the end of the reporting period into realised and unrealised profits are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad 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, as follows:

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total retained profits:				
- realised	237,637	205,770	1,996	954
- unrealised	(8,591)	(9,598)	-	-
	229,046	196,172	1,996	954
Total share of retained profit of associate:				
- unrealised	(115)	(64)	-	-
	228,931	196,108	1,996	954
Less : Consolidation adjustments	(94,812)	(101,938)	-	-
	134,119	94,170	1,996	954

LIST OF PROPERTIES

No	Location	Description / Existing Use	Age of Buildings	Tenure	Approx. Land Area sq. ft.	Net Book Value at 31.12.2015 RM'000	Date of Revaluation* / Acquisition#
1	Lot No. 52500, 52501, 52502, 52503, 52504 & 52518, Bandar Baru Bangi, District of Sepang State of Selangor Darul Ehsan.	Institutional, commercial & residential	Between 7 - 33 years	Freehold	3,411 million	100,022	18.04.02*
2	Centrum Mall Jalan Ikram-Uniten 43650 Kajang State of Selangor Darul Ehsan.	Retail mall	-	Freehold	197,327	42,645	31.12.15*
3	Lot No. 1576 & 1577, Held Under Grant No. 53674 and 53675, respectively of Mukim 4, District of Seberang Prai Tengah, State of Penang.	Two adjoining three-storey shop offices	20 years	Freehold	2,799	693	18.04.02*
4	Lot No. P.T. 172, Section 90, Town and District of Kuala Lumpur, State of Wilayah Persekutuan.	Intermediate four-storey shophouse	32 years	Leasehold 99 years expiring in 2076	1,760	654	01.03.02#
5	Lot No. P.T. 166, Section 90, Town and District of Kuala Lumpur, State of Wilayah Persekutuan.	Intermediate four-storey shophouse	32 years	Leasehold 99 years expiring in 2076	1,760	546	11.06.02#
6	Lot No. P.T. 167, Section 90, Town and District of Kuala Lumpur, State of Wilayah Persekutuan.	Intermediate four-storey shophouse	32 years	Leasehold 99 years expiring in 2076	1,760	546	11.06.02#
7	Lot No. P.T. 168, Section 90, Town and District of Kuala Lumpur, State of Wilayah Persekutuan.	Intermediate four-storey shophouse	32 years	Leasehold 99 years expiring in 2076	1,760	546	11.06.02#
8	Lot No. P.T. 169, Section 90, Town and District of Kuala Lumpur, State of Wilayah Persekutuan.	Corner lot four-storey shophouse	32 years	Leasehold 99 years expiring in 2076	2,208	765	11.06.02#
9	Country Lease No. 075356580, Sungai Tinosan, District of Sandakan, State of Sabah.	Land for future development	N/A	Leasehold 99 years expiring in 2074	291,850	603	10.03.05#
10	HS (M) 1156, Blok 7, Mukim of Dengkil, District of Sepang, State of Selangor Darul Ehsan.	Workshop	10 years	Leasehold 99 years expiring in 2080	126,300	1,733	05.08.05#

No	Location	Description / Existing Use	Age of Buildings	Tenure	Approx. Land Area sq. ft.	Net Book Value at 31.12.2015 RM'000	Date of Revaluation* / Acquisition#
11	HS (M) 3647, Mukim of Dengkil, District of Sepang, State of Selangor Darul Ehsan.	Vacant land	N/A	Leasehold 99 years expiring in 2091	79,100	703	25.06.08#
12	No. Hakmilik Geran 79109, Lot 3223 Mukim of Beranang District of Ulu Langat State of Selangor Darul Ehsan	Factory	4 years	Freehold	185,566	2,978	07.10.10#
13	HS (D) 367944 PTD 106041 Mukim of Tebrau District of Johor Bahru State of Johor Darul Takzim.	Two-storey shop office	4 years	Freehold	2,982	787	17.01.12#
14	Parcel No #17-16, Level 17, Type A Lot No HS(D) 452849 PTD 198871 Mukim of Plentong District of Johor Bahru State of Johor Darul Takzim.	Service apartment	4 years	Leasehold 99 years expiring in 2105	609	302	18.10.12#
15	HS(D) 478360, No. Lot PTD 204274 Mukim of Plentong District of Johor Bahru State of Johor Darul Takzim.	Vacant land	N/A	Leasehold 99 years expiring in 2084	258,872	12,267	11.05.14#
16	HS(D) 478361, No. Lot PTD 204275 Mukim of Plentong District of Johor Bahru State of Johor Darul Takzim.	Vacant land	N/A	Leasehold 99 years expiring in 2084	78,792	3,733	11.05.14#
17	HS(D) 478356, No. Lot PTD 204269 Mukim of Plentong District of Johor Bahru State of Johor Darul Takzim.	Vacant land	N/A	Leasehold 99 years expiring in 2084	87,080	4,127	11.05.14#
18	HS(D) 478357, No. Lot PTD 204270 Mukim of Plentong District of Johor Bahru State of Johor Darul Takzim.	Vacant land	N/A	Leasehold 99 years expiring in 2084	87,080	4,127	11.05.14#
19	HS(D) 501207, No. Lot PTD 209606 Mukim of Plentong District of Johor Bahru State of Johor Darul Takzim.	Vacant land	N/A	Leasehold 99 years expiring in 2084	113,977	5,400	11.05.14#

ANALYSIS OF SHAREHOLDINGS

AS AT 8 APRIL 2016

Authorised Share Capital : RM300,000,000.00
 Issued and Paid-Up Share Capital : RM169,402,745
 Class of Shares : Ordinary Shares of RM0.50 each
 Voting Rights : One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF HOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES HELD	%
1 – 99	99	2.28	4,400	0.00
100 – 1,000	677	15.59	541,824	0.16
1,001 – 10,000	2,409	55.47	12,288,732	3.65
10,001 – 100,000	903	20.79	28,259,680	8.39
100,001 – 16,850,448*	254	5.85	265,781,704	78.86
16,850,449 and above**	1	0.02	30,132,650	8.94
*** TOTAL	4,343	100.00	337,008,990	100.00

Remarks: * Less than 5% of issued holdings ** 5% and above of issued holdings *** Excluding 1,796,500 treasury shares

SUBSTANTIAL SHAREHOLDERS

NAME	DIRECT SHAREHOLDINGS		INDIRECT SHAREHOLDINGS	
	NO. OF SHARES HELD	%	NO. OF SHARES HELD	%
Dato' Sri Ir Chong Ket Pen	45,271,342	13.43	31,266,650	9.28 ⁽¹⁾
Penmacorp Sdn Bhd	31,266,650	9.28	–	–
Tey Por Yee	19,438,623	5.77	–	–

Notes: (1) Deemed interested pursuant to Section 6(A) of the Company's Act 1965 by virtue of his shareholdings in Penmacorp Sdn Bhd

DIRECTORS' SHAREHOLDINGS

NAME	DIRECT SHAREHOLDINGS		INDIRECT SHAREHOLDINGS	
	NO. OF SHARES HELD	%	NO. OF SHARES HELD	%
Tan Sri Datuk Dr Hadenan Bin A Jalil	150,000	0.04	–	–
Dato' Sri Ir Chong Ket Pen	45,271,342	13.43	33,883,650 ^(a)	10.05
Dato' Mohd Hanif Bin Sher Mohamed	350,000	0.10	–	–
Dato' Sri Su-Azian @ Muzaffar Syah Bin Abd Rahman	600,000	0.18	2,500,000 ^(b)	0.74
Dato' Tan Yee Boon	30,000	0.01	–	–
Ir Tan Heng Kui	6,025,900	1.79	–	–
Suhaimi Bin Badrul Jamil	20,000	0.01	–	–

Notes: (a) by virtue of his interest via his spouse, children and Penmacorp Sdn Bhd

(b) by virtue of his interest in Rencana Berkas Sdn Bhd

DIRECTORS' OPTIONHOLDINGS

NAME	DIRECT OPTIONHOLDINGS		INDIRECT OPTIONHOLDINGS	
	NO. OF OPTIONS HELD	%	NO. OF OPTIONS HELD	%
Tan Sri Datuk Dr Hadenan Bin A Jalil	120,000	0.04	-	-
Dato' Sri Ir Chong Ket Pen	-	-	-	-
Dato' Mohd Hanif Bin Sher Mohamed	-	-	-	-
Dato' Sri Su-Azian @ Muzaffar Syah Bin Abd Rahman	-	-	-	-
Dato' Tan Yee Boon	120,000	0.04	-	-
Ir Tan Heng Kui	120,000	0.04	-	-
Suhaimi Bin Badrul Jamil	80,000	0.02	-	-

LIST OF TOP 30 SHAREHOLDERS

NO	NAME	NO. OF SHARES HELD	%
1	UOBM NOMINEES (TEMPATAN) SDN BHD PLEGGED SECURITIES ACCOUNT FOR PENMACORP SDN BHD (PCB)	30,132,650	8.94
2	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD	15,662,800	4.65
3	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR CHONG KET PEN (PB)	15,081,200	4.48
4	CHONG KET PEN	14,893,684	4.42
5	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR CHONG KET PEN (PBCL-0G0086)	14,000,000	4.15
6	FEDERLITE HOLDINGS SDN BHD	8,722,700	2.59
7	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEGGED SECURITIES ACCOUNT FOR LIM CHAI BENG (M02)	6,805,100	2.02
8	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEGGED SECURITIES ACCOUNT FOR KINGDOM SEEKERS VENTURES SDN BHD	6,302,900	1.87
9	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LPF)	6,179,300	1.83
10	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEGGED SECURITIES ACCOUNT FOR LIM CHAI BENG (CEB)	6,000,000	1.78
11	TAN HENG KUI	5,130,000	1.52
12	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (CIMB PRIN)	5,052,000	1.50
13	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LBF)	3,909,700	1.16

analysis of shareholdings

LIST OF TOP 30 SHAREHOLDERS (CONT'D)

NO	NAME	NO. OF SHARES HELD	%
14	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (KENANGA)	3,837,500	1.14
15	CIMB GROUP NOMINEES (TEMPATAN) CIMB COMMERCE TRUSTEE BERHAD - KENANGA GROWTH FUND	3,627,600	1.08
16	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR PERTUBUHAN KESELAMATAN SOSIAL (AFF HWG6939-403)	3,239,800	0.96
17	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (KIB)	3,165,000	0.94
18	CITIGROUP NOMINEES (TEMPATAN) SDN BHD UNIVERSAL TRUSTEE (MALAYSIA) BERHAD FOR CIMB ISLAMIC SMALL CAP FUND	3,117,400	0.93
19	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA INSURANCE BERHAD (LIFE NON-PAR FD)	3,000,000	0.89
20	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	2,991,400	0.89
21	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR THE BANK OF NEW YORK MELLON (MELLON ACCT)	2,906,200	0.86
22	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BANK SIMPANAN NASIONAL	2,860,000	0.85
23	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA INSURANCE BERHAD (DANA EKT PRIMA)	2,700,000	0.80
24	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD YAYASAN HASANAH (AUR-VCAM)	2,602,100	0.77
25	AMANAH RAYA BERHAD KUMPULAN WANG BERSAMA SYARIAH	2,600,000	0.77
26	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR TEY POR YEE (MARGIN)	2,522,742	0.75
27	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR YAP OON NEO (PB)	2,500,000	0.74
28	RENCANA BERKAT SDN BHD	2,500,000	0.74
29	DB (MALAYSIA) NOMINEE (ASING) SDN BHD SSBT FUND SD4N FOR GOVERNMENT OF THE PROVINCE OF ALBERTA	2,496,200	0.74
30	CITIGROUP NOMINEES (ASING) SDN BHD CBLDN FOR POHJOLA BANK PLC (CLIENT AC-EUR)	2,350,000	0.70
	TOTAL	186,887,976	55.46

Note: Without aggregating securities from different securities accounts belonging to the same person.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifteenth Annual General Meeting of the Company will be held at Conference Hall, 1st Floor, Corporate Building, Unipark Suria, Jalan Ikram-Uniten, 43000 Kajang, Selangor Darul Ehsan on Wednesday, 25 May 2016 at 11.00 a.m. to transact the following businesses:

AGENDA

As Ordinary Business:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2015 and the Reports of Directors and Auditors thereon.
2. To approve the payment of a final dividend of five (5) sen per share for the financial year ended 31 December 2015. **Ordinary Resolution 1**
3. To re-elect the following Directors retiring in accordance with Article 70 of the Company's Articles of Association:
 - i) Dato' Tan Yee Boon **Ordinary Resolution 2**
 - ii) Dato' Mohd Hanif Bin Sher Mohamed **Ordinary Resolution 3**
4. To consider and if thought fit, to pass the following Ordinary Resolution in accordance with Section 129 of the Companies Act, 1965: **Ordinary Resolution 4**

"THAT Tan Sri Datuk Dr Hadenan Bin A Jalil, retiring pursuant to Section 129 of the Companies Act, 1965, be hereby re-appointed a Director of the Company to hold office until the next annual general meeting."
5. To appoint Messrs Crowe Horwath as auditors of the Company and authorise the Directors to determine their remuneration. **Ordinary Resolution 5**

As Special Business:

To consider and if thought fit, to pass the following resolutions, with or without modifications:

6. **ORDINARY RESOLUTION - AUTHORITY TO ISSUE SHARES** **Ordinary Resolution 6**

"THAT pursuant to Section 132D of the Companies Act 1965 and subject to the approvals of the relevant authorities, the Directors be empowered to issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this Resolution does not exceed ten percent (10%) of the issued share capital of the Company for the time being and that the Directors be also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

notice of annual general meeting

7. **ORDINARY RESOLUTION - PROPOSED RENEWAL OF SHARE BUYBACK AUTHORITY****Ordinary Resolution 7**

"THAT subject to the Companies Act 1965 (Act), the Company's Memorandum and Articles of Association, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities) and requirements of any other relevant authorities, the Directors of the Company be authorised to purchase its own shares through Bursa Securities, subject to the following:

- a) The maximum number of shares which may be purchased by the Company shall not exceed 10% of the issued and paid-up ordinary share capital of the Company at any point in time;
- b) The maximum fund to be allocated by the Company for the purpose of purchasing its shares shall not exceed the retained profits and / or share premium accounts of the Company. As at the latest financial year ended 31 December 2015, the audited retained profits and share premium account of the Company stood at RM1.996 million and RM76.536 million respectively;
- c) The authority conferred by this resolution will be effective upon passing of this resolution and will continue in force until:
 - i) the conclusion of the next Annual General Meeting (AGM), at which time the said authority will lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
 - ii) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extensions as may be allowed pursuant to Section 143(2) of the Act); or
 - iii) varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first;

- d) Upon completion of the purchase(s) of the shares by the Company, the shares shall be dealt with in the following manner:
 - i) cancel the shares so purchased;
 - ii) retain the shares so purchased as treasury shares;
 - iii) distribute the treasury shares as dividends to shareholders;
 - iv) resell the treasury shares on Bursa Securities in accordance with the relevant rules of Bursa Securities; and
 - v) any combination of the above (i), (ii), (iii) and (iv).

THAT the Directors of the Company be authorised to take all such steps as are necessary and enter into all other agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, variations and / or amendments (if any) as may be imposed by the relevant authorities from time to time to implement or to effect the purchase of its own shares."

8. **SPECIAL RESOLUTION - PROPOSED AMENDMENT TO ARTICLES OF ASSOCIATION****Special Resolution 1**

"THAT Article 89 of the Articles of Association of the Company on quorum of meeting of Directors be hereby amended by substituting the quorum number of two (2) with the quorum number of four (4) and the amended Article 89 shall read as follows:

Article 89	The quorum necessary for the transaction of the business of the Directors shall be fixed by the Directors from time to time and unless so fixed, the quorum shall comprise four (4) Directors of the Company and a meeting of the Directors for the time being at which a quorum is preset shall be competent to exercise all or any of the powers, authorities and discretions by or under these Articles vested in or exercisable by the Directors generally.
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9. To transact any other business of which due notice shall have been received.

BY ORDER OF THE BOARD

KHOR HOOI LING
SEOW FEI SAN
Secretaries

Petaling Jaya
29 April 2016

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT a final dividend of five (5) sen per share for the financial year ended 31 December 2015, if approved by shareholders, will be payable on 29 June 2016 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 17 June 2016.

A Depositor shall qualify for entitlement only in respect of:

- a) shares transferred to the Depositor's Securities Account before 4.00 p.m. on 17 June 2016 in respect of transfers; and
- b) shares bought on Bursa Malaysia Securities Berhad on a cum-entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

NOTES TO NOTICE OF FIFTEENTH ANNUAL GENERAL MEETING:

1. Only Members whose names appear on the Record of Depositors as at 18 May 2016 shall be entitled to attend, speak and vote at the Fifteenth Annual General Meeting.
2. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his stead. A proxy may but need not be a member of the Company.
3. A Member shall be entitled to appoint not more than two (2) proxies to attend and vote at the Fifteenth Annual General Meeting. Where a Member appoints more than one (1) proxy, the appointment shall be invalid unless the Member specifies the proportions of his holdings to be represented by each proxy.
4. Where a Member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, 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 of the Company is an exempt authorised nominee which holds ordinary share 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.
6. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised.
7. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy thereof, must be deposited at the Registered Office of the Company at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty eight (48) hours before the time appointed for holding the Fifteenth Annual General Meeting or any adjournment thereof.

8. Explanatory notes on Special Business

Ordinary Resolution 6 – The proposed Ordinary Resolution 6, if passed, will give the Directors of the Company, from the date of the Fifteenth Annual General Meeting, authority to allot and issue shares from the unissued capital of the Company for such purposes as the Directors may deem fit and in the interest of the Company. The authority, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

As at the date of printing of the Annual Report, no new shares were issued by the Company pursuant to the authority granted to the Directors at the Fourteenth Annual General Meeting held on 11 June 2015 and the said authority will lapse at the conclusion of the Fifteenth Annual General Meeting.

The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to placing of shares, for purpose of funding future investment project(s), working capital and / or acquisitions.

Ordinary Resolution 7 – The proposed Ordinary Resolution 7, if passed, will empower the Directors of the Company to purchase the Company's shares up to 10% of the issued and paid-up share capital of the Company (Proposed Share Buyback) by utilising the funds allocated which shall not exceed the total retained earnings and share premium account of the Company. Further information on the Proposed Shares Buyback is set out in the Share Buyback Statement to Shareholders dated 29 April 2016, which is despatched together with the Company's Annual Report 2015.

Special Resolution 1 – The proposed Special Resolution 1, if passed, will enable the adoption of a new Article 89 of the Articles of Association of Company which promotes better corporate governance.

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FORM OF PROXY

I/We _____
(Full Name in Capital Letters)

of _____
(Full Address)

being a member/members of Protasco Berhad hereby appoint _____
(Full Name in Capital Letters)

of _____
(Full Address)

or failing him/her _____
(Full Name in Capital Letters)

of _____
(Full Address)

or failing him / her, the Chairman of the Meeting as my / our proxy to vote on my / our behalf at the Fifteenth Annual General Meeting of the Company to be held at Conference Hall, 1st Floor, Corporate Building, Unipark Suria, Jalan Ikram-Uniten, 43000 Kajang, Selangor Darul Ehsan on Wednesday, 25 May 2016 at 11.00 a.m. and at any adjournment thereof.

NO.	ORDINARY RESOLUTIONS	FOR	AGAINST
1.	To approve the payment of final dividend.		
2.	To re-elect Dato' Tan Yee Boon as Director of the Company.		
3.	To re-elect Dato' Mohd Hanif Bin Sher Mohamed as Director of the Company.		
4.	To re-appoint Tan Sri Datuk Dr Hadenan Bin A Jalil as Director of the Company		
5.	To appoint Messrs Crowe Horwath as auditors of the Company and authorise the Directors to determine their remuneration.		
6.	To approve the Authority to Issue Shares.		
7.	To approve the proposed renewal of Share Buyback authority.		
NO.	SPECIAL RESOLUTION		
1.	To approve the proposed amendment to Articles of Association of the Company.		

Please indicate with a "X" in the space above on how you wish to cast your vote. In the absence of specific directions, your proxy will vote or abstain as he / she thinks fit.

Signed this _____ day of _____ 2016

Number of shares held

Signature of Shareholder / Common Seal

Notes:

- Only Members whose names appear on the Record of Depositors as at 18 May 2016 shall be entitled to attend, speak and vote at the Fifteenth Annual General Meeting.
- A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his / her stead. A proxy may but need not be a Member of the Company.
- A Member shall be entitled to appoint not more than two (2) proxies to attend and vote at the Fifteenth Annual General Meeting. Where a Member appoints more than one (1) proxy, the appointment shall be invalid unless the Member specifies the proportions of his holdings to be represented by each proxy.
- Where a Member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least 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.
- Where a Member of the Company is an exempt authorised nominee which holds ordinary share 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.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised.
- The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy thereof, must be deposited at the Registered Office of the Company at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the Fifteenth Annual General Meeting or any adjournment thereof.

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STAMP

The Company Secretaries

PROTASCO BERHAD

802, 8th Floor, Block C, Kelana Square
17, Jalan SS7/26, 47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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F: 603 8926 4008

Kuala Lumpur Office:

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55100 Kuala Lumpur, Malaysia
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