CREATING POSSIBILITIES

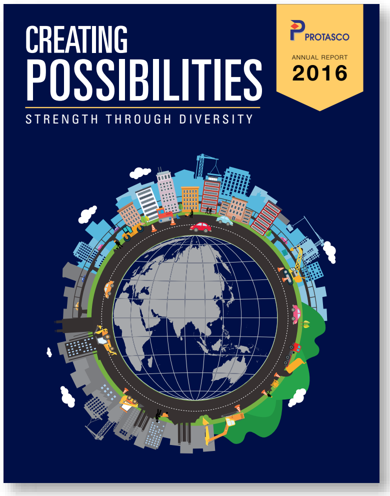
STRENGTH THROUGH DIVERSITY

PROTASCO

ANNUAL REPORT
2016

Management Discussion and Analysis
Page 16

COVER RATIONALE



Our cover design depicts our role as an integrated provider of diverse services that includes construction, property and engineering, that work hand-in-hand to build a sustainable future for all concerned. The design also conveys our belief that commerce, industry and nature can co-exist harmoniously through the right approach. The globe at the heart of the design represents Protasco's regional ambitions for our overseas presence. We continue to make progress towards our vision of becoming an internationally acclaimed integrated conglomerate.

Core Values

Result Oriented
- Stretch - Good to great
- Innovate
- Commitment

Ownership
- Accountable for outcomes
- Passionate in task execution
- Take pride - I AM PROTASCO

Customer Focused
- WOW them
- Create value
- Respect

Knowledge Driven
- Knowledge sharing
- Continual education
- Career development

Integrity
- Do the right thing
- Trustworthy
- Transparent

Teamwork
- Robust communication
- Committed to team decisions
- Active participation

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

CONTENTS

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

Lim Yew Ting
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

Principal 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
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.*

HCM Engineering Sdn Bhd » 100%

- 100% » HCM (L) Bhd
- 100% » Infra Water Sdn Bhd
- 78% » HCM Arabia Sdn Bhd
- 70% » KPS-HCM Sdn Bhd
- 70% » Permint Granite-HCM Sdn Bhd
- 60% » HCM-Molek JV Sdn Bhd
- 51% » Roadcare (M) Sdn Bhd
- 51% » Empayar Indera Sdn Bhd

Kumpulan Ikram Sdn Bhd » 100%

- 100% » Ikram Education Sdn Bhd
- 100% » Ikram Engineering Services Sdn Bhd
- 100% » Ikram QA Services Sdn Bhd
- 100% » Ikram Paves Sdn Bhd
- 60% » Kumpulan Ikram (Sarawak) Sdn Bhd
- 60% » Kumpulan Ikram (Sabah) Sdn Bhd
- 30% » Ikram Premier Consulting Sdn Bhd
- 30% » Ikram Engineering Consulting Sdn Bhd

PROTASCO BERHAD

Protasco Development Sdn Bhd » 100%

- 100% » De Centrum Development Sdn Bhd
- 100% » De Centrum Land Sdn Bhd
- 100% » Protasco Land Sdn Bhd ¬
  - 100% » Protasco Land SA (Pty) Ltd
- 100% » Sun Rock Development Sdn Bhd
- 60% » Jalur Saujana Sdn Bhd

Protasco Trading Sdn Bhd » 100%

- 100% » QP Industries Sdn Bhd
- 100% » QP Trading Sdn Bhd

PROTASCO BERHAD

CORE BUSINESS **DIVISIONS**

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

Artist's impression of the whole De Centrum City upon completion

For more information, please refer to page 21

PROPERTY & INFRASTRUCTURE

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 have 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.

The Terrestrial Laser Scanner (TLS) uses 3D laser technology and provides accurate mapping data

For more information, please refer to page 22

ENGINEERING & CONSULTANCY SERVICES

Protasco remains a trusted partner to the Government of Malaysia as well as local authorities and GLCs. 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.

Pavement repair works in progress

Asian Football Confedaration (AFC) Building Project Site

For more information, please refer to page 18

MAINTENANCE

Protasco Berhad is the largest 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.

For more information, please refer to page 20

CONSTRUCTION

Protasco's expertise lies in the design, construction, upgrading and rehabilitation of roads, bridges and buildings. We have built roads and buildings both locally and overseas, and have covered more than RM2.7 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 1Malaysia (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.

Premium coldmix being manufactured at QP Industries Sdn Bhd plant

IUKL's new Academic Block

For more information, please refer to page 24

TRADING & MANUFACTURING

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.

For more information, please refer to page 25

EDUCATION

For more than 15 years, Infrastructure University Kuala Lumpur (IUKL) has been providing quality education and excellent professional services in various fields of infrastructure and offers programmes from foundation to post graduate. IUKL 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.

DIARY OF EVENTS

MARCH 2016

Federal Roads Maintenance Extended 10 Years

14 March 2016

Roadcare (M) Sdn Bhd secured a 10-year extension to its concession to maintain the federal roads in the states of Selangor, Pahang, Terengganu and Kelantan, from February 2016 to February 2026.

Protasco Berhad Signed MoU With Yayasan Pesara Kerajaan Malaysia

30 March 2016

A Memorandum of Understanding (MoU) between Protasco Berhad and Yayasan Pesara Kerajaan Malaysia was signed on 30 March 2016. The MoU is in relation to collaboration between the two parties on potential projects.

APRIL 2016

PIPDA Award 2016: Rimbawan Recognised As Best Boutique Development

1 April 2016

De Centrum Land Sdn Bhd's Rimbawan Residences was awarded the Best Boutique Lifestyle Development at Property Insight's Prestigious Developer Award (PIPDA) 2016.

Protasco Trading Signed A Framework Agreement With Stone Master

25 April 2016

On 25 April 2016, Protasco Trading Sdn Bhd and Stone Master Corporation Berhad signed a Framework Agreement that will see Stone Master Corporation offering products and services to Protasco Trading on an interest-free vendor financing for up to RM300 million. The agreement is effective for a period of 18 months.

MAY 2016

Enterprise Risk Management Introductory Seminar

16 May 2016

An Enterprise Risk Management Introductory Seminar was conducted by En Suhaimi Badrul Jamil, Chairman of Protasco Berhad's Board Risk Management. Designed for risk owners, the seminar aims to help them better identify risk factors and changes in the business environment, available strategies and mitigation tools.

Protasco's 15th Annual General Meeting

25 May 2016

Protasco Berhad held its 15th Annual General Meeting (AGM) on 25 May 2016 at Unipark Suria, Kajang. Six ordinary and one special resolutions were transacted during the AGM, including a final dividend of five (5) sen per share paid on 29 June 2016.

DIARY OF EVENTS

JUNE 2016

Protasco Berhad Listed In MIDF Construction Top Picks 2016

1 June 2016

Protasco Berhad was selected by MIDF Research as one of the top construction companies in the 'MIDF Construction Top Picks 2016'.

Roadcare Contributed To Surau Al-Hijrah, Jengka

15 June 2016

Roadcare (M) Sdn Bhd contributed RM15,000 to Surau Al Hijrah, Taman Jengka Impian, Bandar Jengka, Pahang for the upgrading of their facilities.

Iftar Perdana 1437H

21 June 2016

The Protasco Group's annual Iftar Perdana was held on 21 June 2016, the 16th day of Ramadhan 1437.

Roadcare Gave Back To Pekan, Pahang

26 June 2016

Roadcare (M) Sdn Bhd contributed RM200,000 into a zakat fund that was established in conjunction with the Hari Raya Aidilfitri. The fund was set up to ease the burden of the less privileged.

In an event in Pekan, Pahang, YAB Dato' Sri Mohd Najib Tun Abdul Razak, Prime Minister of Malaysia, distributed zakat worth over RM1.72 million, received from corporate bodies and entrepreneurs.

JULY 2016

Roadcare Contributed RM100,000 To Sg Besar Parliament Disaster Relief Fund

12 July 2016

Roadcare (M) Sdn Bhd contributed RM100,000 to the 'Tabung Bencana Alam Parlimen Sg Besar', the fund that was launched to help victims of a storm that hit Sg Besar, Kuala Selangor on the first day of Hari Raya Aidilfitri 2016.

The fund will also provide immediate assistance to victims of future natural disasters in Sg Besar.

PB-KOP Mantap Berhad JV Signed MoU With Andhra Pradesh Economic Development Board

21 July 2016

Protasco Berhad and KOP Mantap Berhad, a wholly-owned subsidiary of Koperasi Polis Diraja Malaysia Berhad, signed a Memorandum of Understanding (MoU) with Andhra Pradesh Economic Development Board. Pursuant to the MoU, the JV will commit direct investments, subject to further evaluation and funding, to Andhra Pradesh, in the field of Water Treatment Plant involving an investment worth approximately USD500 million.

DIARY OF EVENTS

AUGUST 2016

HCM & Hatimuda Secured SUKE Contract Worth RM315.8 million

5 August 2016

HCM Engineering Sdn Bhd and Hatimuda Sdn Bhd received a contract worth RM315.8 million to construct a package of the Sungai Besi - Ulu Kelang Expressway (SUKE). The work is expected to be completed within a 30-month period ending 28 February 2019.

HCM Partners Kijang Kuari For Kelantan State Roads Maintenance Works

24 August 2016

HCM Engineering Sdn Bhd entered into a Shareholders' Agreement with Kijang Kuari Sdn Bhd to jointly undertake periodic maintenance works in the state roads of Kelantan on a 60:40 basis.

SEPTEMBER 2016

Roadcare Contributed RM100,000 For Hari Raya Aidiladha

2 September 2016

In conjunction with the Hari Raya Aidil Adha 2016, Roadcare (M) Sdn Bhd contributed 26 sacrificial cows worth approximately RM100,000. The contribution was received by the Prime Minister, YAB Dato' Sri Najib Tun Abdul Razak.

14th Convocation For Infrastructure University Kuala Lumpur (IUKL)

3 September 2016

IUKL's 14th Convocation was held on 3 September 2016 at its campus in De Centrum City, Kajang. A total of 968 graduates received their PhD, Master, Bachelor Degrees and Diplomas from the Chancellor of IUKL, Tan Sri Datuk Ir (Dr) Wan Abdul Rahman Wan Yaacob and the Chairman of the Board of Governors of IUKL, Tan Sri Datuk Dr Hadenan A Jalil.

PB Champions Talk Series: Cinta Ke Arah Memperkasakan Diri Dan Organisasi

27 September 2016

Protasco Berhad's first ever PB Champions Talk Series was launched with a talk given by Dr Azahari Othman, a motivational speaker.

DIARY OF EVENTS

OCTOBER 2016

Ikram And Lafarge In Road Innovations

4 October 2016

Kumpulan Ikram Sdn Bhd (Ikram) and building materials expert, Lafarge Cement Sdn Bhd (Lafarge) signed a Memorandum of Collaboration (MoC) to promote innovations and best practices for road construction and soil-testing projects in Malaysia. Through this partnership, Ikram will share its expertise in geotechnical, pavement, structure and management consultancy services.

Protasco Development To Build PPA1M Saderi In Putrajaya

14 October 2016

Protasco Development Sdn Bhd, signed an agreement with Putrajaya Corporation (PPJ) to construct the 'Perumahan Penjawat Awam 1Malaysia (PPA1M)' Saderi Presint 16, a contract worth RM300.5 million, in the Federal Territory of Putrajaya. PPA1M Saderi will comprise 1,100 residential units and the development is expected to be completed in mid 2019.

2nd IRF Asia Regional Congress & Exhibition

16 - 20 October 2016

Protasco Berhad participated in the 2nd International Road Federation (IRF) Asia Regional Congress & Exhibition that was held on 16 - 20 October 2016, at the Putra World Trade Centre, Kuala Lumpur.

PB Champions Talk Series: Creating Success Through Happiness By Xandria Ooi

27 October 2016

Xandria Ooi, celebrity speaker and Happiness Mentor led the second PB Champions Talk Series, on 27 October 2016.

NOVEMBER 2016

Protasco Berhad's Extraordinary General Meeting

9 November 2016

Protasco Berhad held an Extraordinary General Meeting at De Centrum Tower, Unipark Suria, Kajang, for the approval of a one-for-four bonus issue which will boost the Group's capital base to better reflect its current scale of operations. The bonus shares were listed on 25 November 2016 and issued following the approval by the shareholders at the Meeting.

Protasco Declares 3Q Dividend Of 3 Sen, Maintains Profitability

25 November 2016

Protasco Berhad have declared an interim dividend of three (3) sen per share for the third quarter for the year ending 31 December 2016. The Group maintained its revenue for the third quarter ended 30 September 2016 at RM302.8 million.

DIARY OF EVENTS

DECEMBER 2016

Protasco Partners MyKasih, Contributed RM24,000 Aid To Families In Perak

14 December 2016

Protasco Berhad, through its road maintenance company Roadcare (M) Sdn Bhd, donated RM24,000 to 10 families in Kuala Kangsar, Perak, in partnership with the MyKasih Foundation. The contribution will provide each of the selected families with a monthly aid of RM200 for 12 months.

Protasco 'Back-To-School' Programme With Orphans From Pertubuhan Kebajikan Islam Peribadi Mulia Sg Kantan, Kajang

18 December 2016

54 orphans ranging from the age of 2 to 13 years old from an orphanage in Kajang were assisted with their new year school supplies. This CSR activity is part of Protasco Berhad's staff initiative.

Roadcare Contributed To DUN Dengkil

25 & 26 December 2016

Roadcare cooperated with the Member of Parliament of Dengkil to make possible three community programmes to celebrate closure of 2016 and usher in the new year.

1. 'Program Keselamatan Jalan Raya' at Putra Perdana, Puchong
2. 'Malam Ambang Tahun Baru' at Sg Merab, Bangi
3. 'Back-To-School' Programme at Tesco, Bandar Baru Nilai

IUKL Joins The 'South Klang Valley University Network'

14 December 2016

Infrastructure University Kuala Lumpur (IUKL) became a part of the 'South Klang Valley University Network' together with eight other institutions after they signed a Memorandum of Understanding (MoU) on 14 December 2016.

The objective of the MoU is to create a platform for the universities to leverage on areas of commonality such as sharing of resources and expertise, promote and develop mutual cooperation in academic and research fields on the basis of equality and mutual benefit.

The Opening Of Super 7 Supermarket At De Centrum Mall

28 December 2016

Supermarket chain Super Seven opened its fifth outlet at De Centrum Mall. The supermarket is expected to meet the needs of the growing De Centrum City community as well as the population within the neighbouring areas.

DIARY OF EVENTS

JANUARY 2017

HCM-Super Construction JV

3 January 2017

HCM Engineering Sdn Bhd signed a Memorandum of Understanding (MoU) with Super Construction Co Ltd (Mauritius). The two companies will form a joint venture - 'HCM-SUPER CONSTRUCTION JV' to participate in infrastructure projects in Mauritius.

Zakat Distribution By IUKL

11 January 2017

The Zakat Unit of IUKL held a ceremony to disburse zakat contributions to the qualified less privileged amongst staff and students of Protasco Berhad.

Malam Anugerah Kontraktor Penyelenggaraan Rutin Cemerlang

17 January 2017

Roadcare (M) Sdn Bhd celebrated 418 small contractors at its 'Malam Anugerah Kontraktor Penyelenggaraan Rutin Cemerlang', held at Saloma Bistro, Kuala Lumpur.

FEBRUARY 2017

Protasco Chinese New Year Lunch 2017

7 February 2017

The Protasco Berhad Group held its Chinese New Year Lunch on 7 February 2017 at Unipark Suria, Kajang.

Contract For Maintenance Of Agricultural Roads In The State Of Perak

17 February 2017

Empayar Indera Sdn Bhd has been awarded by the State Government of Perak both routine and periodic maintenance works for agricultural roads in the State of Perak. The Contract is for a duration of two years which commenced on February 2017.

GROUP FINANCIAL **HIGHLIGHTS**

Turnover
RM1,110.2 Million

Operating Profit
RM42.4 Million

Total Dividend Per Share
6.0 Sen*

Net Assets Per Share
RM0.93**

Year Ended 31 December	2012	2013	2014	2015	2016
Turnover (RM'000)	791,972	969,706	1,061,573	1,305,030	**1,110,207**
Operating Profit (RM'000)	37,472	48,173	57,103	66,757	**42,387**
Profit/(Loss) After Tax & Non-Controlling Interest (RM'000)	37,472	48,173	(46,444)	66,757	**42,387**
Earnings/(Loss) Per Share (sen)***	9.82	12.26	(11.12)	16.17	**10.04**
Total Dividend Per Share (sen)	14.0	10.0	5.0	13.0	**6.0***
Net Assets Per Share (RM)	1.19	1.23	0.99	1.12	**0.93****

* *Including a second dividend of three (3) sen per ordinary share in respect of the financial year ended 31 December 2016 which will be paid on 6 July 2017.*

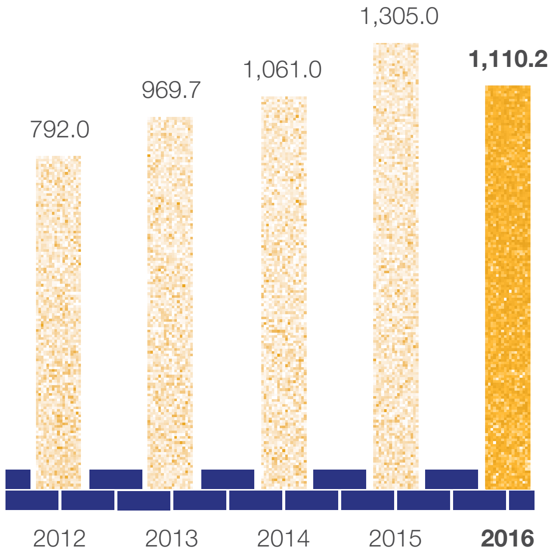
** *After bonus issue.*

*** *The comparative figures for the earnings/(loss) per share have been restated to reflect the adjustments arising from the bonus issue which were completed on 25 November 2016.*

GROUP FINANCIAL **HIGHLIGHTS**

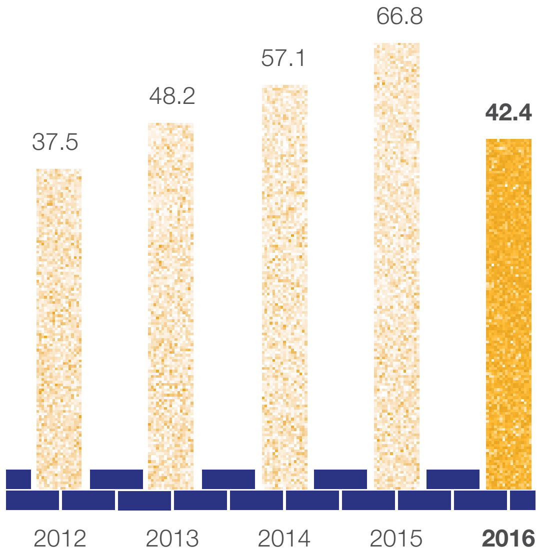
Turnover

(RM Million)



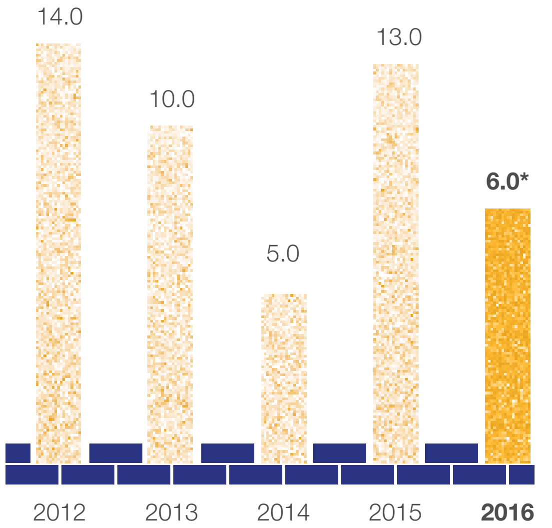
Operating Profit

(RM Million)



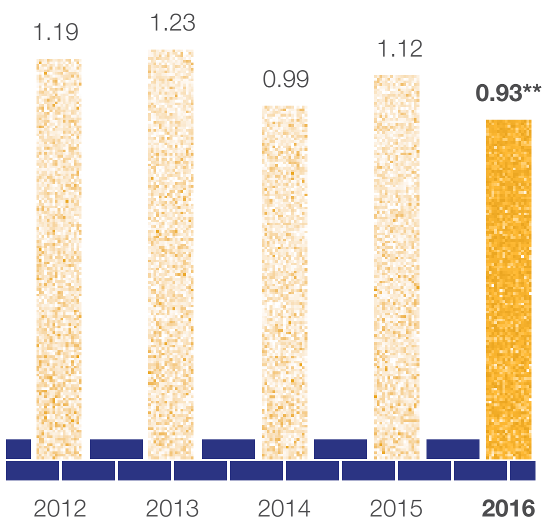
Total Dividend Per Share

(Sen)



Net Assets Per Share

(RM)



CHAIRMAN'S **STATEMENT**

Dear Valued Shareholders,

"On behalf of my fellow Board Members, I am pleased to present Protasco Berhad's Annual Report for the financial year ended 31 December 2016 (FY2016). It has been a moderate year for Protasco due to slow growth in domestic demand for our products and services."

Financial performance

Our FY2016 turnover of RM1.11 billion fell by 14.9% from RM1.31 billion in the preceding year. The decrease is due mainly to a decline in contributions from our Maintenance and Property & Infrastructure Divisions. Nevertheless, we continued to remain profitable during the year and managed to maintain our revenue above the RM1 billion for the third consecutive year despite the challenges faced.

The decreased in turnover has resulted in declined in PATANCI from RM66.8 million in FY2015 to RM42.4 million in FY2016.

Overview

Despite the decline in turnover and PATANCI, the Board and I are convinced that the Group's fundamentals remain robust. We have secured new contracts in our Maintenance Division and the 10-year extension of our Federal road concession, which came into effect in February 2016. We will also commence construction on Phase 2 of PPA1M in 2Q2017 and this will contribute positively to our bottom line. Our maintenance and construction order books of RM4.2 billion and RM721 million respectively grants further assurance that our prospects beyond the near-term remain secure.

With respect to the property sector, the Management believes that the market will remain soft in 2017 due to prevailing market conditions and a tighter lending from financial institutions. The launch of Phase 2B i.e. Rimbawan, comprising mainly high-end properties, will therefore be put on hold until a later date, but in the meantime, we will launch a phase of affordable units at De Centrum City, coupled with new launches in Kota Bharu, Kelantan and shop offices in Pasir Gudang, Johor. We believe that the more affordably priced properties will appeal to a larger segment of the property investing public and will also be easier to finance.

Looking forward

As a result of the challenging business environment, the deadline for our target to breach the RM100 million mark in PATANCI has been pushed back two years from 2018 to 2020.

Internally, Protasco continues to implement initiatives towards becoming a more efficient organisation staffed by quality talent. The Group is implementing a comprehensive business strategic framework using a performance management system based on the Balanced Scorecard System.

We have secured new contracts in our **Maintenance Division** and the 10-year extension of our Federal road concession

Guided by our **ROCK IT value**, Protasco will continue to focus on sustainable growth prioritising steady value creation for you, our shareholders while not neglecting our customers.

With the transformed framework, the diverse business and supporting divisions will be aligned to a convergence strategy; employee will be empowered and rewarded for effectively executing such strategy and ultimately achieving the consensual vision. Guided by our ROCK IT values, Protasco will continue to focus on sustainable growth prioritising steady value creation for you, our shareholders while not neglecting our customers.

Acknowledgement

I would like to take this opportunity to thank my fellow Board Members, whose advice and counsel have been instrumental this past year. I would also like to thank the members of Management as well as all Protasco employees who have played key roles in putting us where we are today. As I have learnt, there are more than 100 employees being with us for at least 20 years, I congratulate you for being crowned as Champion of all Champions and thank you again for having faith in Protasco for such a long time.

Finally, my gratitude also goes out to our stakeholders including our regulators, customers and shareholders, for their unwavering support. Thank you and I look forward to another productive year together.

Tan Sri Datuk Dr Hadenan Bin A Jalil
Chairman

Dato' Sri Ir Chong Ket Pen

Group Managing Director and Executive Vice Chairman

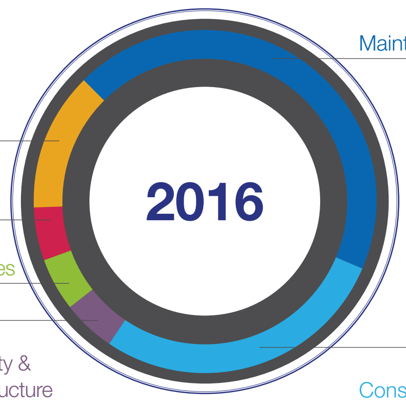
Executive Vice Chairman's Message

"Protasco Berhad's performance for the financial year ended 31 December 2016 (FY2016) was moderate given the challenging operating conditions marked by the slow growth in domestic demand and moderating economic growth in Malaysia. Our business divisions reported mixed financial results for the period under review, but the company's financial position remains resilient with good prospects going forward. In the meantime, we continue to progress on our transformational journey towards becoming an internationally acclaimed conglomerate that is growth and value focused.

We continued delivering on our commitment of creating shareholders' value in FY2016, issuing a three (3) sen interim dividend on an enlarged capital after the completion of the bonus issue. The Board has approved the payment of a second dividend of 3 sen, to be paid on 6 July 2017."

MANAGEMENT DISCUSSION AND ANALYSIS

Group Business Revenue
(%)



Consolidating our position in FY2016

Our FY2016 turnover of RM1.11 billion fell by 14.9% from RM1.31 billion in the preceding year. The decrease is mainly due to a decline in contributions from our Maintenance and Property & Infrastructure Divisions. The performance of our Maintenance Division was affected by the expiry of two road maintenance contracts, the renewal of the Federal Concession in February 2016 as well as expenses incurred for data collection for the performance based contract. The contributions from the Property & Infrastructure Division were comparatively lower as we had completed all scheduled developments and did not launch any new properties in 2016. Nevertheless, despite the weaker performance, we are pleased that the Group's total revenue continued to breach the RM1 billion mark, representing the third consecutive year that we have done so.

The decrease in turnover resulted in a decline in PATANCI from RM66.8 million in FY2015 to RM42.4 million in FY2016.

As a result of the challenging business environment, we have deferred our strategic target of achieving RM100 million in PATANCI in 2018 to 2020. We expect FY2017 to be sustainable for Protasco owing to several factors, which include:

01 The renewal of our Federal Road Maintenance concession in the states of Selangor, Pahang, Kelantan and Terengganu for an additional 10 years effective February 2016, thereby giving the full year effect in revenue contribution in 2017

02 Commencement of construction on Phase 2 of the Perumahan Penjawat Awam 1Malaysia (PPA1M) project in 2017

03 Commencement of construction of the Sungai Besi - Ulu Kelang Elevated Expressway (SUKE) contract

04 The full year effect of the road maintenance contract in the State of Kelantan, which was secured in the 3Q2016

05 New launches of our property development in 2017 as described in the divisional review

06 The award of agriculture roads maintenance in the state of Perak

Our Maintenance Division's order book presently stands at RM4.2 billion and our Construction Division's order book at RM721 million.

DIVISIONAL REVIEW

Maintenance

Protasco is the largest private road maintenance service provider in Malaysia, responsible for over 10,000km of Federal and State roads. Our business units provide routine, periodic and emergency works.

Routine maintenance works have been defined in the agreement which, includes tasks such as landscaping; maintenance of pavements and road shoulders; and cleaning of drainage, road furniture, bridges and culverts.

Periodic maintenance includes pavement strengthening and preventive maintenance to address specific issues within the concession.

Emergency maintenance, meanwhile, is providing rapid response to emergency situation such as floods, landslides, bridge collapses, etc.

Our business units, particularly Roadcare (M) Sdn Bhd, have expertise in the sector and leverage on engineering pool of resources from our Group to advise and consult on road maintenance issues. Existing concessions held by Protasco's business units are detailed in Table 1.

Table 1: Protasco Group's road maintenance concessions as at 28 February 2017

Concession	Concessionaire	Length of Road	Start Date
10-Year Federal Road Maintenance concession in the states of Selangor, Pahang, Kelantan and Terengganu	**Roadcare (M) Sdn Bhd**	7,263km	February 2016
15-Year Federal Road Maintenance concession in Sibu, Bintulu and Mukah in Sarawak	**HCM Engineering Sdn Bhd**	420km	September 2003
7-Year State Road Maintenance contract from the State of Perak	**Empayar Indera Sdn Bhd**	1,959km	January 2013
10-Year State Road Periodic Maintenance contract from the State of Kelantan	**HCM-Kijang Kuari Sdn Bhd**	Based on work orders	August 2016
2-Year Agriculture Road Maintenance contract from the State of Perak *	**Empayar Indera Sdn Bhd**	13,084km	February 2017

* *The contract was awarded in FY2017 and did not contribute to the Group's FY2016 performance*

Note to Table 1:
The concession agreements for two state road maintenance contracts expired in 2016 and were not renewed. These contracts were awarded by the states of Selangor and Terengganu, and the concessions were held by our units KPS-HCM Sdn Bhd and Permint Granite-HCM Sdn Bhd respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

"The Federal Government renewed Roadcare's Federal Road Maintenance concession for roads in Selangor, Pahang, Kelantan and Terengganu for an additional 10 years effective February 2016."

Review of Operations

The Maintenance Division saw a decline in both revenue and profit before tax (PBT) to RM489.0 million (FY2015: RM676.2 million) and RM36.8 million (FY2015: RM80.2 million) respectively, following the expiry of our concession agreements in Selangor and Terengganu in January and August of 2016 respectively. Contributions from our concession in Sarawak held by HCM Engineering Sdn Bhd were also affected in 2016 due to the re-alignment of the Pan Borneo Highway, parts of which overlap with the roads in our concession. As a result, no maintenance activities took place in those portions of the road.

The Federal Government renewed Roadcare's Federal Road Maintenance concession for roads in Selangor, Pahang, Kelantan and Terengganu for an additional 10 years effective February 2016. However, pending the renewal of the concession in 1Q2016, no periodic maintenance works on these roads were awarded, thereby affecting the overall performance of our Maintenance Division in 2016.

2016 also saw us secure a new road maintenance contract with the State of Kelantan together with our business partner Kijang Kuari Sdn Bhd, on a 60:40 basis. The 10-year contract is worth RM25.7 million for the first two years, and subsequently will be reviewed every two years by the Kelantan Public Works Department. The contract with Kelantan only involves the periodic maintenance of roads, but with the successful and expeditious completion of our assigned projects, we are optimistic that we will secure more work orders in 2017.

Divisional Risks

Our road maintenance activities are dependent on numerous factors including the Government's budget for periodic maintenance, the occurrence of events that require additional emergency maintenance and the success of our bids for new and renewal of contracts and concessions. For more detailed information about the risks that we face, please turn to our Statement on Risk Management and Internal Control on page 63 of this report.

Moving Forward

We expect the performance from our Maintenance Division to recover in 2017 due to several factors:

- The Federal concession will fully contribute to revenue following its renewal in 2016
- The new contract in Kelantan
- Our bidding on several other road maintenance contracts

With respect to the latter, we are pleased to report that we have secured a two-year Agricultural Road Maintenance contract from the State of Perak which commenced on 20 February 2017. The contract, which covers 13,084km of rural roads, was awarded to our subsidiary Empayar Indera Sdn Bhd and is worth RM90.1 million over the duration of the contract. Further to this award, we are pursuing more roads maintenance contracts.

Our Maintenance tender book presently stands at over RM1 billion, and we are confident of winning some of those bids.

MANAGEMENT DISCUSSION **AND ANALYSIS**

Construction

Protasco's activities in the Construction Division are focused on the design, construction, upgrading and rehabilitation of roads, bridges, buildings and pavements. HCM Engineering Sdn Bhd is our primary vehicle responsible for managing our construction projects. Our portfolio of completed projects comprises over RM2.7 billion in value, with most of our projects located in Malaysia. Protasco was appointed the developer and contractor for Phase 1 and Phase 2 of the PPA1M projects comprising 2,780 units in Putrajaya. We have received a Letter of Intent (LOI) from the Government of Malaysia to award us Phase 3 of the PPA1M project.

Meanwhile, our subsidiary HCM Engineering Sdn Bhd, together with construction firm Hatimuda Sdn Bhd, has been awarded the contract to construct a package of the Sungai Besi - Ulu Kelang Elevated Expressway (SUKE) worth RM315.8 million. Other ongoing works include road construction in the towns of Sibu and Bintulu in Sarawak (RM77 million), road connection work on the Old Klang Road - New Pantai Expressway (OKR - NPE) (RM58 million) and the construction of a four-storey office building for the Asian Football Confederation (AFC) (RM44 million).

Review of Operations

Turnover for our Construction Division rose to RM305.3 million in FY2016 from RM247.8 million a year ago and PBT rose slightly to RM31.7 million from RM28.8 million during the same time period. The higher profit contributions in FY2016 was due to stringent cost management of our completed projects despite the tail end completion of the PPA1M Phase 1.

With regards to PPA1M Phase 2, we expect to start work in 2Q2017. For SUKE, we started preliminary works on the construction site in 4Q2016 but due to changes in the design by the concessionaire, it will move into full swing in 2Q2017. Our on-going works on the OKR - NPE as well as the construction of the AFC building is also expected to be completed in 2017.

Following the completion of Phase 1 PPA1M project, negotiations on pricing for Protasco to construct Phase 3 of the project, which has been valued at approximately RM120 million has commenced. We will make the appropriate announcements to the stock exchange when the Letter of Award has been issued.

Divisional Risks

Our construction activities depend on numerous factors including the general economic climate of the country, as an overall slowdown will result in lower demand for construction works. Other factors that may affect the profit contribution of our Construction Division include, the cost of raw materials and labour and their availability. For more detailed information about the risks that we face, please turn to our Statement on Risk Management and Internal Control on page 63 of this report.

Moving Forward

Our Construction Division possesses expertise in both buildings and infrastructure. The aim is to replenish our order books by at least RM500 million each year to ensure our business remains sustainable going forward. We have identified several key areas of focus for our Construction Division, namely:

- Highways and infrastructure projects in Malaysia
- Government Housing Projects including additional phases of PPA1M

We believe that there will be a number of infrastructure and development projects coming up for tender under the 11th Malaysia Plan. These projects, as well as the ones identified under the National Transformation Programme, are key opportunities for us to expand our construction footprint. The Construction Division is also casting its net overseas, leveraging on our expertise in road construction and pavement recycling.

Presently our tender book is worth RM4 billion as at 31 December 2016.

MANAGEMENT DISCUSSION **AND ANALYSIS**

Property & Infrastructure

Protasco's Property & Infrastructure Division is focused on the development of De Centrum City, a 100-acre freehold development located in south Kuala Lumpur. De Centrum City is estimated to have a gross development value (GDV) of almost RM10 billion over a 15-year span. When completed, it will consist of high-rise apartments, office towers, SOHO units, a convention centre, hotels, office suites and retail lots.

In 2008, we completed and sold the 20-storey Unipark Condominium comprising two blocks (Block A and B) within De Centrum City. Subsequently in 2016, we completed Phase 1 of our development plan which included the construction of 320 apartment units, 192 SOHO units, 54 shop lots and a retail mall. All developments (which had a total GDV of RM280 million), except for the mall, have been taken up by purchasers. The mall, with a net lettable area of approximately 92,000 sq ft, is retained to generate rental income.

Following the successful execution of the early phases of our development plan, we had launched and completed the construction of two additional residential condominium blocks (Block C and D) under Phase 2A. Under Phase 2A, an additional 240 apartment units and 80 duplex units with a combined GDV of RM220 million were constructed. As at 31 December 2016, approximately 75% of the apartment units have been sold. The duplex units, initially planned for rental to students, is currently open for sales.

Review of Operations

Our Property & Infrastructure Division reported PBT of RM7.5 million (FY2015: RM12.9 million) on the back of RM60.6 million (FY2015: RM150.0 million) in revenue. The lower profit contribution is mainly due to the completion of all scheduled developments and the deferment of the launch of Phase 2B of De Centrum City. As a result, the Property & Infrastructure Division only recognised profit from the sales of units under Phase 2A.

Whilst we had initially planned to launch Phase 2B (Rimbawan) comprising luxury villas and suites (GDV: RM350 million) in 2016, we decided to defer the launch to a later date given the softening of the Malaysian property market. The property market in Malaysia has slackened in 2016 due to the overall slowdown in the economic environment and the more stringent lending policies of financial institutions. These factors have contributed to reduced consumer appetite for higher-end property.

De Centrum City is estimated to have a gross development value (GDV) of almost RM10 billion over a **15-year span.**

In 2016, we completed Phase 1 of our development plan which included the construction of **apartment units, SOHO units, shop lots and retail mall.**

Apartment	320
SOHO	192
Shop lots	54
Retail mall	1

Artist's impression of De Centrum City

MANAGEMENT DISCUSSION
AND ANALYSIS

We are continuously on the lookout for joint venture possibilities with both landowners and governments to develop their land holdings.

Artist's impression of De Centrum City

Divisional Risks

The performance of our Property & Infrastructure Division is dependent on consumer demand for new units. Factors such as economic conditions and lending policies will have a direct impact on consumer appetite for property investment and by extension, on the contributions of our property sales. Our property activities are also affected by general risk factors. For more detailed information about the risks that we face, please turn to our Statement on Risk Management and Internal Control on page 63 of this report.

Moving Forward

De Centrum City remains the primary focus for our Property & Infrastructure Division. However, we expect the Malaysian property market to remain weak in 2017. Despite the obstacles, we recognise that consumer demand for affordable housing remains strong and we will seize this opportunity by launching a new phase of affordable units at De Centrum City. These units will be priced between RM300,000 and RM350,000, and located within a six-acre parcel of land within the development. The GDV of this phase is estimated to be worth RM600 million and we expect to launch the first phase (with GDV of RM300 million) in 4Q2017.

Elsewhere in Malaysia, we are constructing the Telipot Apartment complex in Kota Bharu, Kelantan together with our joint venture partner Pekan Bistari Sdn Bhd, which is a unit of the Kelantan Strategic Economic Development Corporation (SEDC). Comprising 584 units on 1.85 acres of land, the Telipot development has a GDV of RM158 million. The sales of the Telipot Apartment is expected to launch in 2Q2017. Also in 2017, we finalised the details on the construction of two-storey shop offices in Pasir Gudang, Johor, which will have a GDV of approximately RM120 million. We expect to launch in 3Q2017.

We are continuously on the lookout for joint venture possibilities with both landowners and governments to develop their land holdings.

The rehabilitated slopes and waterfall at Bukit Nanas, Kuala Lumpur by Ikram

Engineering & Consultancy

Protasco provides integrated engineering solutions to governments, local authorities and GLCs. Our wholly-owned subsidiary, Kumpulan Ikram Sdn Bhd, has signed a Master Service Agreement (MSA) with the Government of Malaysia to provide forensic engineering services on slopes and slope-related structures. The MSA covers all slope failures throughout Malaysia except for Federal roads, private toll roads and roads pending completion. The contract value is estimated at RM25 million although this figure is subject to actual consumption.

MANAGEMENT DISCUSSION AND ANALYSIS

Our areas of expertise include:

- site investigations
- laboratory testing
- slope studies
- pavement evaluation and data collection
- geotechnical and structural services
- forensic engineering
- design works
- materials certification
- product listing
- research and development
- quality control and assurance

We also have agreements with Datuk Bandar Kuala Lumpur (DBKL) and Tenaga Nasional Berhad (TNB) to provide engineering services and capacity building in geotechnical, pavement and structural services. The two agreements expire in March and May of 2017 respectively with the option for another 5-year renewal.

Our Engineering & Consultancy Division is acknowledged as an industry expert with decades of experience in our areas of specialisation, particularly in the areas of forensic engineering, and investigation in slope and structural failures.

We deploy unique and innovative technologies and facilities in the execution of our work.

Review of Operations

Protasco's Engineering & Consultancy Division reported total revenue of RM76.6 million for FY2016, up 22.6% from RM62.5 million. PBT meanwhile decreased to RM2.5 million in FY2016 from RM2.7 million in FY2015. The decrease was due to impairment loss made on receivables. In addition, the execution of projects through the MSA signed with the Government of Malaysia which came into effect in January 2016 was slower than expected owing to allocation of budget.

FY2016 also saw us commence work on agreements to conduct long-term pavement condition assessment and consultation. The agreements were signed with toll road concessionaires, the Public Works Department, the Malaysian Highway Authority for both Federal and State road concessionaires.

The Division is presently in the midst of discussions with both DBKL and TNB to extend their respective agreements.

Divisional Risk

Demand for our engineering & consultancy services are dependent on the overall economic environment as a slowing economy would affect any capital expansion and thus for our services. For more detailed information about the risks that we face, please turn to our Statement on Risk Management and Internal Control on page 63 of this report.

Moving Forward

The MSA signed with the Federal Government is expected to move into full swing in 2017 and contribute positively to the division's revenue. Meanwhile, we will continue to deploy our technology and expertise in our work with concessionaires to assess road and pavement conditions. Given Kumpulan Ikram's niche expertise in the areas of geotechnical and geo-environmental engineering, pavement, highway and transportation engineering, and structural and material engineering, we are confident of our ability to provide our clients a total engineering solutions.

MANAGEMENT DISCUSSION AND ANALYSIS

"The better performance was driven by higher demand for quarry and bitumen products."

Trading & Manufacturing

Protasco's Trading & Manufacturing activities are undertaken by our wholly-owned subsidiary Protasco Trading Sdn Bhd (PTSB). PTSB's activities complement and support our Maintenance, Construction and Property & Infrastructure Divisions by sourcing and supplying raw materials, equipment and other required resources. These are sourced from reputable local and international suppliers. Our traded goods include:

- Building construction materials
- Pavement-related materials
- Highway safety products
- Bridge-joints
- Cold-mix

Our trading arm is presently the regional product licensee or distributor for the following brands:

- Licensed distributor of KM International USA road repair machines
- Manufacturer and distributor of Ultracrete UK road repair material
- Licensed distributor of Rhinophalt UK pavement preservation
- Licensed distributor of Avery Dennison USA reflective signboard sheeting
- Brand owner of Swedsun bridge expansion joint systems
- Licensed agent for Petronas bitumen
- Licensed distributor of OYO Japan monitoring and sensor equipment

Review of Operations

Our Trading & Manufacturing Division reported a higher revenue of RM171.7 million (FY2015: RM155.2 million) and a higher PBT of RM3.1 million (FY2015: RM2.9 million) in FY2016. The better performance was driven by higher demand for quarry and bitumen products.

Divisional Risk

Demand for our traded goods is linked to the amount of construction activity by our business partners. The division is not expecting its existing product range to grow substantially given the current economic conditions. For more detailed information about the risks that we face, please turn to our Statement on Risk Management and Internal Control on page 63 of this report.

Moving Forward

The primary role of our Trading & Manufacturing Division is to support our other divisions, and prospects for this division will improve in tandem with the others. Additionally, the Trading & Manufacturing Division has embarked on a new strategic plan for 2017 which will see it:

- Source new products with niche advantages
- Team up with strategic partners
- Acquire new exclusive distributorships
- Aggressive marketing for high margin products

Examples of new products include Hitex Anti-Skid to improve safety at blackspot areas, QSeal pavement surface restoration and protection, Microsurfacing on pavements and Hitex Texband for permanent crack and joint repairs.

MANAGEMENT DISCUSSION **AND ANALYSIS**

Our Education Division reported total revenue of RM60.5 million in FY2016 (FY2015: RM58.0 million) and PBT of RM1.6 million (FY2015: RM1.4 million).

Education

Our Education Division is undertaken by Infrastructure University Kuala Lumpur (IUKL). IUKL is a SETARA Tier 5: Excellent institution, a Malaysian Qualifications Agency (MQA) rating recognising it as a full-fledged university ranked among the top private universities in Malaysia. IUKL emphasises the integration of hard and soft aspects of infrastructure development and aspires to develop technopreneurs and skilled manpower with outstanding communication, technological and managerial skills.

IUKL presently offers a full range of tertiary programmes ranging from diploma to doctorate levels through six faculties:

- Faculty of Engineering and Technology Infrastructure
- Faculty of Architecture and Built Environment
- Faculty of Business and Accounting
- Faculty of Arts, Communication and Education
- Faculty of Creative Media and Innovative Technology
- Faculty of Applied Science and Foundation Studies

Review of Operations

Our Education Division reported total revenue of RM57.9 million in FY2016 (FY2015: RM58.0 million) and PBT of RM2.4 million (FY2015: RM1.5 million). The increase in profitability was mainly due to stringent cost controls which improved margins, although total student population remained stable at around 4,000. In September 2016, IUKL moved to a new 12-storey academic block at Unipark Suria. The new academic block is able to accommodate 5,000 students.

In addition to its campus at De Centrum City, IUKL delivers its programmes at a number of franchised locations which are:

- Alpha College of Technology, Negeri Sembilan
- Executive College, Sarawak
- International College of Advanced Technology, Sarawak
- International Institute of Management and Technology, Kuala Lumpur
- Nusantara Institute of Information Technology, Sarawak
- Advance Tertiary College, Kuala Lumpur
- Himalayan College of Management, Nepal
- Sunway International Business School, Nepal

Divisional Risks

The success of an educational institution is dependent on its reputation as well as the demand, both local and international, for private tertiary education. We therefore make considerable efforts to establish IUKL as a university of choice for Malaysian students keen on pursuing a career in infrastructure engineering and other niche areas. To do so, we need to strive to keep our faculty and institution up to date and relevant. For more detailed information about the risks that we face, please turn to our Statement on Risk Management and Internal Control on page 63 of this report.

Moving Forward

We are aiming to grow our student body to 5,000 students with the completion of the new academic building in 2016. With the new block, we can accommodate more students and offer more academic programmes. IUKL remains an important priority for Protasco because of its niche focus on infrastructure education, which is a critical component of nation building. We are looking to create future leaders from our students today and thus support the development of the local Malaysian community.

OUR TRANSFORMATIONAL JOURNEY: BECOMING A REGIONAL POWERHOUSE

Our five-year Business Strategy Framework was rolled out in 2014 as a development plan to enhance the company's capabilities towards becoming an internationally acclaimed conglomerate. Over the last two years, we have focused our efforts on strengthening our human capital and creating a culture within our organisation focused on Protasco's core values, mission and business plan.

Towards this goal, a Performance Management System was introduced and implemented in FY2015 to help our employees better understand their roles and responsibilities. In 2016, we sustained the transformational momentum to enhance and widen the Protasco brand through a comprehensive brand strategy. We also formalised our talent management and leadership plan in the same year.

Supporting the transformation was the launch of our I AM PROTASCO Management Framework, which was designed to optimise efficiencies and improve our capabilities.

There are six elements to the initial Framework:

- Business process automation
- Branding and CSR
- Human capital management
- Strategic planning for business divisions
- Risk management
- Strategic Cost Optimisation

In 2017, we will be introducing a Balanced Scorecard to create a benchmark to measure the performance of our organisation. With this in place, we will be well on our way to our targeted outcomes of satisfied shareholders, delighted customers, efficient and effective processes, and a motivated and prepared workforce.

While the progress of our transformation has been slightly disrupted by the challenging operating environment, we remain convinced that our strategy is on the right track based on our recent performances. We look forward to continuing with the transformation in 2017.

MANAGEMENT DISCUSSION **AND ANALYSIS**

Looking forward to 2017

Since embarking on our transformation journey, Protasco has become a more efficient, focused and dedicated organisation with an employee base committed to our collective goal. Our financial performance over the last few years save for 2016 has shown a growing trend and would have seen us arrive at our target of achieving RM100 million in PATANCI by 2018. However, poor market conditions in 2016 and continuing uncertainty in the coming year have forced us to push the targeted deadline back by two years, to 2020.

For 2017, we expect the economic condition to be challenging. Nevertheless, all business divisions are expected to put in concerted effort owing to the clear visibility of our pipeline of upcoming projects. Our Maintenance Division order book presently stands at approximately RM4.2 billion and will last us until 2026. Our Construction order book of RM721 million will enable us to sustain for another two years. We are committed to replenish our Construction order book by RM500 million annually.

We continue to focus our business efforts on securing long-term concessions rather than one-off projects in order to create a sustainable recurring income and all business divisions are focused on growing their portfolios. The various business divisions are actively bidding for new projects and we are optimistic that we have more than a good chance in winning some of them. Going forward, we will continue to leverage on the Maintenance Division as our core business, supported by the positive contributions from our other business divisions.

Meanwhile, we are also exploring the feasibility of expanding our presence into new sustainable markets, such as hydropower and solar power. While we are still at the early stages of identifying potential projects, we believe that these sectors will create natural synergies with our existing businesses, and also provide us with a steady stream of income when secured. However, we are taking additional precautions to minimise the risks associated with our growth into these areas and carefully considering all possible outcomes. In addition, all these ventures will go through in-depth review by the Board Risk Management Committee before recommending to the Board of Directors for approval.

Our respective Business Divisions have also identified strategic goals for 2017. We believe that these targets, coupled with our internal efforts to strengthen our Management Framework and human capital development, have put us in a good position to expand our presence and enhance our shareholder value creation capabilities.

Thank you.

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

CORPORATE SOCIAL RESPONSIBILITY **STATEMENT**

At Protasco, we believe that corporate responsibility is a virtuous cycle. To us, every act of ‘giving back’ is an opportunity to help build and grow sustainable environments. With every community we support, the Group continues to ensure growth and deliver value for a better quality of life.

Road Safety programme at Putra Perdana Puchong, supported by Roadcare (M) Sdn Bhd

“We are committed to provide a workplace that promotes safety, health and wellbeing to our employees.”


Protasco Group’s annual inter-divisional sports carnival - PROSCAR

Protasco has contributed substantially in the form of support, programmes and partnerships to the communities where the company has presence.

Our Employees

Employees are at the core of Protasco and through the I AM PROTASCO strategy - an employees’ engagement initiative, efforts are made to enable a working environment that are open, honest and respectful, with clear values to abide to. We are committed to provide a workplace that promotes safety, health and wellbeing to our employees.

We see our employees as individuals who deserve opportunities to develop and achieve their full potential. The Performance Management System (PMS) that is aligned with the Core Values enables them to determine their own career growth. Protasco encourages inclusion and celebrates diversity at the various levels of job skills and geography. At the same time, work-life balance has always been a culture within the Group, and teamwork and strong professional relationship is built beyond the office building via fun departmental outings.

Inter-company bonding are strengthened through activities which include the employee CSR initiatives. A few initiatives in 2016 were carried out, including an outing to purchase school uniform in December 2016 with the occupants of Rumah Anak-Anak Yatim Pertubuhan Islam Peribadi Mulia in Sungai Kantan, Kajang. Other initiatives include social activities with special children in Rumah Kanak-Kanak Istimewa Klang, as well as bringing smiles to the occupants of the Rumah Orang Tua Kenanga, Cheras.

The company also provides strong support to employee welfare beyond the office setting. An employee-led Welfare Club was 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.


‘Back-To-School’ Programme

CORPORATE SOCIAL RESPONSIBILITY **STATEMENT**

> "Giving back to the community is very much part of Protasco. With our strength in various aspects of infrastructure, Protasco gives back in many ways."

'Back-To-School' programme in Gua Musang, Kelantan

Roadcare CSR in Sungai Besar, Kuala Selangor

The Community

Giving back to the community is very much part of Protasco. With our strength in various aspects of infrastructure, Protasco gives back in many ways.

Protasco's Maintenance Division has always been a strong supporter in the communities we run our businesses in. Assistance where emergency relief was required has been proactively rendered to those effected, be it for flood disasters or other form of catastrophes. In mid 2016, the Division supported the people of Sungai Besar, Selangor as the community faced calamity in a freak storm that destroyed many homes and left many homeless during the Raya festivities. Monetary commitment was presented to the Ahli Dewan Undangan Negeri (ADUN) of the area for a disaster relief fund for the community. Emergency relief initiatives had also been given out to various localities by the Division particularly in areas where the roads are maintained by the companies under Protasco's Maintenance Division.

In December of 2016, the Division partnered with Yayasan MyKasih to sustainably assist underprivileged families in Perak with a commitment to support their monthly expenses on everyday necessities. Protasco's Maintenance Division has also consistently given out a substantial commitment in the form of zakat and contributions for the annual Qurban festivities to the Perak and Pahang communities.

Protasco's Education Division, through Infrastructure University Kuala Lumpur (IUKL), has long pledged a strong commitment towards providing knowledge to members of the community at large. We encourage excellence and reward top students with fee waivers. In fact, since the University's inception in 1998 (then IKRAM College), the reward contribution has accumulated to millions of Ringgit in value. 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.

CORPORATE SOCIAL RESPONSIBILITY **STATEMENT**

MyKasih 'Love My Neighbourhood' Food Aid Programme

The Environment

Managing how our business affects the environment is key to being a responsible organisation. Across the Divisions, many initiatives have been introduced to reduce our impact to the environment and creating value for the stakeholders.

Protasco's Engineering Consultancy & Services Division impart our geotechnical skills such as in the treatment of slopes using environment friendly techniques such as soil confinement systems that promotes the growth of vegetation, therefore keeping a balance in the ecosystem.

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

The Property & Infrastructure Division continuously looks into optimising its building designs to promote sustainable environment.

> "The Property & Infrastructure Division continuously looks into optimising its building designs to promote sustainable environment."

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' Mohd Hanif Bin Sher Mohamed
Independent Non-Executive 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

Lim Yew Ting
Independent Non-Executive Director

PROFILE OF DIRECTORS

Tan Sri Datuk Dr Hadenan Bin A Jalil

Chairman
Independent Non-Executive Director

Nationality	MALAYSIAN
Age	71
Gender	MALE
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), 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 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 Advisory Board of Malaysian Anti-Corruption Commision 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. He is also Chairman of THP Sinar Sdn Bhd and member of the Economic Advisory Council Malacca.

PROFILE OF DIRECTORS

Dato' Sri Ir Chong Ket Pen

Executive Vice Chairman/ Group Managing Director

Nationality	MALAYSIAN
Age	62
Gender	MALE
Term of Office	Director of Protasco Berhad since 18 May 2001

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 registered Chartered Engineer with the United Kingdom's Engineering Council, 1987
- A member of the Institution of Civil Engineers, United Kingdom, 1985
- A registered Professional Engineer with the Board of Engineers Malaysia (BEM)
- A member of the Institute of Engineers Malaysia (IEM), 1984

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 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.

PROFILE OF **DIRECTORS**

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

Nationality	MALAYSIAN
Age	52
Gender	MALE
Term of Office	Director of Protasco Berhad since 16 December 2014

Education & Qualification

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

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

PROFILE OF **DIRECTORS**

Dato' Mohd Hanif Bin Sher Mohamed

Independent Non-Executive Director

Nationality	MALAYSIAN
Age	65
Gender	MALE
Term of Office	Director of Protasco Berhad since 28 November 2012

Board Committee

- Chairman of the Audit Committee

Education & Qualification

- Masters in Business Administration

- 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 extensive experience in Banking & Finance including strategic planning, risk management, corporate finance, 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 a Director of Credit Guarantee Corporation, Danajamin Nasional Berhad, Agro Bank and Mieco Chipboard Berhad.

Other Public Company Directorship & Offices

He is currently Chairman and Director of Sivash Holdings Berhad, Credit Counselling and Debt Management Agency (AKPK) and is a Director of Public Investment Bank Berhad and Public Mutual Berhad. He is also a member of the Small Debt Resolution Committee at Bank Negara Malaysia and a faculty member at the Financial Institutions Directors' Education Programme (FIDE).

PROFILE OF **DIRECTORS**

Dato' Tan Yee Boon

Independent Non-Executive Director

Nationality	MALAYSIAN
Age	42
Gender	MALE
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
- A member of the Audit Committee
- A member of Board Risk Management Committee

Education & Qualification

- Admitted as an Advocate & Solicitor, High Court of Malaya, 1999

- A Certificate of Legal Practice from Malaysia, 1998
- A Bachelor of Law (Honours) degree from University of South Wales, 1997

Skills & Experience

Dato' Tan Yee Boon possesses more than 18 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 Berhad and Director of companies listed on the Hong Kong Stock Exchange being Earnest Investments Holdings Limited, China Dynamic Holdings Limited and Worldgate Global Logistic Limited.

PROFILE OF **DIRECTORS**

Ir Tan Heng Kui

Non Independent Non-Executive Director

Nationality	MALAYSIAN
Age	60
Gender	MALE
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
- An Honorary Fellow 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.

PROFILE OF **DIRECTORS**

Suhaimi Bin Badrul Jamil

Independent Non-Executive Director

Nationality	MALAYSIAN
Age	54
Gender	MALE
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 Graduate Diploma in Accounting, Australian National University, 1986
- A Bachelor of Economics (with specialisation in accounting), Australian National University, 1985
- A Chartered Accountant (Malaysia) with the Malaysian Institute of Accountants

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.

PROFILE OF **DIRECTORS**

Lim Yew Ting
Independent Non-Executive Director

Nationality	MALAYSIAN
Age	62
Gender	MALE
Term of Office	Director of Protasco Berhad since 1 August 2016

Board Committee

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

Education & Qualification

- A Bachelor of Accounting (Hons) from the University of Malaya
- A member of The Malaysian Institute of Certified Public Accountants

Skills & Experience

Lim Yew Ting started his career in 1980 in Bank Negara Malaysia as a Bank Examiner in the Examination Department and a Senior Officer in the Accounts Department. In 1986, he was seconded to the then Capital Issues Committee, Ministry of Finance and was responsible for processing and supervising corporate proposals.

Lim Yew Ting left public service in 1992 to join Aokam Perdana Berhad as Assistant General Manager and subsequently Rahman Hydraulic Tin Berhad as General Manager in 1996, where he was involved in corporate finance. In 1998, he joined Kumpulan Ikram Sdn Bhd as General Manager, Corporate Advisory and in 2002; he became its Senior General Manager, Corporate Advisory.

Since 2003 until 2014, Lim Yew Ting held various positions in Protasco Berhad Group of Companies including as General Manager of Group Corporate Planning, Chief Operating Officer in Kuala Lumpur Infrastructure University College (now known as Infrastructure University Kuala Lumpur) and Executive Director of Group Corporate Office.

His last appointment in the Protasco Berhad Group before his resignation in 2014 was as Corporate Advisor.

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 five (5) 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 48 on page 167 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.

PROFILE OF
SENIOR MANAGEMENT TEAM

Dato' Sri Su-Azian @ Muzaffar Shah Bin Abdul Rahman

Managing Director, Construction & Maintenance Divisions

Nationality	Malaysian
Age	52
Gender	Male

Please refer to profile of Board of Director on page 36.

Dato' Ir Chong Ther Nen

Managing Director, Property & Infrastructure Division

Nationality	Malaysian
Age	36
Gender	Male

Date Appointed to Management Team

January 2010

Education & Qualification

- Master of Engineering Science, University of Melbourne, Australia, 2005
- Bachelor of Civil Engineering (Hons), University of Melbourne, Australia, 2003

- Registered with Board of Engineers, Malaysia, 2010
- Corporate Member, Institute of Engineering, Malaysia, 2010
- A member, Institute of Engineers, Australia, 2004

Working Experience

- Managing Director, Property & Infrastructure, Protasco Berhad, 2014
- Executive Director, International Business & Property Development Division, Protasco Berhad, 2013
- Special Assistant to Group Managing Director, Protasco Berhad, 2012
- Director, Ikram Centre of Excellence for Sustainability & Green Technology (ICSG), 2010
- Senior Engineer, Research & Documentation Unit, Infrastructure Research & Development Centre (IRDC), 2009
- Senior Pavement Engineer, Technical Consulting, VicRoads Australia, 2006 - 2008

Dato' Ir Chong Ther Nen is the eldest son of Dato' Sri Ir Chong Ket Pen, Executive Vice Chairman/Group Managing Director and major shareholder of Protasco Berhad.

PROFILE OF
SENIOR MANAGEMENT TEAM

Dato' Ir Tan Swee Kee

Executive Director, Engineering & Consultancy Division

Nationality	Malaysian
Age	65
Gender	Male

Date Appointed to Management Team
September 2000

Education & Qualification
- Bachelor of Engineering Honours Degree (Civil), University of Malaya, 1976
- Professional Engineer with Practicing Certificate (Reg No: C14264)

Working Experience
- Executive Director, Kumpulan IKRAM Sdn Bhd, 2013 - Present
- Chief Executive, IKRAM Infrastructure & Asset Management (IIAM) & Training Group (ITiDi & ISRA), 2010
- Director, IKRAM Training & Infrastructure Development Institute (ITiDi) & CEO, IKRAM Skills & Retraining Academy (ISRA), 2008
- Director, IKRAM Training & Infrastructure Development Institute (ITiDi), 2007
- Director, IKRAM Training & Infrastructure Development Institute (ITiDi) & Deputy Chief Executive Officer, IKRAM College of Technology (iCT), 2000
- Director, Quality and Productivity Division at Jabatan Pengairan & Saliran Malaysia, 1998
- Chief Engineer of the Research Division at Jabatan Pengairan & Saliran Malaysia, 1992
- Deputy Director of the Research and Training Division of Jabatan Pengairan & Saliran Malaysia, 1988
- Chief Resident Engineer of another World Bank funded Kerian - Sg. Manik Development Project in Perak, 1984
- Senior Resident Engineer of the World Bank funded North Kelantan Development Project, 1979

Dato' Ronnie Yap Kee Tian

Executive Director, Protasco Trading & Manufacturing Division

Nationality	Malaysian
Age	43
Gender	Male

Date Appointed to Management Team
July 2001

Education & Qualification
- Candidate for B.A. (Hons.) in Business Administration, University of Coventry, United Kingdom, 1994 - 1995
- Certificate in Business Administration & Higher Diploma in Business Administration, INTI College, Petaling Jaya, 1994

Working Experience
- Executive Director, Protasco Trading Sdn Bhd, January 2014
- General Manager, Protasco Trading Sdn Bhd, July 2001
- Assistant Manager Marketing, Protasco Trading Sdn Bhd, September 1997

PROFILE OF
SENIOR MANAGEMENT TEAM

Ir Edward Khoo Mong Wei

Executive Director, Property & Construction Divisions

Nationality	Malaysian
Age	39
Gender	Male

Date Appointed to Management Team

June 2009

Education & Qualification

- Bachelor of Engineering (Civil), (Hons), University of Melbourne, Australia, 2000

- Green Building Index (GBI) Accredited Facilitator, 2010
- Chartered Professional Engineer of Australia (CP Eng), 2007
- Professional Engineer Membership, National Professional Engineering Register, Australia (NPER), 2007
- Professional Engineer Membership, Board of Engineers Malaysia (BEM), 2006
- Professional Engineer Membership, Institute of Engineers Malaysia, 2006

Working Experience

- Executive Director, Property Development Division, Protasco Berhad/Director, Protasco Development Sdn Bhd, November 2013
- Project Director, Protasco Development Sdn Bhd, June 2009
- Project Engineer, with Cardno Grogan Richards in Melbourne, Australia, 2007
- Project Manager, Mahajaya Berhad, 2004
- Structural Engineer, Sepakat Setia Perunding, 2001

Prof Dr Roslan Bin Zainal Abidin

President & Vice Chancellor, Education Division

Nationality	Malaysian
Age	58
Gender	Male

Date Appointed to Management Team

January 2013

Education & Qualification

- Phd (Agricultural Engineering), Kagoshima University, Japan, 1992
- M. Sc (Agricultural Engineering), Miyazaki University, Japan, 1989
- Japanese Language Certificate, Kyushu University, Japan, 1987
- Advanced Diploma - Civil Engineering Institut Teknologi MARA, Malaysia, 1981
- Diploma - Civil Engineering, Institut Teknologi MARA, Malaysia, 1979

- Malaysia Hydrological Society, Department of Irrigation & Drainage, Malaysia, 2001
- Institute of Engineers Malaysia, 1984
- Board of Engineers Malaysia, 1983

Working Experience

- President & Vice Chancellor, Infrastructure University Kuala Lumpur (IUKL), January 2013
- Senior Vice President, Infrastructure University Kuala Lumpur (IUKL), September 2012
- Vice President, Kuala Lumpur Infrastructure University College (KLIUC), July 2011
- Dean, Faculty of Engineering, Kuala Lumpur Infrastructure University College (KLIUC), January 2011
- Director of IRCDIP, Universiti Teknologi MARA, Malaysia, 2008
- Director of NASEC, Universiti Teknologi MARA, Malaysia, 2004
- Head of NASEC, Universiti Teknologi MARA, Malaysia, 2002
- Professor, Universiti Teknologi MARA, Malaysia, 2001
- Associate Professor, Universiti Teknologi MARA, Malaysia 1997
- Senior Lecturer, Universiti Teknologi MARA, Malaysia, 1995
- Engineer, Department of Irrigation & Drainage Malaysia, 1981

PROFILE OF
SENIOR MANAGEMENT TEAM

Dato' Wan Imran Bin Wan Omar
Chief Operating Officer, Maintenance Division

Nationality	Malaysian
Age	43
Gender	Male

Date Appointed to Management Team
September 2015

Education & Qualification
- Master of Business Administration (Construction Business), International Islamic University Malaysia, May 2015
- Bachelor in Quantity Surveying, Universiti Teknologi Malaysia, June 1997

Working Experience
- Chief Operating Officer, Roadcare (M) Sdn Bhd, 2015
- Asst General Manager, Roadcare (M) Sdn Bhd, 2013
- Contracts Manager, Roadcare (M) Sdn Bhd, August 2007
- Area Manager Kerteh, Roadcare (M) Sdn Bhd, February 2007
- Quantity Surveyor, Roadcare (M) Sdn Bhd, 2006
- Contracts Officer Kelantan, Roadcare (M) Sdn Bhd, 2002
- Senior Quantity Surveyor, Pasir Puteh Development Corporation Sdn Bhd, 2001
- Site Quantity Surveyor, Ranhill Bersekutu Sdn Bhd, 1999
- Assistant Contract Manager, Pengurusan KPRJ Ranhill Sdn Bhd, 1997

Khor Hooi Ling
Company Secretary

Nationality	Malaysian
Age	48
Gender	Female

Date Appointed to Management Team
May 2001

Education & Qualification
- An Associate Member of The Malaysian Institute of Chartered Secretaries and Administrators (MAICSA)

Working Experience
- Company Secretary, Protasco Berhad, 2001
- Assistant Manager, PFA Corporate Services Sdn Bhd, 1994
- Secretarial Assistant, Secretarialmasters Services Sdn Bhd, 1993

PROFILE OF
SENIOR MANAGEMENT TEAM

Chong Ther Vern

Executive Director, Group Corporate Office

Nationality	Malaysian
Age	33
Gender	Male

Date Appointed to Management Team

January 2017

Education & Qualification

- Master of Sustainable Energy, RMIT University, Melbourne, Australia, 2011
- Master of Finance, RMIT University, Melbourne, Australia, 2005
- Bachelor of Electronic Engineering (Hons), RMIT University, Melbourne, Australia, 2003

- A Graduate Member, Institute of Engineers, Malaysia, 2010

Working Experience

- Executive Director, Group Corporate Office, Protasco Berhad, January 2017 - (Present)
- Business Development Consultant, Protasco Berhad & Head of De Centrum Mall, De Centrum Development Sdn Bhd, March 2016
- Managing Director, Tutti Frutti Australia Pty Ltd, January 2011
- Head of After Sales Service, XiMAX Communications Sdn Bhd, October 2009
- Electronic Engineer, XiMAX Communications Sdn Bhd, September 2006

Chong Ther Vern is the son of Dato' Sri Ir Chong Ket Pen, Executive Vice Chairman/Group Managing Director and major shareholder of Protasco Berhad.

Low Kian Seng

Director, Strategic Planning & Advisory Services

Nationality	Malaysian
Age	46
Gender	Male

Date Appointed to Management Team

January 2013

Education & Qualification

- Bachelor of Commerce (Accounting), University of Southern Queensland, Australia, 2001
- Diploma in Business Studies, HELP Institute, 1995
- Third Level Group Diploma in Accounting, London Chamber of Commerce and Industry (LCCI),1991

- A member of Malaysian Institute of Accountants (MIA), Malaysia, 2009
- A member of Certified Practising Accountants (CPA), Australia, 2007

Working Experience

- Director, Strategic Planning & Advisory Services, Protasco Berhad, January 2017
- Director, Corporate Office, Protasco Berhad, 2016
- Director, International Business, Protasco Berhad, 2013
- General Manager, Protasco Trading Sdn Bhd, 2012
- General Manager, XiMAX Communications Sdn Bhd, 2008
- Senior Manager, QP Industries Sdn Bhd, 2006
- Manager, Operations, Protasco Trading Sdn Bhd, 2003
- Accountant, Kumpulan Ikram Sdn Bhd, 1997

PROFILE OF
SENIOR MANAGEMENT TEAM

Ho Chun Fuat
Director, Corporate Finance

Nationality	Malaysian
Age	50
Gender	Male

Date Appointed to Management Team
January 2014

Education & Qualification
- Chartered Accountant, Malaysian Institute of Accountants, 1993
- Certified Public Accountant, Malaysian Institute of Certified Public Accountant, 1993

Working Experience
- Chief Financial Officer, Malayan United Industries Berhad (MUI), August 2012
- Joint Company Secretary of MUI, MUI Properties Berhad, Pan Malaysian Industries Berhad, Metrojaya Berhad and MUI Continental Insurance Berhad (currently known as MUI Continental Berhad), December 2011
- Group Financial Controller, Malayan United Industries Berhad, October 2011
- Director, Finance and Corporate Strategy, Two-p Technology (M) Sdn Bhd, April 2010
- Senior Manager, Corporate Finance, Bolton Berhad, December 2007
- Group Accountant, Bolton Berhad (now known as Symphony House Berhad), February 2007
- Advisor, Asia Telecommunication (M) Sdn Bhd, August 2006
- Chief Financial Officer, Pan Pacific Asia Berhad, 2001
- Group Financial Controller, Uniphoenix Corporation Berhad, 1998
- Assistant General Manager, Corporate Finance, Uniphoenix Corporation Berhad, 1996
- Senior Manager, Corporate Finance, Uniphoenix Corporation Berhad, 1995
- Manager, Corporate System Planning, Uniphoenix Corporation Berhad, 1993
- Audit Experience Senior, Hanafiah Raslan & Mohamed/ Arthur Andersen & Co, 1993
- Audit Senior, Hanafiah Raslan & Mohamed/ Arthur Andersen & Co, 1991
- Audit, Hanafiah Raslan & Mohamed/ Arthur Andersen & Co, 1987

Muhammad Hafidzi Bin Abu Bakar
Chief Financial Controller, Accounts & Finance

Nationality	Malaysian
Age	44
Gender	Male

Date Appointed to Management Team
December 2012

Education & Qualification
- Master of Business Administration (Finance), Infrastructure University Kuala Lumpur, 2012
- Bachelor of Accounting (Honours) International Islamic University, 1997

- A member of Malaysian Institute of Accountants (MIA), 2001

Working Experience
- Chief Financial Controller, Protasco Berhad, 2012
- Director, Finance Division, Infrastructure University Kuala Lumpur, 2010
- Accountant, Kumpulan Ikram Sdn Bhd in, 2003
- Internal Auditor, Kumpulan Ikram Sdn Bhd, 2001
- Audit Senior, SJ Grant Thornton, 1997

Notes:
(i) Save as per disclosed, none of the Senior Management have:
a. any family relationship with any Directors and/or major shareholders of the Company
b. any conflict of interest with the Company
c. any directorship in public companies

(ii) None of the Senior Management have any convictions for offences other than traffic offences within the past five (5) years.

(iii) None of the Senior Management have any public sanction or penalty imposed by the relevant regulatory bodies during the financial year 31 December 2016.

AUDIT COMMITTEE **REPORT**

COMPOSITIONS AND ATTENDANCE

The Audit Committee comprises of three members, all of whom are Independent Non-Executive Directors.

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

Members	Date of Appointment	No. of Meeting Attended
Dato' Mohd Hanif Bin Sher Mohamed *Chairman (Independent Non-Executive Director)*	29 November 2012	5/5
Dato' Tan Yee Boon *Member (Independent Non-Executive Director)*	7 August 2014	5/5
Suhaimi Bin Badrul Jamil *Member (Independent Non-Executive Director)*	16 December 2014	5/5

The Nominating Committee reviews the term of office and performance of the Audit Committee and each of its members annually to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.

The Audit Committee Terms of Reference (TOR) is available at www.protasco.com.my.

MEETINGS

The Audit Committee held five meetings in 2016 without the presence of other Directors and employees, except when the Audit Committee requested their attendance.

The Manager of Internal Audit, who is also the Head of Internal Audit attended all Audit Committee meetings to table the Internal Audit reports.

The Chief Financial Controller presented the quarterly financial statements to the Audit Committee for review and recommendation for the Board's approval and adoption.

Minutes of each Audit Committee meeting were recorded and tabled for confirmation at the next following Audit Committee meeting.

SUMMARY OF WORKS

The main works undertaken by Audit Committee during the year are as follow:

1) Financial Reporting

a) The quarterly financial statement for the fourth quarter of 2015 was presented by the Chief Financial Controller to the Audit Committee on 22 February 2016.

b) The quarterly financial statements for the first, second and third quarters of 2016 were reviewed at the Audit Committee meetings on 19 May 2016, 18 August 2016 and 17 November 2016, respectively.

2) External Audit

a) The Audit Committee at its first meeting held on 22 February 2016 conducted an assessment of External Auditors. The Audit Committee reviewed the quality of services, sufficiency of resources, independence and interaction with management.

The Audit Committee was satisfied with the External Auditors technical competency and audit independence. As such, the Audit Committee agreed to propose for the appointment of External Auditors for the next financial year.

AUDIT COMMITTEE **REPORT**

b) The Audit Committee held private meetings with the External Auditors twice in 2016 without the presence of the Management and Internal Auditors on 22 February 2016 and 28 March 2016.

c) The Audit Committee was informed on 28 March 2016 that External Auditors has reviewed the draft Statement on Risk Management and Internal Control (SRMIC), and furnished a letter of clearance in respect of the SRMIC accordingly. The draft SRMIC was approved for recommendation to the Board.

d) On 28 March 2016, the draft Audited Financial Report for financial year 2015 was tabled to Audit Committee for reviewed and deliberation, and recommendation be made to the Board for approval.

3) Internal Audit

a) The Audit Committee has assessed the Internal Auditors and recognised the competency and effectiveness of the Internal Auditors during the meeting on 22 February 2016.

b) The Audit Committee has reviewed the draft Audit Committee Report and agreed to be included in the Annual Report 2015 on 28 March 2016.

c) The Head of Internal Auditors has presented the reports of audit assignments completed in 2015 on 22 February 2016 and 28 March 2016.

d) The Internal Audit team conducted the audit activities as per the 2016 Risk Based Audit Plan approved by the Audit Committee on 22 February 2016.

The Head of Internal Audit presented the Internal Audit report at each of Audit Committee meeting during the year on 28 March 2016, 19 May 2016, 18 August 2016 and 17 November 2016. A total of 17 assignments were completed in 2016.

e) On 18 August 2016, the Head of Internal Audit has briefed the Audit Committee on the revised Audit Committee's Terms of Reference and Audit Committee has recommended to the Board for adoption.

f) The Audit Committee had accepted the Internal Audit Plan for 2017 on 17 November 2016.

INTERNAL AUDIT FUNCTION

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.

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 Audit Committee or the Management;

iii) Reviewing and assessing the compliance with the established policies and procedures;

iv) Identifying areas to improve the operations and business processes in the Group; and

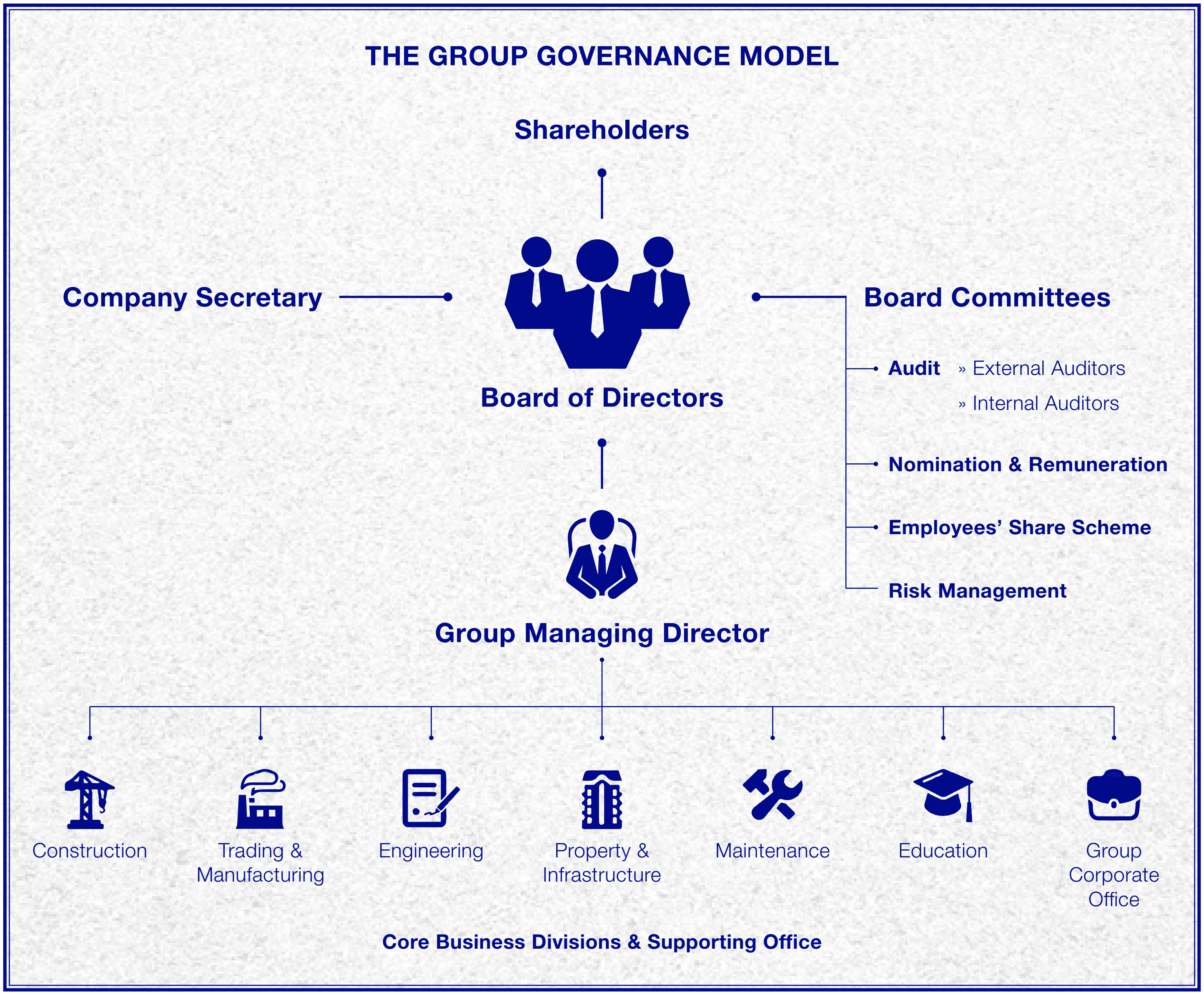
v) Recommending improvements on the existing internal controls in the Group.

Total costs incurred by Internal Audit Department to discharge its functions and responsibilities in 2016 amounted to RM305,000.

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.



STATEMENT ON CORPORATE GOVERNANCE

The Group has applied the eight principles of MCCG 2012 along with the Corporate Governance Model 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 Constitution, 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 pages 34 to 41 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 endeavours 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.

STATEMENT ON **CORPORATE GOVERNANCE**

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 235 of the Companies Act 2016. They are both Associates members of the Malaysia Institute of Chartered Secretaries and Administrators ("MAICSA"). The Company secretaries provide support to the Board in fulfilling its fiduciary duties. They are responsible in advising the Board with regard to the Company's constitution, Board policies and procedures, and its compliance with regulatory requirements, codes, guidance and legislations as well as best practices of corporate governance. All Directors have access to the advice and services of the Company Secretaries. The Company Secretaries ensure deliberations of Board, Board Committee and general meetings are well documented and maintained in the statutory records at the registered office of the Company.

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.

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.

PRINCIPLE 2: STRENGTHEN COMPOSITION OF THE BOARD

BOARD COMPOSITION AND BALANCE

At present, there are eight (8) members of the Board comprising two (2) Executive and six (6) Non-Executive Directors. There is a balance in the Board with the presence of five (5) Independent Directors in the eight (8) member board with the necessary skills and experience. Hence, the ratio of Independent Directors to Non-Independent Directors is 5:3. All the Independent Directors have neither business nor other relationships that could significantly interfere with the exercise of their independent judgement.

STATEMENT ON CORPORATE GOVERNANCE

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
	Lim Yew Ting	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
	Lim Yew Ting	Independent Non-Executive Director	Member
Board Risk Management Committee	Suhaimi Bin Badrul Jamil	Independent Non-Executive Director	Chairman
	Dato' Tan Yee Boon	Independent Non-Executive Director	Member
	Ir Tan Heng Kui	Non-Independent Non-Executive Director	Member

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 is confident that the diversity of the current Board's composition in terms of age distribution, education, professional experience, skills and knowledge could facilitate in decision making through different insights and perspectives of its members.

The Board also 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 Constitution, at each Annual General Meeting (AGM), 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.

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

STATEMENT ON **CORPORATE GOVERNANCE**

BOARD EVALUATION

The Board undertakes 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 2017 covers the following areas:

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

NOMINATION AND REMUNERATION COMMITTEE AND ITS PROCESSES

The Company's NRC is made up of two (2) Independent Non-Executive Directors & one (1) Non-Independent Non-Executive Director. 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 of Directors 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.

STATEMENT ON CORPORATE GOVERNANCE

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 2016 are as follows:

	RM'000
Executive:	
Salaries and emoluments	1,863
Bonus	2,353
Contributions to defined contribution plans	506
Estimated money value of benefits-in-kind	35
Non-Executive:	
Fee and other emoluments	527
Contributions to defined contribution plans	5

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

	No. of Directors
Executive:	
RM550,001 - RM600,000	1
RM4,150,001 - RM4,200,000	1
Non-Executive:	
Below RM50,000	2
RM50,001 - RM100,000	3
RM100,001 - RM150,000	1
RM150,001 - RM200,000	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.

STATEMENT ON **CORPORATE GOVERNANCE**

Non-Executive Directors

The remuneration of non-executive directors shall be proposed by NRC, reviewed by the Board and ultimately approved by the Shareholders, which comprises the following:

Director's Fee	Non-Executive Directors receive fees. The fees are to be determined and recommended by the Board and to be approved by shareholders.
Meeting Allowance	The Non-Executive Directors of the Company will receive meeting allowance for attending Board Committee meetings, Board meetings and general meetings. 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) developed or sold by the Company and insurance policy for Directors and Officers.

EMPLOYEES' 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 By-Laws 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 By-Laws.

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.

PRINCIPLE 3: REINFORCE INDEPENDENCE OF THE BOARD

DIRECTOR INDEPENDENCE

The Company has a nine year policy for independent non-executive directors, in line with the recommendation of the MCCG 2012. Currently, none of the Independent Directors has served the Company for more than a cumulative term of nine (9) years. However, an Independent Director may continue to serve on the Board after reaching the nine (9) year limit as a Non-Independent Non-Executive Director. In the event the Board intends to retain the Director as Independent after the latter has served accumulative term of nine (9) years, the Board must justified the decision and seek shareholders' approval at General Meeting.

STATEMENT ON CORPORATE GOVERNANCE

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's post is 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 (AC) meetings and Annual General Meeting (AGM) 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, seven (7) board meetings were held. Details of Directors' attendance are set out as follows:

Name of Director	Total Number of Meetings Attended
Independent Non-Executive Directors	
Tan Sri Datuk Dr Hadenan Bin A Jalil	7/7
Dato' Mohd Hanif Bin Sher Mohamed	7/7
Dato' Tan Yee Boon	6/7
Suhaimi Bin Badrul Jamil	6/7
Lim Yew Ting (appointed on 01/08/2016)	2/2
Non-Independent Non-Executive Director	
Ir Tan Heng Kui	6/7
Executive Directors	
Dato' Sri Ir Chong Ket Pen	7/7
Dato' Sri Su-Azian @ Muzaffar Syah Bin Abd Rahman	6/7

STATEMENT ON **CORPORATE GOVERNANCE**

PROFESSIONAL DEVELOPMENT

All Directors have attended and obtained certification from the Mandatory Accreditation Programme (MAP). Upon recommendation made by the NRC who had accessed 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	18 November 2016	CG Breakfast Series with Directors: The Cybersecurity Threat and How Board Should Mitigate the risk, Bursa Malaysia.
Dato' Sri Ir Chong Ket Pen	26 February 2016	CG Breakfast Series for Directors: Improving Board Risk Oversight Effectiveness, Bursa Malaysia
	6 May 2016	CG Breakfast Series: "The Strategy, The Leadership, The Stakeholders And The Board", Bursa Malaysia
	26 September 2016	Advocacy Sessions on Management Discussion & Analysis for CEO and CFO of Listed Issues, Bursa Malaysia
Dato' Mohd Hanif Bin Sher Mohamed	6 April 2016	Focus Group Series: Corporate Governance Disclosures, Bursa Malaysia
	26 April 2016	Audit Committee Institute Breakfast Roundtable 2016, KPMG
	6 May 2016	CG Breakfast Series: "The Strategy, The Leadership, The Stakeholders And The Board", Bursa Malaysia
	8 December 2016	CG Breakfast Series with Directors: "Anti-corruption & Integrity - Foundation of Corporate Sustainability"
Ir Tan Heng Kui	13 January 2016	Audit Oversight Board New Auditor's Report - Sharing The UK Experience, Securities Commission Malaysia
	16 August 2016	Sustainability Reporting, Boardroom Smart Business Solutions
Dato' Tan Yee Boon	26 February 2016	CG Breakfast Series for Directors: Improving Board Risk Oversight Effectiveness, Bursa Malaysia
Dato' Sri Su-Azian @ Muzaffar Syah Bin Abd Rahman	21 November 2016	Launch of the AGM Guide & CG Breakfast Series: "How To Leverage on AGMs for Better Engagement with Shareholders", MAICSA & Bursa Malaysia
Suhaimi Bin Badrul Jamil	22 July 2016	Integrated Interactive & Intelligent Excel Models for Business Analytics and Reporting, TH Heavy Engineering Sdn Bhd
	15 & 16 November 2016	MIA Training: Strengthening The Profession For A Sustainable Future, Malaysian Institute of Accountants
Lim Yew Ting	7 & 8 September 2016	MAP for Directors of Public Listed Companies, Bursatra
	18 November 2016	CG Breakfast Series with Directors: "The Cybersecurity Threat and How Board Should Mitigate the Risk", Bursa Malaysia

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 5: UPHOLD INTEGRITY IN FINANCIAL REPORTING

FINANCIAL REPORTING

The Directors are required by the Companies Act 2016 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 judgement and estimates. The Audit Committee assists the Board by scrutinising the information to be disclosed.

The Group's financial statements are presented in pages 68 to 192 of this Annual Report.

THE ROLE OF AUDIT COMMITTEE (AC) IN RELATION TO FINANCIAL REPORTING

The AC plays an important part in the Company's financial integrity for the shareholders. In general, the AC 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 judgements 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 (AC) 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.

<u>External Auditors</u>

The AC met the external auditors twice during the year under review on 22 February 2016 and 28 March 2016 without the presence of the Executive Directors and Management to exchange independent views on matters which require the Committee attention.

The AC had assessed the suitability and independence of the external auditors. In its assessment, the AC considered several factors such as adequacy of experience, resources of the firm, the professional staff assigned to the audit, independence of Crowe Horwath and the level of non-audit services rendered by Crowe Horwath for financial year 2016.

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 2016.

Being satisfied with Crowe Horwath's performance, technical competency and audit independence, the AC recommended the appointment of Crowe Horwath as external auditors for financial year ending 2017. The Board had approved the AC's recommendation for the shareholders' approval to be sought at the 16th AGM on 25 May 2017 the appointment of Crowe Horwath as external auditors of the Company for the financial year 2017.

STATEMENT ON **CORPORATE GOVERNANCE**

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 page 63 of this Annual Report.

PRINCIPLE 6: RECOGNISE AND MANAGE RISKS

RISK MANAGEMENT FRAMEWORK

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

The Risk Management Committee, comprising management staff from the Corporate Finance, Accounts and Finance, Legal and other Business Divisions 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 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 to the Board Risk Management Committee.

INTERNAL AUDIT FUNCTION REPORTING TO THE AUDIT COMMITTEE

The Board has established an Internal Audit Department (IAD), which reports to the Audit Committee.

The principal responsibility of the IAD 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.

Information on internal audit function of the Group is detailed in the Audit Committee Report on page 48, and Statement on Risk Management and Internal Control on pages 63 to 65 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 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.

STATEMENT ON CORPORATE GOVERNANCE

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.

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 CD-ROM format. 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 (AGM)

The AGM 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 AGM are sent out to shareholders at least 21 days before the date of the meeting in accordance with the Company's Constitution. 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 regard to the convening of general meetings, appointment of proxies, demand for poll voting and access to information. The details of the shareholders' rights are available at www.protasco.com.my.

POLL VOTING

In line with the listing requirements on strengthening good Corporate Governance Practice, the Company has conducted voting in General Meeting via electronic poll voting method. An independent party is appointed to scrutinise the polling process.

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.

STATEMENT ON **CORPORATE GOVERNANCE**

Contact Person : **Han Long Kong**
Director, Investor Relations Department
Tel : 603-8738 3388
Fax : 603-8926 4023
Email : lkhan@protasco.com.my

Whistleblowing policy

A Whistleblowing policy is established to help employees and other stakeholders to raise their concerns without fear of retaliation on any known and/or suspected misconduct, wrongdoing, corruption, fraud or any other acts.

The Whistleblowing policy is available at www.protasco.com.my.

Whistle-blowing 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 2016 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 2016.

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 (TOR), 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:

Members	Directorship	Roles
Suhaimi Bin Badrul Jamil	Independent Non-Executive Director	Chairman
Dato' Tan Yee Boon	Independent Non-Executive Director	Member
Ir Tan Heng Kui	Non-Independent Non-Executive Director	Member

The Risk Management Committee, comprising management staff from the Corporate Finance, Corporate Services 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 to the Board Risk Management Committee/Audit Committee.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board Risk Management Committee also review investment proposals that are significant from a risk perspective, especially overseas ventures. Upon the review of the proposals, the proposals will be recommended to the Board of Directors for approval. The Board Risk Management Committee monitor the execution of risk mitigation for those proposals and to ensure that the risk mitigation strategies are implemented in accordance with the Board of Director's approval.

The significant risks faced by the Group during the financial year ended 31 December 2016 are categorised as follows:

Type of Risk	Description of Risk	Impact of Risk
Maintenance Division		
External	Political Environment	Termination of Contracts
External	Fluctuation of material prices	Reduction in profit margin
Construction Division		
Operation	Late completion of projects	Imposition of LAD
Legal	Compliance of Section 20 of Occupation of Safety and Health Administration 1994	Stop Work Order and Fine
Legal	CIDB Card for Workers	Suspension of License and Legal Action by CIDB
Property and Infrastructure Division		
Commercial	Wrong perimeters used for market study, economic conditions, changes in statutory requirements and location of development	Inappropriate product developed and launched
Financial	Ability to secure project financing at the best margin of financing and Interest rate	Unable to finance the development
Operational	Tender process, pre-qualification of tenderers and selection of contractors	Appointment of incompetent contractors
Sales and revenue	Ability to obtain end-financing due to market conditions, banks' lending policy, taxes and statutory charges	Reduced sales and revenue
Engineering and Consultancy Division		
External	Sustainability and enhancement of IKRAM Brand	Loss of existing and potential clients and loss of revenue
External	Long Term Service Agreement	No direct award and loss of revenue
Education Division		
External	Compliance of MQA and Professional Bodies policies and programme standards	Drop in student intake
Trading and Manufacturing Division		
External	Business growth	Unable to achieve projected revenue and profit
External	Agency License Agreement	Loss of revenue
Financial	Credit Control	Impairment loss

STATEMENT ON RISK MANAGEMENT **AND INTERNAL CONTROL**

KEY ELEMENTS OF INTERNAL CONTROL

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

1. **Control Environment**
   - The Board demonstrates a commitment to integrity and ethical values.
   - The Board established the Board Audit Committee, comprising all Independent Non-Executive Directors and the Risk Management Committee, comprising Non-Executive Directors, majority of whom are Independent Directors. The Committee primarily assist the Board in reviewing the organisational risk and internal control with the assistance of the Risk Management and Internal Audit Department.
   - Well-defined lines of responsibilities for the Board, management and each operating unit within the Group; including authorisation level on day-to-day operation.
   - The Board and Management holds individuals accountable for their internal control responsibility.

2. **Risk Assessment**
   - The Management of each divisions are responsible to assess, review and update their division's risk profile.
   - The Management to identify and assess changes that could significantly impact the system internal control.

3. **Control Activities**
   - Each operating unit undertakes business planning and budgeting process each year which are appraised at regular interval.
   - The Group review, assess and update to improve the policy that establish what is expected and procedures that put policies into action.

4. **Information and Communication**
   - 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 to the Board Risk Management Committee/Audit Committee.
   - The Group's quarterly financial performance is presented to the Board for review and approval.

5. **Monitoring**
   - The Group perform and evaluate internal control system (e.g. Internal Audit) to ascertain its adequacy and effectiveness.
   - The Group perform follow up on the Management's response and action plans stated in the reports from tests and evaluations carried out.

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 2016 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. Audit and Non-Audit Fees

The details of total audit and non-audit fees paid/payable to the external auditors of the Company for the financial year ended 31 December 2016 were as follows:

	RM '000
Audit Fees	433
Non-Audit Fees#	267

Fees incurred primarily in relation to advisory services.

2. Material Contracts

Other than as disclosed in Note 48 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.

3. Employees' Share Scheme (ESS)

The details of the ESS which are exercised from the issuance of ESS in prior year 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:	
- Exercised in Prior Year	1,022,600
- Exercised in current Financial Year	2,469,600
Total number of ESS Options Forfeited	845,400
Total number of ESS Options Outstanding	-

4. Utilisation of Proceeds from Corporate Proposals

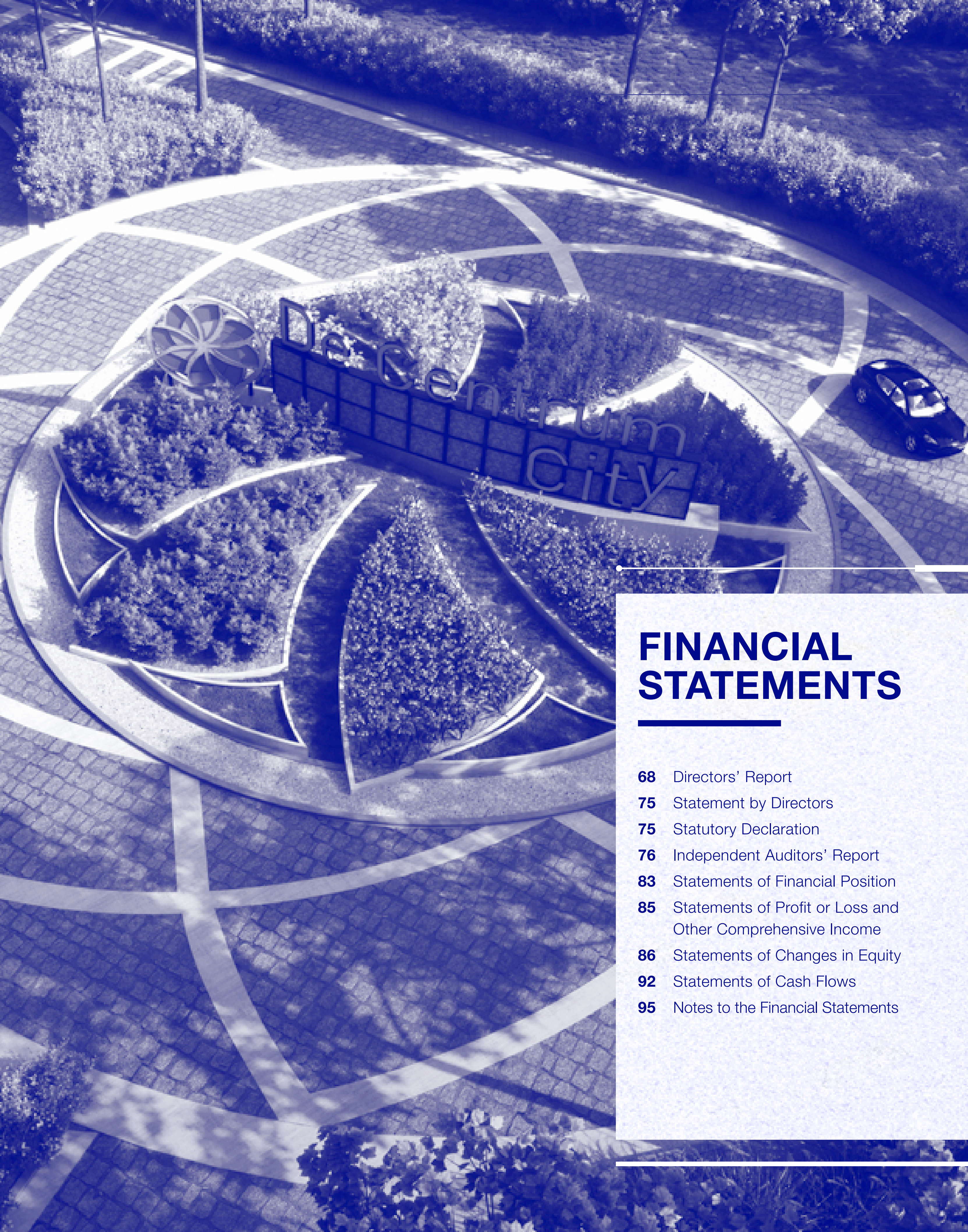
The Proposed Private Placement which was announced in November 2016 has not been implemented.

5. Recurrent Related Party Transactions

Details of the Recurrent Related Party Transactions are disclosed in Note 48 of the Financial Statements.

6. Going Concern Statement

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



FINANCIAL STATEMENTS

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 2016.

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	52,483	32,170
Attributable to:		
Owners of the Company	42,387	32,170
Non-controlling interests	10,096	-
	52,483	32,170

DIVIDENDS

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

(a) paid a second interim dividend of 4 sen per ordinary share amounting to RM13,437,132 in respect of the financial year ended 31 December 2015 on 12 January 2016 as declared in the Director's report of that financial year;

(b) paid a final dividend of 5 sen per ordinary share amounting to RM16,873,610 in respect of the financial year ended 31 December 2015 on 29 June 2016 as recommended in the directors' report of that financial year; and

(c) declared a first interim dividend of 3 sen per ordinary share amounting to RM12,726,342 in respect of the financial year ended 31 December 2016 and paid on 23 January 2017.

The Directors declared a second dividend of 3 sen per ordinary share amounting to approximately RM12,726,342 on 6 April 2017 in respect of the financial year ended 31 December 2016 computed based on the issued and paid-up share capital with voting rights as at 31 December 2016 of 424,211,414 ordinary shares of RM0.50 each. The financial statements for the current financial year do not reflect this dividend and will be accounted for as a liability in the financial year ending 31 December 2017.

RESERVES AND PROVISIONS

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

DIRECTORS' REPORT

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 RM168,689,545 to RM212,346,457 by way of:-

Type of shares	Number of Ordinary Shares	Term of Issue	Purpose of Issue
Employees' Shares Scheme Options ("ESS Options") at an issue price of RM1.56	2,469,600	Cash	Options granted to employees pursuant to the Employees' Shares Scheme and exercised by the employees.
Bonus issue	84,844,224	Free on existing shares	Bonus issue on the basis of one (1) new ordinary share of RM0.50 each for every four (4) existing ordinary shares held.
	87,313,824		

The new ordinary shares issued 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 359,500 (2015 - 1,445,000) of its issued ordinary shares from the open market at market prices ranging from RM1.23 to RM1.54 (2015 - RM1.43 to RM1.75) per share. The total consideration paid for the purchase including transaction costs amounted to RM500,296 (2015 - RM2,356,155). 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 2016, a total of 1,325,000 (2015 - Nil) issued ordinary shares that were held as treasury shares had been re-sold in the open market at prices ranging from RM1.63 to RM1.64 per share (2015 - Nil).

As at 31 December 2016, the Company held as treasury shares a total of 481,500 (2015 - 1,447,000) of its 424,692,914 (2015 - 337,379,090) issued and paid-up ordinary shares. The treasury shares are held at a carrying amount of RM759,765 (2015 - RM2,359,510). 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.

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 1.1.2016	Granted	Exercised	Forfeited	At 31.12.2016
16 July 2015	RM1.56	3,315,000	-	(2,469,600)	(845,400)	-

The abovementioned options forfeited during the financial year were due to ESS Options not exercised by the expiry date on 11 August 2016.

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 ensure that any current assets, 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.

DIRECTORS' **REPORT**

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.

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 in which this report is made.

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' Sri Su-Azian @ Muzaffar Syah Bin Abd Rahman
Dato' Tan Yee Boon
Suhaimi Bin Badrul Jamil
Lim Yew Ting (Appointed on 1 August 2016)
Dato' Shaiful Hazizy Bin Zainol Abidin (Resigned on 1 April 2016)

DIRECTORS' **REPORT**

DIRECTORS' INTERESTS

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

	Number Of Ordinary Shares Of RM0.50 Each			
	At 1.1.2016	Bought/ Allotted	Sold/ Transferred	At 31.12.2016
Direct Interests				
Tan Sri Datuk Dr Hadenan Bin A. Jalil	150,000	37,500	-	187,500
Dato' Sri Chong Ket Pen	43,809,142	15,030,035	(1,000,000)	57,839,177
Dato' Mohd Hanif Bin Sher Mohamed	230,000	159,250	(193,000)	196,250
Tan Heng Kui	6,025,900	1,656,475	-	7,682,375
Dato' Tan Yee Boon	30,000	95,000	(25,000)	100,000
Dato' Sri Su-Azian @ Muzaffar Syah Bin Abd Rahman	600,000	150,000	-	750,000
Suhaimi Bin Badrul Jamil	20,000	5,000	-	25,000
Indirect Interests				
Dato' Sri Chong Ket Pen^^	33,403,650	10,200,912	-	43,604,562
Dato' Sri Su-Azian @ Muzaffar Syah Bin Abd Rahman#	2,500,000	625,000	-	3,125,000

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.

DIRECTORS' REPORT

DIRECTORS' INTERESTS (CONT'D)

In addition to the above, the interests of the Directors holding office at the end of the financial year in options over shares of the Company and its related corporations during the financial year are as follows:-

	Number Of Options Over Ordinary Shares Of RM0.50 Each				
	At 1.1.2016	Granted	Exercised	Forfeited	At 31.12.2016
Direct Interests					
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	-	(70,000)	(50,000)	-
Suhaimi Bin Badrul Jamil	80,000	-	-	(80,000)	-
Indirect Interest					
Dato' Sri Chong Ket Pen	480,000	-	(480,000)	-	-

The other Director holding office at the end of the financial year had no interest in shares of the Company or its corporations during the financial year.

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 48 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.

DIRECTORS' **REPORT**

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are 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 6 April 2017.

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 192 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 2016 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 6 April 2017.

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 192 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 6 April 2017

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: 548087-H

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Protasco Berhad, which comprise the statements of financial position as at 31 December 2016 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 notes to the financial statements, including a summary of significant accounting policies, as set out on pages 68 to 192.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, and of their financial performance and their cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and Company in accordance with the *By-Laws* (on *Professional Ethics, Conduct and Practice*) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT
AUDITORS' REPORT

Key Audit Matters (Cont'd)

Revenue Recognition for Construction Contracts **Refer to Note 4.1(c), Note 4.26(d) and Note 36 to the financial statements**	
Key Audit Matter	**How our audit addressed the key audit matter**
Revenue recognition for construction contracts, due to the contracting nature of the business, involves significant judgements. This includes the determination of the total budgeted contract costs and the calculation of percentage of completion which affects the quantum of revenue to be recognised. In estimating the revenue to be recognised, the management considers past experience and certification by customers and independent third parties, where applicable. We determined this to be a key audit matter due to the complexity and judgemental nature of the budgeting of contract costs and the determination of revenue recognised.	Our procedures included, amongst others:- • read all key contracts and discussed with management to obtain a full understanding of the terms and risks to assess our consideration of whether revenue was appropriately recognised. • test the operating effectiveness of internal controls over the completeness, accuracy and timing of revenue recognised in the financial statements. • assessing the management's assumptions in determining the percentage of completion of projects, estimations of revenue and costs, provisions for foreseeable losses, liquidated and ascertained damages as well as recoverability of billed receivables. • assessed the reasonableness of percentage of completion by comparing to certification by external parties. • reviewing estimated profit and costs to complete and adjustments for job costing and potential contract losses.

INDEPENDENT
AUDITORS' REPORT

Key Audit Matters (Cont'd)

Revenue Recognition for Property Development Activities **Refer to Note 4.1(d), Note 4.10(b), Note 4.26(e) and Note 36 in the financial statements**	
Key Audit Matter	**How our audit addressed the key audit matter**
The Group recognises property development revenue and expenses using the stage of completion method. The stage of completion is determined by the proportion of property development costs incurred for work performed to date over the estimated total property development costs. Property development activities accounting is inherently complex and there is judgement involved in the following areas:- • determination of stage of completion • extent of property development costs incurred to date • estimated total property development costs and costs to be incurred to complete a project We determined this to be a key audit matter due to the complexity and judgemental nature of these activities.	Our procedures included, amongst others:- • tested costs incurred to date to supporting documentation such as contractors' claim certificates. • assessed the reasonableness of the estimated total property development costs to supporting documentation such as contracts, quotations and variation orders with contractors, for newly launched projects. • for ongoing projects, checked for any variation orders and checked that changes to contracts and quotations with the contractors, if any, are properly supported. • validated the stage of completion by reference to the actual costs incurred to date. • tested sales of properties to signed sales and purchase agreements and billings raised to property buyers. • checked the journal entries impacting revenue and cost of sales are recognised appropriately with reference to the computation of the stage of completion of the projects.

INDEPENDENT
AUDITORS' REPORT

Key Audit Matters (Cont'd)

Impairment of Trade Receivables Refer to Note 4.1(k), Note 15 and Note 50.1(b) in the financial statements	
Key Audit Matter	**How our audit addressed the key audit matter**
As at 31 December 2016, trade receivables that were past due and not impaired amounted to RM123.2 million. The details of trade receivables and its credit risk are disclosed in Note 50.1(b) to the financial statements. The management applied assumptions in assessing the level of allowance for impairment losses on trade receivables based on the following:- • specific known facts or circumstances on customers' ability to pay; or • by reference to past default experience. The impairment assessment involve significant judgement and there is inherent uncertainty in the assumptions applied by the management to determine the level of allowance. We determined this to be a key audit matter due to the inherent subjectivity that is involved in making judgement in relation to credit risk exposures to assess the recoverability of trade receivables.	Our procedures included, amongst others:- • testing payment history of major customers during the financial year and after the year end; • evaluate the credit standing of the customers with reference to payment history; • evaluated the Directors' judgements on recoverability, taking into account specific customer circumstances known to the Directors, and publicly available data on liquidations and insolvencies post year-end; • considered the adequacy of the Group's disclosures in this area.

INDEPENDENT AUDITORS' REPORT

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that 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 of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As a part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT
AUDITORS' REPORT

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 Responsibilities

The supplementary information set out in Note 55 on page 193 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

Lee Kok Wai
Approval No: 02760/06/2018 J
Chartered Accountant

6 April 2017

Kuala Lumpur

STATEMENTS OF
FINANCIAL POSITION

AT 31 DECEMBER 2016

	Note	The Group		The Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
ASSETS					
NON-CURRENT ASSETS					
Investment in subsidiaries	5	**-**	-	**162,506**	148,506
Investment in associates	6	**307**	308	**-**	-
Property, plant and equipment	7	**205,643**	205,584	**85**	92
Investment properties	8	**94,899**	101,270	**-**	-
Land held for property development	9	**29,654**	-	**-**	-
Goodwill on consolidation		**36**	36	**-**	-
Long-term investments	10	**225**	225	**-**	-
Deferred tax assets	11	**15**	423	**-**	-
		330,779	307,846	**162,591**	148,598
CURRENT ASSETS					
Inventories	12	**26,103**	4,546	**-**	-
Property development costs	13	**3,347**	16,129	**-**	-
Amount owing by contract customers	14	**510,718**	320,324	**-**	-
Trade receivables	15	**267,291**	289,313	**-**	-
Other receivables, deposits and prepayments	16	**20,542**	20,311	**244**	116
Amount owing by subsidiaries	17	**-**	-	**107,892**	117,217
Amount owing by associates	18	**845**	5,081	**-**	-
Current tax assets		**18,146**	5,680	**-**	-
Short-term investments	19	**72,883**	93,769	**147**	142
Deposits with licensed banks	20	**35,307**	71,981	**1,000**	-
Cash and bank balances	21	**102,423**	89,781	**1,151**	773
		1,057,605	916,915	**110,434**	118,248
TOTAL ASSETS		**1,388,384**	1,224,761	**273,025**	266,846

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

STATEMENTS OF **FINANCIAL POSITION**

AT 31 DECEMBER 2016

	Note	The Group 2016 RM'000	The Group 2015 RM'000	The Company 2016 RM'000	The Company 2015 RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	22	**212,346**	168,690	**212,346**	168,690
Treasury shares	23	**(760)**	(2,360)	**(760)**	(2,360)
Share premium	24	**37,508**	76,536	**37,508**	76,536
Employee share option reserve	25	**-**	1,293	**-**	1,293
Foreign exchange translation reserve	26	**(11,375)**	(11,496)	**-**	-
Capital reserve	27	**8,875**	8,875	**-**	-
Retained profits	28	**146,089**	134,119	**4,753**	1,996
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**392,683**	375,657	**253,847**	246,155
Non-controlling interests		**14,735**	33,659	**-**	-
TOTAL EQUITY		**407,418**	409,316	**253,847**	246,155
NON-CURRENT LIABILITIES					
Deferred tax liabilities	11	**8,645**	8,885	**-**	-
Long-term borrowings	29	**95,089**	268,329	**-**	-
		103,734	277,214	**-**	-
CURRENT LIABILITIES					
Trade payables	32	**350,448**	387,135	**-**	-
Other payables and accruals	33	**45,011**	62,728	**721**	1,013
Amount owing to subsidiaries	17	**-**	-	**3,000**	3,469
Dividend payable		**12,726**	13,437	**12,726**	13,437
Current tax liabilities		**7,467**	6,455	**2,731**	2,772
Short-term borrowings	34	**421,886**	54,131	**-**	-
Bank overdrafts	35	**39,694**	14,345	**-**	-
		877,232	538,231	**19,178**	20,691
TOTAL LIABILITIES		**980,966**	815,445	**19,178**	20,691
TOTAL EQUITY AND LIABILITIES		**1,388,384**	1,224,761	**273,025**	266,846

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 2016

	Note	The Group		The Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
REVENUE	36	**1,110,207**	1,305,030	**44,000**	40,600
COST OF SALES		**(893,104)**	(1,050,142)	**-**	-
GROSS PROFIT		**217,103**	254,888	**44,000**	40,600
OTHER INCOME		**10,374**	11,559	**240**	41
ADMINISTRATIVE EXPENSES		**(45,258)**	(37,687)	**(12,088)**	(12,795)
OTHER EXPENSES		**(97,289)**	(95,702)	**-**	-
PROFIT FROM OPERATIONS		**84,930**	133,058	**32,152**	27,846
FINANCE COSTS		**(7,161)**	(3,997)	**-**	-
SHARE OF LOSS IN ASSOCIATES		**(229)**	(51)	**-**	-
PROFIT BEFORE TAXATION	37	**77,540**	129,010	**32,152**	27,846
INCOME TAX EXPENSE	39	**(25,057)**	(36,517)	**18**	7
PROFIT AFTER TAXATION		**52,483**	92,493	**32,170**	27,853
OTHER COMPREHENSIVE EXPENSES:-					
Item that may be reclassified subsequently to profit or loss:					
- Foreign currency translation differences		**164**	(419)	**-**	-
		164	(419)	**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		**52,647**	92,074	**32,170**	27,853
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		**42,387**	66,757	**32,170**	27,853
Non-controlling interests		**10,096**	25,736	**-**	-
		52,483	92,493	**32,170**	27,853
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		**42,599**	66,164	**32,170**	27,853
Non-controlling interests		**10,048**	25,910	**-**	-
		52,647	92,074	**32,170**	27,853
EARNINGS PER SHARE (SEN)	40				
Basic		**10.04**	16.17		
Diluted		**10.04**	16.17		

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

STATEMENTS OF
CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

			Non-Distributable				Distributable			
The Group	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	Total Equity RM'000
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:										
- 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 2016

The Group	Note	Share Capital RM'000	Treasury Shares RM'000	Non-distributable Share Premium RM'000	Non-distributable Employee Share Option Reserve RM'000	Non-distributable Foreign Exchange Translation Reserve RM'000	Non-distributable Capital Reserve RM'000	Distributable Retained Profits RM'000	Attributable to Owners of the Company RM'000	Non-Controlling Interests RM'000	Total Equity 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	25	-	-	-	1,692	-	-	-	1,692	-	1,692
Transfer to share premium upon exercise of share options	24 & 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 2016

The Group	Share Capital RM'000	Treasury Shares RM'000	Non-Distributable				Distributable	Attributable to Owners of the Company RM'000	Non-Controlling Interests RM'000	Total Equity 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			
At 1.1.2016	168,690	(2,360)	76,536	1,293	(11,496)	8,875	134,119	375,657	33,659	409,316
Profit after taxation for the financial year	-	-	-	-	-	-	42,387	42,387	10,096	52,483
Other comprehensive income for the financial year:										
- foreign currency translation	-	-	-	-	212	-	-	212	(48)	164
Total comprehensive income for the financial year	-	-	-	-	212	-	42,387	42,599	10,048	52,647
Balance carried forward	168,690	(2,360)	76,536	1,293	(11,284)	8,875	176,506	418,256	43,707	461,963

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The Group	Note	Share Capital RM'000	Treasury Shares RM'000	Non-distributable				Distributable	Attributable to Owners of the Company RM'000	Non-Controlling Interests RM'000	Total Equity 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			
Balance brought forward		168,690	(2,360)	76,536	1,293	(11,284)	8,875	176,506	418,256	43,707	461,963
Contributions by and distribution to owners of the Company:-											
Issuance of new shares	22	43,656	-	(39,804)	-	-	-	-	3,852	-	3,852
Shares issued expenses	24	-	-	(187)	-	-	-	-	(187)	-	(187)
Transfer to share premium upon exercise of share options	24 & 25	-	-	963	(963)	-	-	-	-	-	-
Share option forfeited during the financial year	25	-	-	-	(330)	-	-	134	(196)	-	(196)
Changes in ownership interests in subsidiaries that do not result in loss of control	42	-	-	-	-	-	-	(1,004)	(1,004)	1,004	-
Disposal of a subsidiary		-	-	-	-	(91)	-	-	(91)	(296)	(387)
Treasury shares acquired	23	-	(500)	-	-	-	-	-	(500)	-	(500)
Treasury shares sold	23	-	2,100	-	-	-	-	53	2,153	-	2,153
Dividends:											
- by the Company	41	-	-	-	-	-	-	(29,600)	(29,600)	-	(29,600)
- by subsidiaries to NCI		-	-	-	-	-	-	-	-	(29,680)	(29,680)
Total transactions with owners of the Company		43,656	1,600	(39,028)	(1,293)	(91)	-	(30,417)	(25,573)	(28,972)	(54,545)
Balance as at 31.12.2016		212,346	(760)	37,508	-	(11,375)	8,875	146,089	392,683	14,735	407,418

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

STATEMENTS OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The Company	Note	Share Capital RM'000	Treasury Shares RM'000	Non- Distributable		Distributable	Total Equity RM'000
				Share Premium RM'000	Employee Share Option Reserve RM'000	Retained Profits RM'000	
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	24 & 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 **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The Company	Note	Share Capital RM'000	Treasury Shares RM'000	Non- Distributable Share Premium RM'000	Non- Distributable Employee Share Option Reserve RM'000	Distributable Retained Profits RM'000	Total Equity RM'000
At 1.1.2016		**168,690**	**(2,360)**	**76,536**	**1,293**	**1,996**	**246,155**
Profit after taxation/Total comprehensive income for the financial year		**-**	**-**	**-**	**-**	**32,170**	**32,170**
Contributions by and distribution to owners of the Company:-							
Issuance of new shares	22	**43,656**	**-**	**(39,804)**	**-**	**-**	**3,852**
Shares issued expenses	24	**-**	**-**	**(187)**	**-**	**-**	**(187)**
Transfer to share premium upon exercise of share options	24 & 25	**-**	**-**	**963**	**(963)**	**-**	**-**
Share options forfeited during the financial year	25	**-**	**-**	**-**	**(330)**	**134**	**(196)**
Treasury shares acquired	23	**-**	**(500)**	**-**	**-**	**-**	**(500)**
Treasury shares sold	23	**-**	**2,100**	**-**	**-**	**53**	**2,153**
Dividends	41	**-**	**-**	**-**	**-**	**(29,600)**	**(29,600)**
Total transactions with owners of the Company		**43,656**	**1,600**	**(39,028)**	**(1,293)**	**(29,413)**	**(24,478)**
Balance at 31.12.2016		**212,346**	**(760)**	**37,508**	**-**	**4,753**	**253,847**

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

STATEMENTS OF **CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES				
Profit before taxation	**77,540**	129,010	**32,152**	27,846
Adjustments for:				
Bad debts written off	**135**	506	**-**	-
Depreciation of investment properties	**1,157**	-	**-**	-
Depreciation of property, plant and equipment	**15,471**	15,923	**23**	19
Expenses recognised in respect of share-based payments	**-**	1,692	**-**	1,692
Impairment losses on trade and other receivables	**7,232**	3,984	**-**	-
Interest expense	**24,770**	10,105	**115**	-
Loss on disposal of land held for property development	**-**	49	**-**	-
Property, plant and equipment written off	**464**	23	**-**	1
Gain on disposal of property, plant and equipment	**(1,511)**	(1,328)	**-**	-
Gain on disposal of subsidiaries	**(1,756)**	-	**-**	-
Gross dividends from subsidiaries	**-**	-	**(39,000)**	(38,200)
Income from short-term investments	**(1,218)**	(535)	**(16)**	(17)
Interest income	**(1,698)**	(1,497)	**(2)**	(25)
Share of loss in associates	**229**	51	**-**	-
Share options forfeited during the financial year	**(196)**	-	**(196)**	-
Unrealised gain on foreign exchange	**-**	(165)	**-**	-
Waiver of debts	**(152)**	-	**-**	-
Writeback of impairment losses on trade and other receivables	**(3,371)**	(7,592)	**-**	-
Operating profit/(loss) before working capital changes	**117,096**	150,226	**(6,924)**	(8,684)
Increase in inventories	**(21,557)**	(3,074)	**-**	-
Decrease/(Increase) in property development costs	**12,782**	(4,321)	**-**	-
Increase in amount owing by contract customers	**(190,394)**	(218,215)	**-**	-
Decrease/(Increase) in amount owing by associates	**4,236**	(1,465)	**-**	-
Decrease/(Increase) in trade and other receivables	**16,845**	(20,927)	**(128)**	(90)
(Decrease)/Increase in trade and other payables	**(48,449)**	122,521	**(292)**	(112)
CASH (FOR)/FROM OPERATIONS CARRIED FORWARD	**(109,441)**	24,745	**(7,344)**	(8,886)
Interest paid	**(24,770)**	(10,105)	**(115)**	-
Income tax paid	**(36,340)**	(43,300)	**(23)**	(25)
NET CASH FOR OPERATING ACTIVITIES CARRIED FORWARD	**(170,551)**	(28,660)	**(7,482)**	(8,911)

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

STATEMENTS OF **CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	The Group		The Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
NET CASH FOR OPERATING ACTIVITIES BROUGHT FORWARD		**(170,551)**	(28,660)	**(7,482)**	(8,911)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Investment in an associate		**(20)**	(300)	**-**	-
Interest received		**1,698**	1,497	**2**	25
Income from short-term investments received		**1,218**	535	**16**	17
Net dividend received from subsidiaries		**-**	-	**39,000**	38,200
Additional investment in subsidiaries		**-**	-	**(14,000)**	(700)
Net cash outflow from disposal of subsidiaries	43	**(258)**	-	**-**	-
Net withdrawal/(placement) of:					
- cash and bank pledged to bank		**(83)**	-	**-**	-
- deposit pledged to bank		**(1,103)**	1,146	**(1,000)**	-
- short-term investments with maturity period above 3 months		**(10,030)**	32,396	**-**	4,683
Proceeds from disposal of land held for property development		**-**	1,951	**-**	-
Proceeds from disposal of property, plant and equipment		**7,036**	3,739	**-**	-
Purchase of property, plant and equipment	44	**(11,303)**	(25,759)	**(16)**	(62)
Addition of investment property		**(27,700)**	(42,565)	**-**	-
Purchase of treasury shares		**(500)**	(2,357)	**(500)**	(2,357)
Resale of treasury shares		**2,153**	-	**2,153**	-
Repayment to subsidiaries		**-**	-	**9,325**	(6,009)
NET CASH (FOR)/FROM INVESTING ACTIVITIES		**(38,892)**	(29,717)	**34,980**	33,797
BALANCE CARRIED FORWARD		**(209,443)**	(58,377)	**27,498**	24,886

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	The Group		The Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
BALANCE BROUGHT FORWARD		**(209,443)**	(58,377)	**27,498**	24,886
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Dividends paid		**(30,311)**	(30,137)	**(30,311)**	(30,137)
Dividends paid to non-controlling interests		**(29,680)**	(34,730)	**-**	-
Proceeds from issuance of new shares		**3,852**	3,472	**3,852**	3,472
Proceeds from issuance of new shares to non-controlling interests		**-**	40	**-**	-
Shares issued expenses		**(187)**	-	**(187)**	-
Repayment to subsidiaries		**-**	-	**(469)**	(3,221)
Drawdown of term loans		**235,411**	146,439	**-**	-
Repayment of term loans		**(71,963)**	(653)	**-**	-
Repayment of hire purchase obligations		**(1,791)**	(1,212)	**-**	-
Net drawdown/(repayment) of short-term borrowings		**22,630**	(15,851)	**-**	-
NET CASH FROM/(FOR) FINANCING ACTIVITIES		**127,961**	67,368	**(27,115)**	(29,886)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(81,482)**	8,991	**383**	(5,000)
FOREIGN EXCHANGE TRANSLATION DIFFERENCES		**(1)**	(252)	**-**	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		**236,157**	227,418	**915**	5,915
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	45	**154,674**	236,157	**1,298**	915

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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 6 April 2017.

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)
FRS 14 Regulatory Deferral Accounts
Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities - Applying the Consolidation Exception
Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations
Amendments to FRS 101: Disclosure Initiative
Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to FRS 127: Equity Method in Separate Financial Statements
Annual Improvements to FRSs 2012 - 2014 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 2016

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 2015)	1 January 2018
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to FRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to FRS 4: Applying FRS 9 Financial Instruments with MFRS 4 Insurance Contracts	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 107: Disclosure Initiative	1 January 2017
Amendments to FRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to FRS 140 - Transfers of Investment Property	1 January 2018
Annual Improvements to FRS Standards 2014 - 2016 Cycles:	1 January 2017
• Amendments to FRS 12: Clarification of the Scope of Standard	
Annual Improvements to FRS Standards 2014 - 2016 Cycles:	1 January 2018
• Amendments to FRS 1: Deletion of Short-term Exemptions for First-time Adopters	
• Amendments to FRS 128: Measuring an Associate or Joint Venture at Fair Value	

Note:-

* *Entities that meet the specific criteria in FRS 4.20B may choose to defer the application of FRS 9 until the earlier of the application of the forthcoming insurance contracts standard or annual periods beginning 1 January 2021.*

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.

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**
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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

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.

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 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

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.

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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 in profit or loss immediately.

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FUNCTIONAL AND FOREIGN CURRENCIES (CONT'D)

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange 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 (including any goodwill and fair value adjustments arising on acquisition) are translated to the Group's presentation currency at the exchange rates at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates 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.

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.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities 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 financial assets, financial liabilities or equity in accordance with the substance of the contractual arrangement and their definitions in FRS 132. 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.

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.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

(iv) Available-for-sale Financial Assets (Cont'd)

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.

(b) Financial Liabilities

(i) Financial Liabilities at 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.

(ii) Other Financial Liabilities

Other financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

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.

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(c) Equity Instruments

Equity instruments classified as equity are measured initially 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 reserves. Where the consideration received is less than the carrying amount, the debit difference is offset against reserves.

(d) Derivative Financial Instruments

Derivatives financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives during the reporting period, other than those accounted for under hedge accounting, are recognised directly in profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(e) 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.

(f) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 or losses 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.

4.8 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bridging the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and any impairment losses. Freehold land is stated at cost less any impairment losses.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Freehold land is not depreciated. Depreciation on other property, plant and equipment 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%
Laboratory equipment, plant and machinery	12.50% - 20%
Motor vehicles	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. Any changes are accounted for as a change in estimate.

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.

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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 INVESTMENT PROPERTIES

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss on the straight-line method over the estimated useful lives of the investment properties. The estimated useful lives of the investment properties are 50 years. Investment property under construction is not depreciated.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 PROPERTY DEVELOPMENT COSTS (CONT'D)

(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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 IMPAIRMENT (CONT'D)

(a) Impairment of Financial Assets (Cont'd)

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 an asset is the higher of the asset's fair value less costs to sell and its value in use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata 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 2016

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 FINANCE LEASE

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statement of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

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

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.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

4.18 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses 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.

Any recharge for the share options granted to a subsidiary's employees is to be offset against the investments in subsidiaries in the Company's separate financial statements with any excess goes to profit or loss as a distribution from the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.19 BORROWING COSTS

Borrowing costs that are 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. The 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.

4.20 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax are recognised using the liability method for all temporary differences other than those that arise from goodwill 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 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 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 the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or 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 taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.20 INCOME TAXES (CONT'D)

(c) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of GST except for the GST in a purchase of assets or services which are not recoverable from the taxation authorities, the GST are included as part of the costs of the assets acquired or as part of the expense item whichever is applicable.

In addition, receivables and payables are also stated with the amount of GST included (where applicable).

The net amount of the GST recoverable from or payable to the taxation authorities at the end of the reporting period is included in other receivables or other payables.

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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, unless the probability of outflow of economic benefits is remote. 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.

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 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.25 FAIR VALUE MEASUREMENTS (CONT'D)

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

Revenue is measured at the fair value of the consideration received or receivable, net of returns, goods and services tax, cash and trade discounts.

(a) Sale of Goods

Revenue from sale of goods is recognised when significant risks and rewards of ownership of the goods have been transferred to the buyer and where the Group does not have continuing managerial involvement and effective control over the goods sold.

(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 2016

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.

5. INVESTMENT IN SUBSIDIARIES

	The Company	
	2016 RM'000	**2015 RM'000**
At cost:		
Unquoted shares in Malaysia:		
- ordinary shares	**144,679**	130,679
- Redeemable Convertible Preference Shares ("RCPS")	**17,500**	17,500
	162,179	148,179
Unquoted shares outside Malaysia:		
- ordinary shares	**327**	327
	162,506	148,506

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

During the financial year:-

(a) The Company subscribed for an additional 14,000,000 ordinary shares of RM1 each at par in Protasco Development Sdn. Bhd.

(b) The Group acquired Teras Pancar Sdn. Bhd. for RM2.

(c) The Group increased its effective equity interests in Sun Rock Development Sdn. Bhd. ("SRD") through the acquisition of equity from non-controlling interests. Consequently, SRD became a wholly-owned subsidiary of the Group. The details and effects of this acquisition are disclosed in Note 42 to the financial statements.

(d) Protasco Infra Sdn. Bhd., a wholly-owned subsidiary of the Company, has disposed of its entire equity interest in an inactive subsidiary which was incorporated in China, namely Hainan Protasco Engineering Co. Ltd., for a cash consideration of RMB100,000. Consequently, the financial results of this subsidiary has been deconsolidated from the Group. The details and effects of this disposal are disclosed in Note 43 to the financial statements.

(e) Ikram Engineering Consulting Sdn. Bhd. *(IEC) (formerly known as Ikram Infrastructure Asset Management Sdn. Bhd.)*, an indirect wholly-owned subsidiary of the Company, has increased its authorised and issued share capital from 100,000 to 400,000 ordinary shares of RM1 each. The Group subscribed for 20,000 ordinary shares and the remaining shares were allotted to non-controlling interests. Consequently, the Group's equity interest in IEC was diluted from 100% to 30% and became an associate to the Group. The details and effects of the dilution of equity interest in this subsidiary are disclosed in Note 43 to the financial statements.

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

Name of Subsidiary	Country of Incorporation	Effective Equity Interest 2016 %	Effective Equity Interest 2015 %	Principal Activities
HCM Engineering Sdn. Bhd.	Malaysia	**100**	100	Buildings, bridges and road construction, rehabilitation and maintenance.
Kumpulan Ikram Sdn. Bhd.	Malaysia	**100**	100	Engineering and geotechnical related activities and services.
Protasco Trading Sdn. Bhd.	Malaysia	**100**	100	Trading of construction materials, products and equipment, petroleum based products and highway safety products and equipment.
Protasco Infra Sdn. Bhd.	Malaysia	**100**	100	Investment holding.
Protasco Development Sdn. Bhd.	Malaysia	**100**	100	Property development.
Protasco Venture Partners Inc. Δ @	British Virgin Islands	**100**	100	Investment holding.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

Name of Subsidiary	Country of Incorporation	Effective Equity Interest		Principal Activities
		2016 %	2015 %	
KPS-HCM Sdn. Bhd.	Malaysia	**70**	70	Road maintenance and rehabilitation.
Permint Granite-HCM Sdn. Bhd.	Malaysia	**70**	70	Road maintenance and rehabilitation.
Roadcare (M) Sdn. Bhd.*	Malaysia	**51**	51	Road maintenance and rehabilitation.
Empayar Indera Sdn. Bhd.	Malaysia	**51**	51	Road maintenance and rehabilitation.
HCM (L) Bhd. #^	FT Labuan	**100**	100	Renting out machines.
HCM-Ikhtisas Sdn. Bhd.*	Malaysia	**78**	78	Investment holding.
HCM Arabia Sdn. Bhd.*	Malaysia	**78**	78	Trading of construction premix products.
HCM-Molek JV Sdn. Bhd.*	Malaysia	**60**	60	Road construction and rehabilitation.
HCM Kasturi Sdn. Bhd.*	Malaysia	**100**	100	Dormant.
HCM Engineering-Isyoda JV Sdn. Bhd.*	Malaysia	**100**	100	Dormant.
Konsortium HCM Perkasa Sdn. Bhd. *(formerly known as Alkatech Sdn. Bhd.)**	Malaysia	**100**	100	Dormant.
Makmur Bersih Sdn. Bhd.*	Malaysia	**100**	100	Dormant.
Infra Water Sdn. Bhd.*	Malaysia	**100**	100	Dormant.
HCM-TH Technologies Sdn. Bhd.*	Malaysia	**70**	70	Dormant.
Teras Pancar Sdn. Bhd.*	Malaysia	**100**	-	Dormant.

Details of subsidiaries held through HCM (L) Bhd. are as follows:-

Name of Subsidiary	Country of Incorporation	Effective Equity Interest		Principal Activities
		2016 %	2015 %	
Global Traders Ltd.* @	FT Labuan	**100**	100	Dormant.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

Name of Subsidiary	Country of Incorporation	Effective Equity Interest		Principal Activities
		2016 %	2015 %	
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	Providing tertiary education.
Ikram Latihan Sdn. Bhd.*	Malaysia	**100**	100	Providing training courses.
Ikram Engineering Consulting Sdn. Bhd. *(formerly known as Ikram Infrastructure Asset Management Sdn. Bhd.)*	Malaysia	**-**	100	Provision of consultancy services.
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 subsidiaries held through Ikram Latihan Sdn. Bhd. are as follows:-

Name of Subsidiary	Country of Incorporation	Effective Equity Interest		Principal Activities
		2016 %	2015 %	
Ikram Skills Academy Sdn. Bhd.	Malaysia	**100**	100	Provision of skills training courses.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

Name of Subsidiary	Country of Incorporation	Effective Equity Interest		Principal Activities
		2016 %	2015 %	
QP Industries Sdn. Bhd.*	Malaysia	**100**	100	Dealing in materials for road pavement and road maintenance.
QP Trading Sdn. Bhd.*	Malaysia	**100**	100	Dealing in materials for road pavement.
Ximax Communications Sdn. Bhd.*	Malaysia	**100**	100	Investment holding.

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

Name of Subsidiary	Country of Incorporation	Effective Equity Interest		Principal Activities
		2016 %	2015 %	
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	**100**	64	Property development.
De Centrum Land Sdn. Bhd.	Malaysia	**100**	100	Property development.
De Centrum Retail Sdn. Bhd. *	Malaysia	**100**	100	Retail business.
Jalur Saujana Sdn. Bhd.*	Malaysia	**60**	60	Property development.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

Name of Subsidiary	Country of Incorporation	Effective Equity Interest		Principal Activities
		2016 %	2015 %	
Protasco Land SA (Pty) Ltd.*	South Africa	**100**	100	Dormant.

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

Name of Subsidiary	Country of Incorporation	Effective Equity Interest		Principal Activities
		2016 %	2015 %	
Ikram Masterbuilder Sdn. Bhd.	Malaysia	**100**	100	Building construction.
Hainan Protasco Engineering Co. Ltd. *	China	**-**	100	Investment holding.

Details of a subsidiary held through Hainan Protasco Engineering Co. Ltd. were as follows:-

Name of Subsidiary	Country of Incorporation	Effective Equity Interest		Principal Activities
		2016 %	2015 %	
Hainan Rifu Resources Co. Ltd. *	China	**-**	82	Dormant.

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

Name of Subsidiary	Country of Incorporation	Effective Equity Interest		Principal Activities
		2016 %	2015 %	
Protasco Agro Ltd. Δ @	British Virgin Islands	**100**	100	Dormant.
PT. Protasco Infra Indonesia* Δ ß	Indonesia	**67**	67	Dormant.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

Notes:-

^ *The subsidiary was audited by a member firm of Crowe Horwath International of which Crowe Horwath is a member.*

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

\# *The auditors' report on the audited financial statements of this subsidiary contained an emphasis of matter that the subsidiary's going concern is dependent on the continuing financial support from the Company and/or its bankers. The financial results of the subsidiary is not material to the Group.*

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

@ *These subsidiaries are currently dormant and the audited financial statements and the auditors' reports on the financial statements are not available. The financial results of the subsidiary is not material to the Group.*

ß *A company incorporated in Indonesia 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.*

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

	The Group			
	Effective Equity Interest		Total NCI	
	2016 %	2015 %	2016 RM'000	2015 RM'000
Roadcare (M) Sdn. Bhd. ("Roadcare")	**49**	49	**12,881**	32,276
Permint Granite-HCM Sdn. Bhd. ("PG-HCM")	**30**	30	**4,208**	4,910
KPS-HCM Sdn. Bhd. ("KPS-HCM")	**30**	30	**2,231**	3,224
Empayar Indera Sdn. Bhd. ("EISB")	**49**	49	**6,415**	5,191
HCM-Molek JV Sdn. Bhd. ("HCM-Molek")	**40**	40	**(2,852)**	(4,056)
HCM Arabia Sdn. Bhd. ("HCMA")	**22**	22	**(12,435)**	(12,382)
Kumpulan Ikram (Sabah) Sdn. Bhd. ("KI-Sabah")	**40**	40	**2,961**	3,172
Kumpulan Ikram (Sarawak) Sdn. Bhd. ("KI-Sarawak")	**40**	40	**1,850**	2,047
Other individually immaterial subsidiaries			**(524)**	(723)
			14,735	33,659

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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
At 31 December 2016								
Non-current assets	12,219	1,017	394	2,756	2	-	1,667	1,974
Current assets	138,053	14,042	7,843	30,028	3,606	6,091	7,474	4,513
Non-current liabilities	(1,519)	(245)	(62)	(105)	-	-	(159)	(287)
Current liabilities	(122,466)	(787)	(739)	(19,587)	(10,737)	(62,613)	(1,581)	(1,574)
Net assets/(liabilities)	26,287	14,027	7,436	13,092	(7,129)	(56,522)	7,401	4,626
Financial year ended 31 December 2016								
Revenue	361,394	26,331	-	64,593	-	214	5,881	2,521
Profit/(Loss) for the financial year	10,418	3,660	(3,309)	8,498	3,010	(22)	(29)	108
Total comprehensive income/(expenses)	10,418	3,660	(3,309)	8,498	3,010	(239)	(29)	108
Total comprehensive income/(expenses) attributable to NCI	5,105	1,098	(993)	4,164	1,204	(53)	(11)	43
Dividends paid to non-controlling interests	24,500	1,800	-	2,940	-	-	200	240
Net cash flows (for)/from operating activities	(24,871)	(1,885)	(1,788)	4,938	(132)	(199)	318	1,447
Net cash flows from/(for) investing activities	18,730	850	296	(1,030)	4	-	(266)	(1,201)
Net cash flows (for)/from financing activities	(50,000)	(6,172)	1,045	(6,000)	-	-	(591)	(406)
Net decrease in cash and cash equivalents	(56,141)	(7,207)	(447)	(2,092)	(128)	(199)	(539)	(160)

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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
At 31 December 2015								
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
Financial year ended 31 December 2015								
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 NCI	24,500	3,600	3,000	3,430	-	-	200	-
Net cash flows from/(for) operating activities	29,809	10,321	10,052	25,404	80	(1,221)	1,692	(262)
Net cash flows (for)/from investing activities	(70,105)	(941)	54	(767)	2	-	(138)	(47)
Net cash flows for financing activities	(50,000)	(12,110)	(10,135)	(7,028)	-	-	(544)	(85)
Net (decrease)/increase in cash and cash equivalents	(90,296)	(2,730)	(29)	17,609	82	(1,221)	1,010	(394)

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6. INVESTMENT IN ASSOCIATES

	The Group	
	2016 RM'000	2015 RM'000
Unquoted shares, at cost		
At 1 January	**425**	125
Addition during the financial year	**20**	300
Transfer from subsidiaries at fair value	**208**	-
At 31 December	**653**	425
Share of post acquisition results	**1,371**	1,600
Foreign exchange translation reserve	**(438)**	(438)
	1,586	1,587
Redeemable preference shares	**1,400**	1,400
	2,986	2,987
Accumulated impairment losses	**(2,679)**	(2,679)
At 31 December	**307**	308

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

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2016 %	2015 %	
THT-HCM JV Sdn. Bhd.	Malaysia	**40**	40	Dormant.
HCM-KI Engineering Sdn. Bhd.	Malaysia	**40**	40	Dormant.

Details of the associates held through Kumpulan Ikram Sdn. Bhd. are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2016 %	2015 %	
Ikram Premier Consulting Sdn. Bhd.	Malaysia	**30**	30	Provision of consultancy services.
Ikram Engineering Consulting Sdn. Bhd. *(formerly known as Ikram Infrastructure Asset Management Sdn. Bhd.)*	Malaysia	**30**	-	Provision of consultancy services.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

6. INVESTMENT IN 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
		2016 %	2015 %	
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 2016 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 a 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	
	2016 RM'000	2015 RM'000
Financial year ended 31 December		
Group's share of loss for the financial year	**(229)**	(51)
Group's share of total expenses	**(229)**	(51)
Aggregate carrying amount of the Group's interests in these associates	**307**	308

7. PROPERTY, PLANT AND EQUIPMENT

The Group	Freehold Land RM'000	Leasehold Land RM'000	Buildings RM'000	Renovation RM'000	Reference Book, Office Equipment, Furniture and Fittings RM'000	Laboratory Equipment, Plant and Machinery RM'000	Motor Vehicles RM'000	Capital Work-in-Progress RM'000	Total RM'000
At cost									
At 1 January 2016	63,193	4,804	56,814	22,043	56,959	138,156	47,830	34,550	424,349
Additions	-	-	7,637	1,356	2,851	3,535	5,005	1,147	21,531
Disposals	-	-	-	(83)	(272)	(17,032)	(3,003)	-	(20,390)
Reclassification	-	-	34,550	-	-	-	-	(34,550)	-
Written off	-	-	-	(875)	(801)	(331)	(198)	-	(2,205)
Disposal of subsidiaries (Note 43)	-	-	-	-	(482)	(356)	(90)	-	(928)
At 31 December 2016	63,193	4,804	99,001	22,441	58,255	123,972	49,544	1,147	422,357
Accumulated depreciation									
At 1 January 2016	-	991	12,977	15,787	46,783	113,032	29,195	-	218,765
Depreciation charge	-	92	1,502	1,319	3,058	4,799	4,701	-	15,471
Disposals	-	-	-	(70)	(175)	(11,702)	(2,918)	-	(14,865)
Written off	-	-	-	(795)	(607)	(211)	(128)	-	(1,741)
Disposal of subsidiaries (Note 43)	-	-	-	-	(482)	(344)	(90)	-	(916)
At 31 December 2016	-	1,083	14,479	16,241	48,577	105,574	30,760	-	216,714
Net book value at 31 December 2016	63,193	3,721	84,522	6,200	9,678	18,398	18,784	1,147	205,643

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

The Group	Freehold Land RM'000	Leasehold Land RM'000	Buildings RM'000	Renovation RM'000	Reference Book, Office Equipment, Furniture and Fittings RM'000	Laboratory Equipment, Plant and Machinery RM'000	Motor Vehicles RM'000	Capital Work-in-Progress RM'000	Total RM'000
At cost									
At 1 January 2015	62,276	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)
Exchange rate differences	-	-	-	(47)	(35)	1,806	(167)	-	1,557
At 31 December 2015	63,193	4,804	56,814	22,043	56,959	138,156	47,830	34,550	424,349
Accumulated depreciation									
At 1 January 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)
Exchange rate differences	-	-	-	(47)	(35)	1,806	(167)	-	1,557
At 31 December 2015	-	991	12,977	15,787	46,783	113,032	29,195	-	218,765
Net book value at 31 December 2015	63,193	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 2016

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

	Office Equipment, Furniture and Fittings	
	2016 RM'000	**2015 RM'000**
The Company		
At cost		
At 1 January	**121**	60
Additions	**16**	62
Written off	**-**	(1)
At 31 December	**137**	121
Accumulated depreciation		
At 1 January	**(29)**	(10)
Depreciation charge	**(23)**	(19)
At 31 December	**(52)**	(29)
Net book value	**85**	92

(a) The net book value of the property, plant and equipment at the end of the reporting period acquired under hire purchase agreement are as follows:-

	The Group	
	2016 RM'000	**2015 RM'000**
Laboratory equipment, plant and machinery	**3,644**	2,454
Motor vehicles	**4,225**	3,721
	7,869	6,175

The leased assets have been pledged as security for the related finance lease liability of the Group.

(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	
	2016 RM'000	**2015 RM'000**
Freehold land	**62,782**	62,782
Buildings	**29,948**	30,883
	92,730	93,665

NOTES TO THE FINANCIAL STATEMENTS
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7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(c) The capital work-in-progress represents the construction of the following buildings:-

	The Group	
	2016 RM'000	2015 RM'000
12 storey academic block	-	34,550
A detached light industrial shop	**1,147**	-
	1,147	34,550

Included in the construction costs incurred during the financial year of the capital work-in-progress was as follows:-

	The Group	
	2016 RM'000	2015 RM'000
Interest expense capitalised during the construction period	**1,350**	585

8. INVESTMENT PROPERTIES

The Group	Mall RM'000	Condominium RM'000	Leasehold Land RM'000	Construction-in-progress RM'000	Total RM'000
At cost					
At 1 January 2016	**42,645**	**-**	**29,654**	**28,971**	**101,270**
Additions	**-**	**-**	**-**	**27,700**	**27,700**
Cost saving*	**(3,260)**	**-**	**-**	**-**	**(3,260)**
Transfer to land held for property development (Note 9)	**-**	**-**	**(29,654)**	**-**	**(29,654)**
Reclassification	**-**	**56,671**	**-**	**(56,671)**	**-**
At 31 December 2016	**39,385**	**56,671**	**-**	**-**	**96,056**

Note:-

* *Cost saving relates to adjustment to the final construction cost of the mall.*

8. INVESTMENT PROPERTIES (CONT'D)

The Group	Mall RM'000	Condominium RM'000	Leasehold Land RM'000	Construction-in-progress RM'000	Total RM'000
Accumulated depreciation					
At 1 January 2016	-	-	-	-	-
Depreciation charge	(863)	(294)	-	-	(1,157)
At 31 December 2016	(863)	(294)	-	-	(1,157)
Net book value at 31 December 2016	**38,522**	**56,377**	-	-	**94,899**
The fair value:-					
2016	**59,063**	**78,044**	-	-	

The Group	Mall RM'000	Condominium RM'000	Leasehold Land RM'000	Construction-in-progress RM'000	Total RM'000
At cost					
At 1 January 2015	-	-	29,654	29,051	58,705
Additions	-	-	-	42,565	42,565
Reclassification	42,645	-	-	(42,645)	-
At 31 December 2015	42,645	-	29,654	28,971	101,270
The fair value:-					
2015	59,063	-	29,951	-	

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 in the previous financial year cannot be determined as there were uncertainties in estimating its fair value. The estimated fair value upon completion was expected to be within the range of RM85 million and RM90 million.

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8. INVESTMENT PROPERTIES (CONT'D)

Included in the development costs incurred on the investment property under construction during the financial year is the following:-

	The Group	
	2016 RM'000	2015 RM'000
Interest expense	**606**	158

9. LAND HELD FOR PROPERTY DEVELOPMENT

	The Group	
	2016 RM'000	2015 RM'000
At cost:-		
At 1 January	**-**	2,000
Disposal during the financial year	**-**	(2,000)
Transfer from investment properties (Note 8)	**29,654**	-
At 31 December	**29,654**	-
Comprise:-		
Long-term leasehold land	**29,654**	-

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.

10. LONG-TERM INVESTMENTS

	The Group	
	2016 RM'000	2015 RM'000
At cost:-		
Unquoted shares	**30**	30
Golf club memberships	**195**	195
At 31 December	**225**	225

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

11. DEFERRED TAX ASSETS/(LIABILITIES)

	The Group	
	2016 RM'000	2015 RM'000
At 1 January	**(8,462)**	(9,154)
Recognised in profit or loss (Note 39)	**(189)**	696
Disposal of subsidiaries (Note 43)	**18**	-
Translation differences	**3**	(4)
At 31 December	**(8,630)**	(8,462)
Presented as follows:-		
Deferred tax assets	**15**	423
Deferred tax liabilities	**(8,645)**	(8,885)
	(8,630)	(8,462)

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

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Deferred tax assets:-				
Unutilised tax losses	**192**	199	**-**	-
Unabsorbed capital allowances	**25**	55	**11**	13
Allowance for impairment losses	**118**	209	**-**	-
Others	**251**	811	**-**	-
	586	1,274	**11**	13
Deferred tax liability:-				
Accelerated capital allowances	**(9,216)**	(9,736)	**(11)**	(13)
At 31 December	**(8,630)**	(8,462)	**-**	-

The deferred tax assets on unutilised tax losses and unabsorbed capital allowances have been recognised on the basis of the Group's previous history of recording profits and to the extend that it is probable that future taxable profits will be available against which temporary differences can be utilised. These unused tax losses and capital allowances can be carried forward to subsequent financial years until fully utilised.

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

No deferred tax assets have been recognised in respect of the following items (stated at gross):-

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Allowances for impairment losses	**1,479**	263	**-**	-
Excess of depreciation over capital allowances	**-**	28	**-**	-
Provisions	**368**	724	**368**	724
Unutilised tax losses	**46,638**	41,089	**15,836**	11,100
Unabsorbed capital allowances	**438**	116	**50**	26
	48,923	42,220	**16,254**	11,850

At the end of the reporting period, the unutilised tax losses and unabsorbed capital allowances are available for offset against future taxable profits of the subsidiaries and the Company in which the losses and allowances arose. No deferred tax assets are recognised in respect of these items as it is not probable that taxable profits of the subsidiaries and the Company will be available against which the deductible temporary differences can be utilised. The unutilised tax losses and unabsorbed capital allowances do not expire under current tax legislation. However, the availability of unutilised tax losses for offsetting against future taxable profits of the subsidiaries and the Company in Malaysia are subject to the Income Tax Act 1967 and guidelines issued by the tax authority.

12. INVENTORIES

	The Group	
	2016 RM'000	2015 RM'000
At cost:-		
Stores and spares	**1,735**	1,814
Unsold completed properties	**24,368**	2,732
	26,103	4,546
Recognised in profit or loss:-		
Inventories recognised as cost of sales	**161,142**	145,890

None of the inventories is carried at net realisable value.

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13. PROPERTY DEVELOPMENT COSTS

	The Group	
	2016 RM'000	**2015 RM'000**
At 1 January:-		
Freehold land	**1,996**	11,504
Development costs	**39,895**	74,850
	41,891	86,354
Incurred during the financial year:-		
Freehold land	**1,500**	-
Development costs	**44,701**	116,541
	46,201	116,541
Reversal of development costs of completed projects during the financial year:-		
Freehold land	**(1,648)**	(9,302)
Development costs	**(61,304)**	(149,493)
	(62,952)	(158,795)
Unsold units transferred to inventories:-		
Freehold land	**(348)**	(206)
Development costs	**(21,445)**	(2,003)
	(21,793)	(2,209)
Accumulated costs recognised in profit or loss:-		
At 1 January	**(25,762)**	(74,546)
Recognised during the financial year	**(37,190)**	(110,011)
Reversal of costs arising from completed projects	**62,952**	158,795
At 31 December	**-**	(25,762)
Property development costs as at 31 December	**3,347**	16,129
Represented by:-		
Freehold land	**1,500**	1,996
Development costs	**1,847**	39,895
Cumulative costs recognised in profit or loss	**-**	(25,762)
	3,347	16,129

NOTES TO THE FINANCIAL STATEMENTS
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13. PROPERTY DEVELOPMENT COSTS (CONT'D)

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

	The Group	
	2016 RM'000	**2015 RM'000**
Interest expense	**845**	204

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	
	2016 RM'000	**2015 RM'000**
Contract costs incurred to date	**614,833**	307,397
Attributable profits	**41,510**	19,550
	656,343	326,947
Progress billings	**(145,625)**	(6,623)
	510,718	320,324
Contract costs recognised as expenses	**290,478**	212,952

NOTES TO THE FINANCIAL STATEMENTS
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15. TRADE RECEIVABLES

	The Group	
	2016 RM'000	2015 RM'000
Trade receivables	**238,808**	213,656
Retention sums	**29,962**	55,652
	268,770	269,308
Allowance for impairment losses	**(22,561)**	(21,604)
	246,209	247,704
Accrued income	**9,369**	1,793
Accrued billings	**11,713**	39,816
	267,291	289,313
Allowance for impairment losses:-		
At 1 January	**(21,604)**	(25,230)
Addition during the financial year	**(4,607)**	(3,938)
Writeback during the financial year	**2,607**	6,862
Write-off during the financial year	**1,043**	702
At 31 December	**(22,561)**	(21,604)

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 (2015 - 6 to 12 months or within normal operating cycle).

NOTES TO THE FINANCIAL STATEMENTS

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16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Other receivables	**103,759**	101,741	**84,702**	84,748
Deposits	**23,231**	22,941	**15**	11
Prepayments	**1,531**	1,747	**170**	-
	128,521	126,429	**84,887**	84,759
Allowance for impairment losses	**(107,979)**	(106,118)	**(84,643)**	(84,643)
	20,542	20,311	**244**	116
Allowance for impairment losses:				
At 1 January	**(106,118)**	(106,802)	**(84,643)**	(84,643)
Addition during the financial year	**(2,625)**	(46)	**-**	-
Writeback for the financial year	**764**	730	**-**	-
At 31 December	**(107,979)**	(106,118)	**(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 (2015 - RM84,643,170) paid for the proposed acquisition of 78,750,000 ordinary shares of IDR1,000 each, representing 63% 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 (2015 - 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(b) 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.

19. SHORT-TERM INVESTMENTS

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At fair value:-				
Money market fund	**72,883**	93,769	**147**	142
Market value of money market fund	**72,883**	93,769	**147**	142

The short-term investments of the Group and of the Company are in respect of investment in unquoted trust funds and earns interest at effective rates ranging from 1.98% to 3.50% (2015 - 1.90% to 3.16%) per annum at the end of the reporting period.

20. DEPOSITS WITH LICENSED BANKS

Deposits with licensed banks of the Group amounting to RM5,132,030 (2015 - RM4,029,489) are pledged to banks for bank guarantees and credit facilities granted to the subsidiaries.

The effective interest rates with licensed banks of deposits at the end of the reporting period were as follows:-

	The Group		The Company	
	2016 %	2015 %	2016 %	2015 %
Effective interest rates	**2.00 to 3.45**	1.90 to 3.45	**3.25**	-

The maturity periods of the deposits with licensed banks at the end of the reporting period were as follows:-

	The Group		The Company	
	2016	2015	2016	2015
Maturity periods (days)	**1 to 365**	1 to 365	**61 to 365**	-

21. CASH AND BANK BALANCES

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

(i) a sum of RM29,870,117 (2015 - RM13,309,050) 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 (2015 - RM1,000,000) pledged to a licensed bank for bank overdraft facilities granted to a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS
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22. SHARE CAPITAL

	The Group/The Company			
	2016	2015	2016	2015
	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	**337,379**	335,272	**168,690**	167,636
Issue of shares pursuant to:				
- Employees' Shares Scheme Shares ("ESS Shares")	**-**	1,084	**-**	542
- Employees' Shares Scheme Options ("ESS Options") exercised	**2,470**	1,023	**1,234**	512
- Bonus issue	**84,844**	-	**42,422**	-
	87,314	2,107	**43,656**	1,054
At 31 December	**424,693**	337,379	**212,346**	168,690

During the current financial year, the Company increased its issued and fully paid-up ordinary shares from RM168,689,545 to RM212,346,457 by the issuance of 87,313,824 new ordinary shares of RM0.50 each as follows:

(a) the issuance of 2,469,600 new ordinary shares of RM0.50 each for cash consideration pursuant to the exercise of the Company's ESS Options at an issue price of RM1.56 per share; and

(b) the issuance of 84,844,224 new ordinary shares of RM0.50 each through a bonus issue on the basis of one (1) bonus share for every four (4) existing shares held in the Company by the capitalisation of RM42,422,112 from the share premium account.

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

Of the total 424,692,914 (2015 - 337,379,090) issued and fully paid-up ordinary shares at the end of the reporting period, ordinary shares amounted to 481,500 (2015 - 1,447,000) 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 424,211,414 (2015 - 335,932,090).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

23. TREASURY SHARES

	The Group/The Company	
	2016 RM'000	**2015 RM'000**
At 1 January	**2,360**	3
Share buy-back during the financial year	**500**	2,357
Treasury shares sold	**(2,100)**	-
At 31 December	**760**	2,360

The amount relates to the acquisition cost of treasury shares.

At the annual general meeting held on 25 May 2016, 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 reissued its treasury shares by resale in the open market and purchased its own ordinary shares from the open market under the share buy-back programme. Details are as follows:-

Date	Price per Share	Number of Shares	Total Consideration/ Total Costs RM'000
At 1 January 2016		1,447,000	2,360
February 2016	1.37 - 1.54	349,500	488
August 2016	1.23 - 1.25	10,000	12
October 2016	1.63 - 1.64	(1,325,000)	(2,100)
At 31 December 2016		481,500	760

The total shares purchased under the share buy-back programme 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.

The proceeds from the resale of treasury shares were utilised as working capital during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
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24. SHARE PREMIUM

	The Group/The Company	
	2016 RM'000	**2015 RM'000**
At 1 January	**76,536**	73,719
Arising from/(Utilised for) the issuance of new ordinary shares during the financial year pursuant to:		
- ESS Shares	**-**	1,334
- ESS Options	**2,618**	1,084
- Bonus shares	**(42,422)**	-
	(39,804)	2,418
Share issuance costs	**(187)**	-
Transfer from employee share option reserve upon exercise of share options	**963**	399
At 31 December	**37,508**	76,536

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	
	2016 RM'000	**2015 RM'000**
At 1 January	**1,293**	-
Arising from share-based payments during the financial year	**-**	1,692
Share options forfeited during the financial year	**(330)**	-
Transfer to share premium upon exercise of share options	**(963)**	(399)
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.

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.

In the previous 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.

In the previous 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. These share Options expired 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 1.1.2016	Granted	Exercised	Forfeited	At 31.12.2016
16 July 2015	RM1.56	3,315,000	-	(2,469,600)	(845,400)	-

The options forfeited were due to ESS Options not exercised by the expiry date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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	
	2016	2015
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-subsidiary 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.

29. LONG-TERM BORROWINGS

	The Group	
	2016 RM'000	2015 RM'000
Secured:-		
Hire purchase payable (Note 30)	**3,466**	2,810
Term loans (Note 31)	**88,806**	258,804
Bridging loan	**2,817**	6,715
	95,089	268,329

The long-term borrowings are obtained in accordance with the following terms:-

	The Group	
	2016 RM'000	2015 RM'000
Conventional:-		
Hire purchase payables	**3,146**	2,256
Term loans	**88,806**	258,804
Bridging loan	**2,817**	6,715
	94,769	267,775
Islamic:-		
Hire purchase payables	**320**	554
	95,089	268,329

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.

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FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

30. HIRE PURCHASE PAYABLES

	The Group	
	2016 RM'000	**2015 RM'000**
Minimum hire purchase payments:		
- not later than one year	**1,996**	1,786
- later than one year but not later than five years	**3,946**	3,211
	5,942	4,997
Less: future finance charges	**(756)**	(611)
	5,186	4,386
Current (Note 34):		
- not later than one year	**1,720**	1,576
Non-current (Note 29):		
- later than one year but not later than five years	**3,466**	2,810
	5,186	4,386

The hire purchase payables of the Group are secured by the Group's certain property, plant and equipment under hire purchase agreements as disclosed in Note 7(a) to the financial statements. The hire purchase arrangements will be expiring in 1 to 5 (2015 - 1 to 5) years.

31. TERM LOANS

	The Group	
	2016 RM'000	**2015 RM'000**
Current (Note 34):		
- not later than one year	**342,362**	1,279
Non-current (Note 29):		
- later than one year but not later than two years	**13,173**	7,053
- later than two years but not later than five years	**38,971**	241,793
- later than five years	**36,662**	9,958
	88,806	258,804
	431,168	260,083

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

31. TERM LOANS (CONT'D)

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 2016 RM'000	The Group Amount Outstanding 2015 RM'000
1	240	8,205	February 2011	**1,049**	1,085
2	240	3,809	March 2012	**492**	529
3	24	645,834	May 2018	**15,500**	15,500
4^	*	*	December 2017	**334,286**	205,143
5^	144	#	June 2017	**43,365**	15,176
6^	**	**	October 2016	**36,476**	22,650
				431,168	260,083

Notes :-

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

(a) upon receipt of sale proceeds and proceeds from facilitation funds with regard to a construction project; and/or

(b) 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 term loan is repayable on quarterly basis with 28 quarter instalments of RM1,500,000 per quarter.*

\# *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)	1st	-	24th month	-
(ii)	25th	-	48th month	250
(iii)	49th	-	60th month	400
(iv)	61st	-	108th month	500
(v)	109th	-	143rd month	700
(vi)	144th			12,700

^ *The Group has not fully drawn down these term loans in the previous financial year.*

NOTES TO THE FINANCIAL STATEMENTS
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31. TERM LOANS (CONT'D)

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 Loans 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 9 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) a Facility Agreement stamped to the amount of facilities advance; and

(b) a third party charge ranking pari passu with all existing charges over the property held under a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS
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32. TRADE PAYABLES

	The Group	
	2016 RM'000	2015 RM'000
Trade payables	**69,676**	79,849
Accrued costs	**223,515**	247,883
Retention sums	**47,966**	48,756
	341,157	376,488
Deferred income	**9,291**	9,617
Progress billings	**-**	1,030
	350,448	387,135

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 (2015 - 6 to 12 months or within normal operating cycle).

33. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Other payables and accruals	**38,886**	58,161	**721**	1,013
Amount owing to a director	**-**	59	**-**	-
Amount owing to a subsidiary's shareholders	**6,125**	4,508	**-**	-
	45,011	62,728	**721**	1,013

Included in other payables and accruals of the Group is an advance payment received from the Government of Malaysia amounting to RM8,700,000 (2015 - 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 is to be settled in cash.

The amount owing to a director in the previous financial year was unsecured, interest-free and repayable on demand. The amount owing was settled in cash.

The amount owing to a subsidiary's shareholders are unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS
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34. SHORT-TERM BORROWINGS

	The Group	
	2016 RM'000	2015 RM'000
Secured:-		
Revolving credit	**35,757**	23,757
Bridging loan	**9,067**	-
Hire purchase payables (Note 30)	**1,720**	1,576
Term loans (Note 31)	**342,362**	1,279
Total secured borrowings	**388,906**	26,612
Unsecured:-		
Bills payable	**21,792**	17,019
Revolving credit	**11,188**	10,500
Total unsecured borrowings	**32,980**	27,519
Total short-term borrowings	**421,886**	54,131

The short-term borrowings are obtained in accordance with the following terms:-

	The Group	
	2016 RM'000	2015 RM'000
Conventional:-		
Revolving credits	**38,757**	28,257
Bridging loan	**9,067**	-
Bills payable	**11,125**	9,042
Hire purchase payables	**1,319**	1,067
Term loans	**242,362**	1,279
Total secured borrowings	**302,630**	39,645
Islamic:-		
Revolving credits	**8,188**	6,000
Bills payable	**10,667**	7,977
Hire purchase payables	**401**	509
Term loans	**100,000**	-
	119,256	14,486
Total short-term borrowings	**421,886**	54,131

34. SHORT-TERM BORROWINGS (CONT'D)

The secured revolving credit is secured by:-

(a) a corporate guarantee of the Company;

(b) fixed and floating charges on certain property, plant and equipment as disclosed in Note 7 to the financial statements;

(c) a pledged of certain deposits placed with licensed banks as disclosed in Note 20 to the financial statements.

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 RM18,466,000 (2015 - RM14,086,000) which 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. The remaining bank overdrafts of RM21,228,000 (2015 - Nil) is secured in the same manner as the Term Loan 4 disclosed in Note 34 to the financial statements. The bank overdrafts facilities are obtained in accordance to conventional terms.

36. REVENUE

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Gross dividends from subsidiaries	**-**	-	**39,000**	38,200
Management fees from subsidiaries	**-**	-	**5,000**	2,400
Maintenance	**489,024**	676,199	**-**	-
Construction	**305,291**	247,752	**-**	-
Property development	**60,632**	150,047	**-**	-
Trading and manufacturing	**138,674**	112,724	**-**	-
Education	**57,941**	58,039	**-**	-
Engineering services	**56,419**	54,813	**-**	-
Others	**2,226**	5,456	**-**	-
	1,110,207	1,305,030	**44,000**	40,600

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FINANCIAL STATEMENTS
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37. PROFIT BEFORE TAXATION

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit before taxation is arrived at after charging/ (crediting):-				
Audit fee:				
- for the financial year	**537**	601	**65**	65
- underprovision in the previous financial year	**19**	83	**-**	20
Bad debts written off	**135**	506	**-**	-
Depreciation of property, plant and equipment	**15,471**	15,923	**23**	19
Depreciation of investment property	**1,157**	-	**-**	-
Property, plant and equipment written off	**464**	23	**-**	1
Direct operating expenses on investment properties	**2,071**	273	**-**	-
Directors' remuneration (Note 38)	**9,375**	9,798	**4,597**	4,177
Impairment losses on:				
- trade and other receivables	**7,232**	3,984	**-**	-
Interest expense:				
- bank overdrafts	**2,025**	141	**115**	-
- bills payable	**834**	1,083	**-**	-
- hire purchase	**218**	207	**-**	-
- revolving credit	**1,417**	1,456	**-**	-
- term loans and bridging loan	**20,240**	7,183	**-**	-
- others	**36**	35	**-**	-
Loss on disposal of land held for property development	**-**	49	**-**	-
Rental of:				
- land	**128**	6	**-**	-
- office premises	**2,692**	3,458	**26**	-
- plant and machinery	**525**	680	**-**	-
- motor vehicles	**678**	490	**-**	2
- office equipment	**1,078**	1,091	**-**	-
- others	**109**	99	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

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37. PROFIT BEFORE TAXATION (CONT'D)

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Staff costs:				
- salaries, wages, bonuses and allowances	**87,686**	87,056	**3,383**	3,305
- defined contribution plan	**10,015**	9,929	**405**	393
- share-based payments	**-**	947	**-**	644
- other benefits	**6,054**	12,082	**545**	126
Gain on disposal of property, plant and equipment	**(1,511)**	(1,328)	**-**	-
Net gain on disposal of subsidiaries	**(1,756)**	-	**-**	-
Income from short-term investments	**(1,218)**	(535)	**(16)**	(17)
Interest income:				
- financial institution	**(1,494)**	(1,287)	**(2)**	(25)
- others	**(204)**	(210)	**-**	-
Net foreign exchange loss/(gain):				
- unrealised	**-**	(165)	**-**	-
- realised	**6**	32	**-**	-
Rental income:				
- property, plant and equipment	**(37)**	(451)	**-**	-
- others	**(12)**	-	**-**	-
Waiver of debts	**(152)**	-	**-**	-
Writeback of impairment losses on:				
- trade and other receivables	**(3,371)**	(7,592)	**-**	-

NOTES TO THE FINANCIAL STATEMENTS
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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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Directors of the Company				
Executive directors' remuneration:				
- Fees	**-**	-	**-**	-
- Other emoluments	**4,722**	2,603	**4,142**	2,150
	4,722	2,603	**4,142**	2,150
Non-executive directors' remuneration:				
- Fees	**449**	360	**373**	360
- Other emoluments	**83**	118	**47**	22
	532	478	**420**	382
Directors of the Subsidiaries				
Executive directors' remuneration:				
- Fees	**279**	144	**-**	-
- Other emoluments	**3,784**	3,986	**-**	-
	4,063	4,130	**-**	-
Total directors' emoluments	**9,317**	7,211	**4,562**	2,532
Estimated money value of benefits-in-kind	**58**	54	**35**	35
Share-based payments	**-**	2,533	**-**	1,610
	9,375	9,798	**4,597**	4,177

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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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Presented as follows:-				
Executive:				
Short-term employee benefits	**7,953**	6,260	**3,733**	1,955
Defined contribution plan	**890**	623	**444**	230
Share-based payments	**-**	1,976	**-**	1,053
	8,843	8,859	**4,177**	3,238
Non-Executive:				
Short-term employee benefits	**527**	382	**415**	382
Defined contribution plan	**5**	-	**5**	-
Share-based payments	**-**	557	**-**	557
	9,375	9,798	**4,597**	4,177

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	
	2016	2015
Executive Directors:-		
RM550,001 - RM600,000	**1**	-
RM800,001 - RM850,000	**-**	1
RM2,800,001 - RM2,850,000	**-**	1
RM4,150,001 - RM4,200,000	**1**	-
Non-Executive Directors:-		
Below RM50,000	**2**	-
RM50,001 - RM100,000	**3**	1
RM100,001 - RM150,000	**1**	3
RM150,001 - RM200,000	**1**	2
RM250,001 - RM300,000	**-**	1

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39. INCOME TAX EXPENSE

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current tax expenses:				
- for the financial year	**25,750**	37,335	**24**	42
- overprovision in the previous financial year	**(882)**	(122)	**(42)**	(49)
	24,868	37,213	**(18)**	(7)
Deferred tax expenses (Note 11):				
- relating to origination and reversal of temporary differences	**639**	(701)	**-**	-
- (over)/underprovision in the previous financial year	**(450)**	5	**-**	-
	189	(696)	**-**	-
	25,057	36,517	**(18)**	(7)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2015 - 25%) of the estimated assessable profit for the financial year.

Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit before taxation	**77,540**	129,010	**32,152**	27,846
Tax at the statutory rate of 24% (2015 - 25%)	**18,610**	32,252	**7,717**	6,962
Tax effects of:				
Non-deductible expenses	**10,779**	17,568	**610**	1,065
Non-taxable income	**(4,609)**	(14,733)	**(9,360)**	(9,550)
Utilisation of deferred tax assets previously not recognised	**(1,089)**	(142)	**-**	1,565
Deferred tax assets not recognised during the financial year	**2,698**	1,689	**1,057**	-
(Over)/Underprovision in the previous financial year:				
- current tax	**(882)**	(122)	**(42)**	(49)
- deferred tax	**(450)**	5	**-**	-
Income tax expense for the financial year	**25,057**	36,517	**(18)**	(7)

Income tax savings during the financial year arising from:-

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Utilisation of current financial year's tax losses	**240**	42	**240**	42
Utilisation of tax losses previously not recognised as deferred tax assets	**4,454**	568	**-**	-
Utilisation of unabsorbed capital allowances previously not recognised as deferred tax	**84**	-	**-**	-
	4,778	610	**240**	42

NOTES TO THE FINANCIAL STATEMENTS
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40. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the financial year by the weighted average number of ordinary shares in issue excluding treasury shares during the financial year.

	The Group	
	2016	**2015**
Net profit for the financial year (RM'000)	**42,387**	66,757
Weighted average number of ordinary shares in issue ('000)	**422,347**	412,860*
Basic earnings per share (sen)	**10.04**	16.17
Weighted average number of ordinary shares for basic earnings per share	**422,347**	412,860*
Shares deemed to be issued for no consideration:		
- employee share options in issue	**22**	40
Weighted average number of ordinary shares for diluted earnings per share computation	**422,369**	412,900
Diluted earnings per ordinary share (sen)	**10.04**	16.17

Note:-

* *The comparative figures for the weighted average number of ordinary shares in issue for both the basic and diluted earnings per ordinary share computations have been restated to reflect the adjustments arising from the bonus issue which were completed on 25 November 2016.*

41. DIVIDENDS

	The Company	
	2016 RM'000	**2015 RM'000**
In respect of the financial year ended 31 December 2016:		
- first interim dividend of 3 sen per ordinary share	**12,726**	-
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
- final dividend of 5 sen per ordinary share	**16,874**	-
	29,600	26,811

The Directors declared a second dividend of 3 sen per ordinary share amounting to approximately RM12,726,342 in respect of the current financial year computed based on the issued and paid-up share capital with voting right as at 31 December 2016 of 424,211,414 ordinary shares of RM0.50 each. The financial statements for the current financial year do not reflect this dividend and will be accounted for as a liability in the financial year ending 31 December 2017.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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	
	2016 %	2015 %	2016 RM'000	2015 RM'000
Sun Rock Development Sdn. Bhd.	**36**	-	**^**	-
Infra Water Sdn. Bhd.	**-**	45	**-**	*

The details on the effects of the acquisition of additional equity interests in existing subsidiaries are as follows:-

	The Group	
	2016 RM'000	2015 RM'000
Net (liabilities)/assets acquired from NCI	**(1,004)**	5
Premium/(Discount) paid on acquisition of NCI	**1,004**	(5)
Purchase consideration	**^**	*
Less: Non-cash consideration	**-**	-
Net cash outflow from acquisition of additional equity interest in subsidiaries	**^**	*

Notes:-
** - RM5*
^ - RM1

Details of 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	
	2016 %	2015 %	2016 RM'000	2015 RM'000
Jalur Saujana Sdn. Bhd.	**-**	40	**-**	(2)

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43. DISPOSAL OF SUBSIDIARIES

During the current financial year, the Group undertook the following transactions:-

(a) disposal of Hainan Protasco Engineering Co. Ltd; and

(b) deemed disposal of Ikram Engineering Consulting Sdn. Bhd. (*formerly known as Ikram Infrastructure Asset Management Sdn. Bhd.)*

The financial effects of the disposals at the date of disposal are summarised below:-

	2016 RM'000
Property, plant and equipment	**12**
Trade and other receivables	**950**
Current tax asset	**18**
Deposits with licensed banks	**87**
Cash and bank balances	**238**
Trade and other payables	**(2,382)**
Deferred tax liabilities	**(18)**
Foreign exchange translation reserve	**(91)**
Non-controlling interests	**(296)**
Carrying amount of net assets disposed of	**(1,482)**
Less: Fair value transfer to investment in associates	**(208)**
Less: Net gain on disposal of subsidiaries (Note 37)	**1,756**
Consideration received, satisfied in cash	**66**
Less: Cash and bank balances of subsidiaries disposed of	**(324)**
Net cash outflow from the disposal of a subsidiary	**(258)**

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44. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cost of property, plant and equipment purchased	**21,531**	51,683	**16**	62
Amount financed through hire purchased	**(2,591)**	(2,690)	**-**	-
Amount financed through term loan	**(7,637)**	(23,234)	**-**	-
Cash disbursed for purchase of property, plant and equipment	**11,303**	25,759	**16**	62

45. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Short-term investments	**72,883**	93,769	**147**	142
Deposits with licensed banks	**35,307**	71,981	**1,000**	-
Cash and bank balances	**102,423**	89,781	**1,151**	773
Bank overdrafts	**(39,694)**	(14,345)	**-**	-
	170,919	241,186	**2,298**	915
Less: Deposits pledged to licensed banks	**(5,215)**	(4,029)	**(1,000)**	-
Cash and bank balances pledged to a licensed bank	**(1,000)**	(1,000)	**-**	-
Short-term investments with maturity periods more than three months	**(10,030)**	-	**-**	-
	154,674	236,157	**1,298**	915

NOTES TO THE **FINANCIAL STATEMENTS**
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46. CONTINGENT LIABILITIES

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Unsecured:-				
Corporate guarantees given to financial institutions for credit facilities granted to subsidiaries	**-**	-	**610,387**	349,705
Corporate guarantees given to suppliers for credit facilities granted to a subsidiary	**-**	-	**22,650**	21,850
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	**5,164**	-	**-**	-
Guarantee given by subsidiaries to the the third parties for services rendered	**14,772**	2,010	**-**	-
Guarantee given by a subsidiary to the related parties for services rendered	**39,456**	-	**-**	-
Guarantee given by a subsidiary to the associate for services rendered	**270**	-	**-**	-

47. CAPITAL COMMITMENTS

	The Group	
	2016 RM'000	2015 RM'000
Approved and contracted for:-		
Purchase of property, plant and equipment	**193**	20,940
Approved but not contracted for:-		
Purchase of property, plant and equipment	**1,467**	222

NOTES TO THE FINANCIAL STATEMENTS
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48. RELATED PARTY DISCLOSURES

48.1 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.

48.2 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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Gross dividends from subsidiaries	**-**	-	**(39,000)**	(38,200)
Management fees from subsidiaries	**-**	-	**(5,000)**	(2,400)
Share options expenses recharged to subsidiaries	**-**	-	**-**	(947)
Services rendered to a related party	**(229)**	(218)	**-**	-
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	**(2,336)**	(5,873)	**-**	-
Services rendered by an associate	**275**	429	**-**	-
Administrative fees charged by an associate	**2,184**	2,951	**-**	-

The related party transactions described above were entered into in the normal course of business carried out based on negotiated terms and conditions and are mutually agreed with respective parties.

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.

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48. RELATED PARTY DISCLOSURES (CONT'D)

48.3 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	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Short-Term Employee Benefits	**8,480**	6,642	**4,148**	2,337
Defined Contribution Plan	**895**	623	**449**	230
Share-Based Payments	**-**	2,533	**-**	1,610
	9,375	9,798	**4,597**	4,177

49. 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.

49. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

The key management personnel assess the performance of the reportable segments based on their profit before taxation. The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 4 to the financial statements.

(a) Segment revenue and results

Segment results represent profit before taxation of the segment. Inter-segment transactions are entered in the ordinary course of business based on terms mutually agreed upon by the parties concerned. The effects of such inter-segment transactions are eliminated on consolidation.

(b) Segment assets

Segment assets are measured based on all assets (including goodwill) of the segment, excluding current tax assets and deferred tax assets.

(c) Segment liabilities

Segment liabilities are measured based on all liabilities, excluding current tax liabilities and deferred tax liabilities.

Income taxes are managed on a group basis and are not allocated to operating segments.

Assets and liabilities which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items. Unallocated items comprise mainly tax-related assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS
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49. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

2016	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
Revenue									
External sales	489,024	305,291	60,632	56,419	138,674	57,941	2,226	-	1,110,207
Inter-segment sales	-	241,980	-	20,226	33,055	-	44,027	(339,288)	-
Total revenue	489,024	547,271	60,632	76,645	171,729	57,941	46,253	(339,288)	1,110,207
Results									
Profit from operations	36,776	31,832	11,272	2,996	4,079	2,865	34,164	(39,054)	84,930
Finance costs	(18)	(116)	(3,749)	(292)	(995)	(489)	(1,502)	-	(7,161)
Share of loss in associates	-	(1)	-	(228)	-	-	-	-	(229)
Segment results	36,758	31,715	7,523	2,476	3,084	2,376	32,662	(39,054)	77,540
Income tax expense									(25,057)
Profit after taxation									52,483
Non-controlling interests									(10,096)
Net profit attributable to owners of the Company									42,387

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49. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

2016	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	196,072	1,116,348	229,091	205,659	93,917	90,759	273,362	(834,985)	1,370,223
Unallocated corporate assets									18,161
Consolidated total assets									1,388,384
Liabilities									
Segment liabilities	115,511	558,250	677,217	138,255	74,463	57,825	17,268	(673,935)	964,854
Unallocated corporate liabilities									16,112
Consolidated total liabilities									980,966
Other information									
Bad debts written off	-	2	-	133	-	-	-	-	135
Depreciation and amortisation	4,389	2,833	1,283	4,080	435	3,584	24	-	16,628
Impairment losses on trade and other receivables	-	3	-	4,672	1,381	-	1,313	(137)	7,232
Interest expenses	6	20,436	3,620	1,641	992	489	115	(2,529)	24,770
(Gain)/Loss on disposal of property, plant and equipment	(124)	(1,385)	6	(8)	-	-	-	-	(1,511)
Interest and investment income	(1,291)	(2,680)	(759)	(165)	(209)	(255)	(18)	2,461	(2,916)
Writeback of impairment losses on trade and other receivables	-	-	-	(3,275)	(6)	(90)	-	-	(3,371)
Capital expenditure	5,202	1,131	211	4,881	266	9,824	16	-	21,531

49. 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
Revenue									
External sales	676,199	247,752	150,047	54,813	112,724	58,039	5,456	-	1,305,030
Inter-segment sales	-	212,719	-	7,729	42,483	-	41,399	(304,330)	-
Total revenue	676,199	460,471	150,047	62,542	155,207	58,039	46,855	(304,330)	1,305,030
Results									
Profit from operations	80,175	29,055	13,847	4,031	4,285	1,475	31,623	(31,433)	133,058
Finance costs	(24)	(232)	(993)	(1,350)	(1,383)	(13)	(2)	-	(3,997)
Share of loss in associates	-	(29)	-	(22)	-	-	-	-	(51)
Segment results	80,151	28,794	12,854	2,659	2,902	1,462	31,621	(31,433)	129,010
Income tax expense									(36,517)
Profit after taxation									92,493
Non-controlling interests									(25,736)
Net profit attributable to owners of the Company									66,757

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49. 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	726,370	210,335	217,085	89,114	81,231	267,235	(671,920)	1,218,657
Unallocated corporate assets									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									15,337
Consolidated total liabilities									815,445
Other information									
Bad debts written off	-	-	-	68	-	438	-	-	506
Depreciation and amortisation	3,713	3,806	237	4,223	429	3,496	19	-	15,923
Impairment losses on trade and other receivables	-	-	-	3,984	-	-	-	-	3,984
Interest expenses	58	7,099	199	1,351	1,384	14	-	-	10,105
(Gain)/Loss on disposal of property, plant and equipment	(11)	(448)	-	(982)	-	113	-	-	(1,328)
Interest and investment income	(802)	(210)	(528)	(361)	(8)	(81)	(42)	-	(2,032)
Writeback of impairment losses on trade and other receivables	-	(1,174)	-	(6,333)	(85)	-	-	-	(7,592)
Capital expenditure	4,580	4,494	261	4,456	157	37,672	63	-	51,683

The Group operates predominantly in Malaysia. Accordingly, the information by geographical segment is not presented.

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49. OPERATING SEGMENTS (CONT'D)

MAJOR CUSTOMER

The following are major customers with revenue equal to or more than 10% of Group revenue:-

	Revenue		
Customer Name	2016 RM'000	2015 RM'000	Segment
Customer A	**490,990**	634,675	Maintenance
Customer B	**252,126**	229,094	Construction

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.

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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

The Group 2016	Libyan Dinar RM'000	Euro RM'000	South African Rand RM'000	United States Dollar RM'000	Ringgit Malaysia RM'000	Total RM'000
Financial assets						
Long-term investments	-	-	-	-	225	225
Trade receivables	6,016	-	-	-	249,562	255,578
Other receivables and deposits	1	-	-	227	18,783	19,011
Amount owing by associates	-	-	-	-	845	845
Short-term investments	-	-	-	-	72,883	72,883
Deposits with licensed banks	-	-	-	-	35,307	35,307
Cash and bank balances	73	7	2,257	-	100,086	102,423
	6,090	7	2,257	227	477,691	486,272
Financial liabilities						
Trade payables	1,395	-	-	-	339,762	341,157
Other payables and accruals	149	-	5	-	44,857	45,011
Dividend payable	-	-	-	-	12,726	12,726
Borrowings	-	-	-	-	516,975	516,975
Bank overdrafts	-	-	-	-	39,694	39,694
	1,544	-	5	-	954,014	955,563
Net financial assets/(liabilities)	4,546	7	2,252	227	(476,323)	(469,291)
Less: Net financial (assets)/ liabilities denominated in the respective entities functional currencies	(4,546)	(7)	(2,252)	(227)	476,323	469,291
Currency exposure	-	-	-	-	-	-

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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 2015	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
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
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	-	-	-	-	-	-	-

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 the carrying amounts as at the end of the reporting period are as follows:-

	The Group	
	2016 RM'000	2015 RM'000
Fixed rate instruments		
Deposits with licensed banks	**35,307**	71,981
Hire purchase payables	**(5,186)**	(4,386)
Bills payable	**(21,792)**	(17,019)
Revolving credit	**(46,945)**	(34,257)
	(38,616)	16,319
Floating rate instruments		
Term loans	**(431,168)**	(260,083)
Bank overdrafts	**(39,694)**	(14,345)
Bridging loan	**(11,884)**	(6,715)
	(482,746)	(281,143)

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50. FINANCIAL INSTRUMENTS (CONT'D)

50.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk (Cont'd)

Exposure to interest rate risk (Cont'd)

	The Company	
	2016 RM'000	2015 RM'000
Fixed rate instrument		
Deposits with licensed bank	**1,000**	-

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	
	2016 Increase/ (Decrease) RM'000	2015 Increase/ (Decrease) RM'000
Effects on profit/(loss) after taxation		
Increase of 100 basis points (bp)	**(3,669)**	(2,109)
Decrease of 100 bp	**3,669**	2,109
Effects on equity		
Increase of 100 bp	**(3,669)**	(2,109)
Decrease of 100 bp	**3,669**	2,109

50. FINANCIAL INSTRUMENTS (CONT'D)

50.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(iii) Equity Price Risk

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

(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 2016

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
2016				
Not past due	**123,016**	**-**	**-**	**123,016**
Past due:				
- less than 6 months	**73,600**	**-**	**-**	**73,600**
- 6 to 12 months	**14,757**	**(86)**	**-**	**14,671**
- 1 to 2 years	**12,366**	**(1,096)**	**(5)**	**11,265**
- more than 2 years	**45,031**	**(20,445)**	**(929)**	**23,657**
	268,770	**(21,627)**	**(934)**	**246,209**
2015				
Not past due	152,904	-	-	152,904
Past due:				
- less than 6 months	12,686	-	-	12,686
- 6 to 12 months	29,248	-	-	29,248
- 1 to 2 years	47,781	(529)	(193)	47,059
- more than 2 years	26,689	(20,052)	(830)	5,807
	269,308	(20,581)	(1,023)	247,704

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 2016

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	On demand Or Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 Years RM'000
2016						
Non-derivative financial liabilities						
Trade payables	-	341,157	341,157	341,157	-	-
Other payables and accruals	-	45,011	45,011	45,011	-	-
Dividend payable	-	12,726	12,726	12,726	-	-
Hire purchase payables	2.63 to 8.47	5,186	5,943	1,996	3,946	-
Term loans	5.00 to 6.80	431,168	477,542	33,457	404,658	39,427
Bills payable	3.47 to 5.15	21,792	21,792	21,792	-	-
Revolving credit	4.09 to 4.92	46,945	46,945	46,945	-	-
Bridging loan	5.25	11,884	12,467	9,625	2,842	-
Bank overdrafts	7.85 to 8.10	39,694	39,694	39,694	-	-
		955,563	1,003,277	552,403	411,446	39,427

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

50. FINANCIAL INSTRUMENTS (CONT'D)

50.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity analysis (Cont'd)

The Group	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash flows RM'000	On demand Or Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 Years RM'000
2015						
Non-derivative financial liabilities						
Trade payables	-	376,488	376,488	376,488	-	-
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
Bills payable	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 loan	5.25	6,715	7,373	406	6,967	-
Bank overdrafts	7.85 to 8.10	14,345	14,345	14,345	-	-
		789,458	828,336	536,888	280,245	11,203

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

50. FINANCIAL INSTRUMENTS (CONT'D)

50.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity analysis (Cont'd)

The Company	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash flows RM'000	On demand Or Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 Years RM'000
2016						
Other payables and accruals	**-**	**721**	**721**	**721**	**-**	**-**
Amount owing to subsidiaries	**-**	**-**	**-**	**-**	**-**	**-**
Dividend payable	**-**	**12,726**	**12,726**	**12,726**	**-**	**-**
		13,447	**13,447**	**13,447**	**-**	**-**
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	-	-

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

50. FINANCIAL INSTRUMENTS (CONT'D)

50.2 CAPITAL RISK MANAGEMENT (CONT'D)

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

	The Group	
	2016 RM'000	2015 RM'000
Hire purchase payables	**5,186**	4,386
Term loans	**431,168**	260,083
Bills payable	**21,792**	17,019
Revolving credit	**46,945**	34,257
Bridging loan	**11,884**	6,715
Bank overdrafts	**39,694**	14,345
	556,669	336,805
Less: Short-term investments	**(72,883)**	(93,769)
Deposits with licensed banks	**(35,307)**	(71,981)
Cash and bank balances	**(102,423)**	(89,781)
Net debts	**346,056**	81,274
Total equity	**407,418**	409,316
Debt-to-equity ratio	**0.85**	0.20

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

50. FINANCIAL INSTRUMENTS (CONT'D)

50.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Financial assets				
Available-for-sale financial assets				
Long-term investments, at cost	**225**	225	**-**	-
Loans and receivables financial assets				
Trade receivables and accrued income	**255,578**	249,497	**-**	-
Other receivables and deposits	**19,011**	18,564	**75**	116
Amount owing by associates	**845**	5,081	**-**	-
Amount owing by subsidiaries	**-**	-	**107,892**	117,217
Deposits with licensed banks	**35,307**	71,981	**1,000**	-
Cash and bank balances	**102,423**	89,781	**1,151**	773
	413,164	434,904	**110,118**	118,106
Fair value through profit or loss				
Short-term investments	**72,883**	93,769	**147**	142
Financial liabilities				
Other financial liabilities				
Trade payables	**341,157**	376,488	**-**	-
Other payables and accruals	**45,011**	62,728	**721**	1,013
Amount owing to subsidiaries	**-**	-	**3,000**	3,469
Dividend payable	**12,726**	13,437	**12,726**	13,437
Hire purchase payables	**5,186**	4,386	**-**	-
Term loans	**431,168**	260,083	**-**	-
Bills payable	**21,792**	17,019	**-**	-
Revolving credit	**46,945**	34,257	**-**	-
Bridging loan	**11,884**	6,715	**-**	-
Bank overdrafts	**39,694**	14,345	**-**	-
	955,563	789,458	**16,447**	17,919

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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 which are 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 and golf club memberships that total with a total carrying amount of RM225,000 (2015 - RM225,000) is not presented due to the lack of marketability of these investments 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:-

	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value				
The Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total Fair Value RM'000	Carrying Amount RM'000
2016								
Financial asset								
Short-term investments	**-**	**72,883**	**-**	**-**	**-**	**-**	**72,883**	**72,883**
Financial liabilities								
Hire purchase payables	**-**	**-**	**-**	**-**	**5,334**	**-**	**5,334**	**5,186**
Term loans	**-**	**-**	**-**	**-**	**431,168**	**-**	**431,168**	**431,168**
2015								
Financial asset								
Short-term investments	-	93,769	-	-	-	-	93,769	93,769
Financial liabilities								
Hire purchase payables	-	-	-	-	4,478	-	4,478	4,386
Term loans	-	-	-	-	260,083	-	260,083	260,083

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

50. FINANCIAL INSTRUMENTS (CONT'D)

50.4 FAIR VALUE INFORMATION (CONT'D)

The Company	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	RM'000	RM'000
2016								
Financial asset								
Short-term investments	**-**	**147**	**-**	**-**	**-**	**-**	**147**	**147**
2015								
Financial asset								
Short-term investments	-	142	-	-	-	-	142	142

(a) Fair Value of Financial Instruments Carried at Fair Value

The fair value of short-term investments is determined based on their observable input, either directly or indirectly.

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	
	2016 %	2015 %
Hire purchase payables	**2.63% - 8.47%**	7.13% - 8.47%
Term loans	**5.00% - 6.80%**	4.75%

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

51. MATERIAL LITIGATIONS

The following are the material litigations involving the Group and the Company during the financial year:-

(a) High Court of Malaya at Kuala Lumpur ("KL High Court") Suit No: 22NCC-362-09/2014 between Protasco Berhad ("Company") as plaintiff against PT Anglo Slavic Utama ("PT ASU") as the 1st defendant, Tey Por Yee as the 2nd defendant and Ooi Kok Aun as the 3rd defendant

On 28 December 2012, the Company entered into a conditional Sale and Purchase Agreement ("Conditional SPA") with 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 USD55,000,000.

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 ASU as vendor represented in the Conditional SPA that PT Haseba had 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 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 agreed to acquire 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 USD22,000,000 (RM68,393,170) ("Purchase Consideration"). Parties thereto agreed that the Purchase Consideration was to be settled by way of setting off the deposit of USD16,340,563 (equivalent to RM50,000,000 based on the agreed exchange rate of USD1:RM3.05987 as at 28 December 2012) initially paid by the Company to PT ASU pursuant to the Conditional SPA and the balance thereof in cash.

The Restated SPA was subject to, among others, the following conditions subsequent to the completion of the Restated SPA which were to be fulfilled within six months from the date of the Restated SPA ("Conditional Period"):-

(i) Consent of Pertamina for the sale and purchase of the shares pursuant to the Restated SPA;

(ii) Extension of the PMP Agreement for a further 10 year period; and

(iii) Issuance of Surat Keterangan Terdaftar Minyak & Gas license by the Ministry of Energy and Mineral Resources' General of Oil and Gas Indonesia to PT Haseba.

Upon execution of the Restated SPA, the Company paid the balance Purchase Consideration amounting to USD5,659,437 (RM18,393,170) to PT ASU. In February 2014, pursuant on the terms of the Restated SPA, the Company made a further advance of USD5,000,000 (RM16,250,000) to PT ASI for working capital purposes ("Advance"). The total amounts paid to PT ASU and PT ASI collectively amounted to USD27,000,000 being the Purchase Consideration and the Advance.

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 Conditional Period and accordingly, the Restated SPA lapsed on 28 July 2014. The Company terminated the Restated SPA on 4 August 2014 and 14 August 2014.

On 22 September 2014, the Company filed a legal suit against PT ASU and the two former directors, namely the 2nd and the 3rd defendant for, among others, the refund of the Purchase Consideration and Advance.

NOTES TO THE **FINANCIAL STATEMENTS**
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51. MATERIAL LITIGATIONS (CONT'D)

(a) High Court of Malaya at Kuala Lumpur ("KL High Court") Suit No: 22NCC-362-09/2014 between Protasco Berhad ("Company") as plaintiff against PT Anglo Slavic Utama ("PT ASU") as the 1st defendant, Tey Por Yee as the 2nd defendant and Ooi Kok Aun as the 3rd defendant (Cont'd)

The total amount claimed against PT ASU and the two former directors ("2nd and 3rd Defendants") are as follows:-

<u>Against PT ASU</u>

(i) A payment of USD22,000,000;

(ii) Pre-judgement interest on USD22,000,000 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 USD22,000,000 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.

<u>Against the 2nd and 3rd Defendants</u>

(i) A payment of USD27,000,000 (including the Advance);

(ii) Pre-judgement interest on USD27,000,000 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 USD27,000,000 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.

The status of this suit is as follows:-

PT ASU's application to stay this legal proceeding pending arbitration was dismissed by the KL High Court on 11 August 2015. Thereafter, PT ASU filed an appeal to the Court of Appeal Malaysia (Appeal Jurisdiction) at Wilayah Persekutuan Putrajaya ("Court of Appeal") which was allowed on 25 February 2016. Pursuant to the decision of the Court of Appeal, the action against PT ASU is now stayed pending the referral of the matter to arbitration in accordance with the rules of the Kuala Lumpur Regional Centre of Arbitration.

Following the decision of the Court of Appeal on 25 February 2016, the 2nd and 3rd Defendants have filed their stay application pending the disposal of the arbitration between PT ASU and our Company. This application has been granted on 20 December 2016. The Company had then filed an appeal against the said High Court decision to the Court of Appeal and the Court of Appeal has fixed for hearing on 9 May 2017.

There are however, several other interlocutory applications files by the parties. These interlocutory applications are procedural in nature. None of these interlocutory applications will finally dispose of the suit against the PT ASU nor the 2nd or 3rd Defendants without going for trial during which the allegations will be heard on its merits.

NOTES TO THE
FINANCIAL STATEMENTS
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51. MATERIAL LITIGATIONS (CONT'D)

(a) High Court of Malaya at Kuala Lumpur ("KL High Court") Suit No: 22NCC-362-09/2014 between Protasco Berhad ("Company") as plaintiff against PT Anglo Slavic Utama ("PT ASU") as the 1st defendant, Tey Por Yee as the 2nd defendant and Ooi Kok Aun as the 3rd defendant (Cont'd)

No trial date is fixed yet by the KL High Court for this legal suit.

Notwithstanding the above litigation, the purchase consideration paid and advance made amounting to RM68,393,170 and RM16,250,000 respectively have been fully impaired in the previous financial year.

(b) High Court of Malaya at Shah Alam ("SA High Court") Suit No. 22NCVC-561-11/2014 between Protasco Trading Sdn Bhd ("PTSB") as plaintiff against PT Goldchild Integritas Abadi ("Goldchild") and Ooi Kock Aun ("OKA") as defendants

PTSB, a wholly owned subsidiary of the Company, had entered into an agreement dated 4 February 2013 ("Agreement") to undertake coal trades with Goldchild.

Pursuant to the terms of the Agreement and to facilitate coal purchases, a deposit ("Deposit") of USD5,161,290 (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 (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 21 November 2014, PTSB filed a legal suit against Goldchild and one of the former directors of the Company, OKA, when the Company uncovered that OKA has an undisclosed interest in Goldchild.

OKA filed an application to strike out the legal suit against him and the application was dismissed on 19 October 2015. Thereafter, OKA filed an appeal against the SA High Court decision to the Court of Appeal. OKA's appeal has been fixed for case management by the Court of Appeal on 8 May 2017.

Goldchild's application to stay this legal proceeding pending arbitration was allowed by the SA High Court on 19 October 2015. Thereafter, PTSB filed an appeal against the SA High Court decision to the Court of Appeal. This appeal was withdrawn by PTSB on 24 August 2016.

Since the legal suit against Goldchild has been stayed pending arbitration, OKA filed an application for stay pending arbitration between PTSB and Goldchild which was allowed on 13 January 2016. PTSB then filed an appeal against the SA High Court decision to the Court of Appeal. This application was dismissed by the Court of Appeal on 24 August 2016. PTSB had on 23 September 2016 filed an application for leave via notice of motion seeking leave to appeal to the Federal Court of Malaysia at Wilayah Persekutuan Putrajaya ("Federal Court"). The Motion has been dismissed by the Federal Court on 11 January 2017. Pursuant to the decision of the Federal Court, the action against OKA is now stayed pending the referral of the matter to arbitration in Jakarta in accordance with the rules of Badan Arbitrase Nasional Indonesia ("BANI").

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.

51. MATERIAL LITIGATIONS (CONT'D)

(c) High Court of Malaya at Kuala Lumpur ("KL High Court") Suit No: 22NCC-3504-10/2014 between Kingdom Seekers Ventures Sdn Bhd ("Kingdom Seekers") as plaintiff against Protasco Berhad ("Company") and 7 others

The Company had on 28 October 2014, been served with a derivative action by Kingdom Seekers suing in a representative capacity for and on behalf of the Company 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 the Company's wholly owned subsidiary 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 was a substantial shareholder of the Company.

The Company has on 22 January 2015 filed an application to strike out the Suit. The KL High Court has, on 21 April 2015 allowed the Company and 7 others' application to strike out the Suit with costs of RM15,000 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. It has been fixed for Hearing on 24 August 2016. The Motion has been dismissed on 24 August 2016.

52. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

There were no significant events during the financial year other than those disclosed in Note 5, Note 22 and Note 51 to the financial statements.

53. SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

The Companies Act 2016 came into effect on 31 January 2017 (except for Section 241 and Division 8 of Part III of the said Act) and replaces the existing Companies Act 1965.

Amongst the key changes introduced under the Companies Act 2016 that will affect the financial statements of the Group and the Company upon its initial adoption are:-

(i) Removal of the authorised share capital;
(ii) Ordinary and preference shares will cease to have par or nominal value; and
(iii) Share premium account will become part of the share capital.

The adoption of the Companies Act 2016 is to be applied prospectively. Therefore, the changes in the accounting policies and the possible impacts on the financial statements upon its initial adoption will be disclosed in the financial statements of the Group and of the Company for the financial year ending 31 December 2017.

NOTES TO THE FINANCIAL STATEMENTS
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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 Cash flows (Extract):-				
Net cash (for)/from investing activities	(29,717)	(123,486)	33,797	33,655
Cash and cash equivalents at end of the financial year	236,157	142,388	915	773

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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total retained profits:				
- realised	**250,286**	237,637	**4,753**	1,996
- unrealised	**(8,630)**	(8,591)	**-**	-
	241,656	229,046	**4,753**	1,996
Total share of retained profit of associate:				
- unrealised	**(344)**	(115)	**-**	-
	241,312	228,931	**4,753**	1,996
Less: Consolidation adjustments	**(95,223)**	(94,812)	**-**	-
	146,089	134,119	**4,753**	1,996

LIST OF **PROPERTIES**

No	Location	Description/ Existing Use	Age of Buildings	Tenure	Approx. Land Area sq. ft.	Net Book Value at 31.12.2016 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 and residential	Between 8 - 34 years	Freehold	3.411 million	92,670	18.04.02*
2	Lot Nos. 1576 and 1577 Held Under Grant Nos. 53674 and 53675 respectively of Mukim 4 District of Seberang Prai Tengah Pulau Pinang.	Two adjoining three-storey shop offices	21 years	Freehold	2,799	675	18.04.02*
3	Lot No. P.T. 172, Section 90 Town and District of Kuala Lumpur State of Wilayah Persekutuan.	Intermediate four-storey shophouse	33 years	Leasehold 99 years expiring in 2076	1,760	634	01.03.02#
4	Lot No. P.T. 166, Section 90 Town and District of Kuala Lumpur State of Wilayah Persekutuan.	Intermediate four-storey shophouse	33 years	Leasehold 99 years expiring in 2076	1,760	531	11.06.02#
5	Lot No. P.T. 167, Section 90 Town and District of Kuala Lumpur State of Wilayah Persekutuan.	Intermediate four-storey shophouse	33 years	Leasehold 99 years expiring in 2076	1,760	531	11.06.02#
6	Lot No. P.T. 168, Section 90 Town and District of Kuala Lumpur State of Wilayah Persekutuan.	Intermediate four-storey shophouse	33 years	Leasehold 99 years expiring in 2076	1,760	531	11.06.02#
7	Lot No. P.T. 169, Section 90 Town and District of Kuala Lumpur State of Wilayah Persekutuan.	Corner lot four-storey shophouse	33 years	Leasehold 99 years expiring in 2076	2,208	745	11.06.02#
8	Country Lease No. 075356580 Sungai Tinosan, Sandakan, Sabah.	Land for future development	N/A	Leasehold 99 years expiring in 2074	291,850	592	10.03.05#
9	HS (M) 1156, Blok 7 Mukim of Dengkil District of Sepang State of Selangor Darul Ehsan.	Workshop	11 years	Leasehold 99 years expiring in 2080	126,300	1,692	05.08.05#
10	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	686	25.06.08#
11	No. Hakmilik Geran 79109, Lot 3223 Mukim of Beranang District of Ulu Langat State of Selangor Darul Ehsan.	Factory	5 years	Freehold	185,566	2,846	07.10.10#

LIST OF **PROPERTIES**

No	Location	Description/ Existing Use	Age of Buildings	Tenure	Approx. Land Area sq. ft.	Net Book Value at 31.12.2016 RM'000	Date of Revaluation*/ Acquisition#
12	HS (D) 367944 PTD 106041 Mukim of Tebrau District of Johor Bahru State of Johor Darul Takzim.	Two-storey shop office	5 years	Freehold	2,982	778	17.01.12#
13	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	5 years	Leasehold 99 years expiring in 2105	609	296	18.10.12#
14	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	12,266	11.05.14#
15	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	3,734	11.05.14#
16	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#
17	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#
18	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#
19	Centrum Mall Jalan Ikram-Uniten 43690 Kajang State of Selangor Darul Ehsan.	Retail Mall	1 year	Freehold	197,327	38,522	31.12.15*#
20	C-13-1 till C-13-10 C-14-1 till C-14-10 C-15-1 till C-15-10 C-16-1 till C-16-10 D-13-1 till D-13-10 D-14-1 till D-14-10 D-15-1 till D-15-10 D-16-1 till D-16-10 Kondominium Unipark Jalan US 1, Taman Unipark Suria Off Jalan Ikram-Uniten 43690 Kajang State of Selangor Darul Ehsan.	Condominiums	Below 1 year	Freehold	208,000	56,377	21.11.16#
21	Lot No. 52518 Bandar Baru Bangi, District of Sepang State of Selangor Darul Ehsan.	Twelve-storey academic block	Below 1 year	Freehold	42,688	48,230	06.04.16#

ANALYSIS OF **SHAREHOLDINGS**

As at 29 March 2017

Authorised Share Capital	: RM300,000,000
Issued and Paid-Up Share Capital	: RM212,346,457
Class of Shares	: Ordinary Shares
Voting Rights	: One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	%	No. of Shares Held	%
1 – 99	101	1.73	3,951	0.00
100 – 1,000	334	5.73	172,684	0.04
1,001 – 10,000	3,248	55.73	15,392,679	3.63
10,001 – 100,000	1,826	31.33	51,361,811	12.11
100,001 – 21,210,569*	318	5.46	319,614,477	75.34
21,210,570 and above**	1	0.02	37,665,812	8.88
***TOTAL	5,828	100.00	424,211,414	100.00

*Remarks: * Less than 5% of issued holdings ** 5% and above of issued holdings *** Excluding 481,500 treasury shares*

SUBSTANTIAL SHAREHOLDERS

Name	Direct Shareholdings		Indirect Shareholdings	
	No. of Shares Held	%	No. of Shares Held	%
Dato' Sri Ir Chong Ket Pen	57,839,177	13.63	39,083,312	9.21[1]
Penmacorp Sdn Bhd	39,083,312	9.21	-	-

Note: [1] Deemed interested pursuant to Section 8 of the Companies Act 2016 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	187,500	0.04	-	-
Dato' Sri Ir Chong Ket Pen	57,839,177	13.63	43,604,562[a]	10.28
Dato' Mohd Hanif Bin Sher Mohamed	196,250	0.05	-	-
Dato' Su-Azian @ Muzaffar Syah Bin Abd Rahman	750,000	0.18	3,125,000[b]	0.74
Dato' Tan Yee Boon	100,000	0.02	-	-
Ir Tan Heng Kui	7,682,375	1.81	-	-
Suhaimi Bin Badrul Jamil	25,000	0.01	-	-
Lim Yew Ting	-	-	-	-

Notes:
(a) by virtue of his interest via his spouse, children and Penmacorp Sdn Bhd
(b) by virtue of his interest in Rencana Berkat Sdn Bhd

ANALYSIS OF **SHAREHOLDINGS**

As at 29 March 2017

LIST OF TOP 30 SHAREHOLDERS

No	Name	No. of Shares Held	%
1	UOBM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PENMACORP SDN BHD (PCB)	37,665,812	8.88
2	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR CHONG KET PEN (PB)	20,539,000	4.84
3	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD	19,491,000	4.59
4	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR CHONG KET PEN (PBCL-0G0086)	17,500,000	4.13
5	CHONG KET PEN	17,367,105	4.09
6	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM CHAI BENG	12,812,875	3.02
7	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (NOMURA)	11,248,500	2.65
8	FEDERLITE HOLDINGS SDN BHD	10,988,375	2.59
9	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LPF)	6,914,650	1.63
10	TAN HENG KUI	6,562,500	1.55
11	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR CIMB ISLAMIC DALI EQUITY THEME FUND	6,224,600	1.47
12	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD YAYASAN HASANAH (AUR-VCAM)	5,252,625	1.24
13	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (KENANGA)	5,149,025	1.21
14	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA INSURANCE BERHAD (GROWTH FUND)	5,125,800	1.21
15	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR PERTUBUHAN KESELAMATAN SOSIAL (AFF HWG6939-403)	3,929,375	0.93
16	CITIGROUP NOMINEES (TEMPATAN) SDN BHD UNIVERSAL TRUSTEE (MALAYSIA) BERHAD FOR CIMB ISLAMIC SMALL CAP FUND	3,760,500	0.89
17	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	3,739,250	0.88

ANALYSIS OF **SHAREHOLDINGS**

As at 29 March 2017

LIST OF TOP 30 SHAREHOLDERS (CONT'D)

No	Name	No. of Shares Held	%
18	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD (EPF)	3,539,650	0.83
19	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LBF)	3,340,475	0.79
20	CITIGROUP NOMINEES (TEMPATAN) SDN BHD UNIVERSAL TRUSTEE (MALAYSIA) BERHAD FOR CIMB ISLAMIC DALI EQUITY FUND	3,273,350	0.77
21	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ARIM)	3,200,000	0.75
22	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEY POR YEE (MARGIN)	3,153,427	0.74
23	RENCANA BERKAT SDN BHD	3,125,000	0.74
24	DB (MALAYSIA) NOMINEE (ASING) SDN BHD SSBT FUND SD4N FOR GOVERNMENT OF THE PROVINCE OF ALBERTA	3,120,250	0.74
25	CITIGROUP NOMINEES (ASING) SDN BHD CBLDN FOR POHJOLA BANK PLC (CLIENT AC-EUR)	2,937,500	0.69
26	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT PROGRESS FUND (4082)	2,887,000	0.68
27	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	2,491,250	0.59
28	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR YAP OON NEO (PBCL-0G0435)	2,487,500	0.59
29	HSBC NOMINEES (ASING) SDN BHD TNTC FOR LSV EMERGING MARKETS SMALL CAP EQUITY FUND, LP	2,404,625	0.57
30	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	2,374,500	0.56
	TOTAL	232,605,519	54.84

Note: Without aggregating securities from different securities accounts belonging to the same person.

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Sixteenth Annual General Meeting of the Company will be held at The Function Room, 9th Floor, De Centrum Tower @ De Centrum City, Jalan Ikram-Uniten, 43000 Kajang, Selangor Darul Ehsan on Thursday, 25 May 2017 at 11.00 a.m. to transact the following businesses:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2016 and the Reports of Directors and Auditors thereon.

2. To approve the payment of Directors' fees and benefits. **Ordinary Resolution 1**

3. To re-elect the following Directors retiring in accordance with Article 70 of the Company's Constitution:

   (i) Dato' Sri Ir Chong Ket Pen **Ordinary Resolution 2**
   (ii) Dato' Sri Su-Azian @ Muzaffar Syah Bin Abd Rahman **Ordinary Resolution 3**

4. To re-elect Lim Yew Ting retiring in accordance with Article 76 of the Company's Constitution. **Ordinary Resolution 4**

5. To re-appoint Tan Sri Datuk Dr Hadenan Bin A Jalil as a Director of the Company. **Ordinary Resolution 5**

6. To appoint Messrs Crowe Horwath as auditors of the Company and authorise the Directors to determine their remuneration. **Ordinary Resolution 6**

7. To consider and if thought fit, to pass the following resolution, with or without modifications:

   ORDINARY RESOLUTION - AUTHORITY TO ALLOT SHARES **Ordinary Resolution 7**

   "THAT pursuant to Section 75 of the Companies Act 2016 and subject to the approvals of the relevant authorities, the Directors be empowered to allot 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 10% of the total number of issued shares 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

8. To consider and if thought fit, to pass the following resolution, with or without modifications:

ORDINARY RESOLUTION - PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY **Ordinary Resolution 8**

"THAT subject to the Companies Act 2016 ("Act"), the Company's Constitution, 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 and are hereby 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 ten per centum (10%) of the total number of issued shares 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 of the Company;

(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 expiry of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340 of the Act (but shall not extend to such extensions as may be allowed pursuant to Section 340(4) of the Act); or
(iii) the authority is revoked or 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 in the following manner as the Directors of the Company may decide:

(i) cancel the Shares so purchased; or
(ii) retain the Shares so purchased as treasury shares; or
(iii) retain part of the Shares so purchased as treasury shares and cancel the remainder; or
(iv) distribute the treasury shares as dividends to shareholders;
(v) resell the treasury shares or any of the shares in accordance with the relevant rules of Bursa Securities;
(vi) transfer the treasury shares, or any of the shares for the purposes of or under an employees' share scheme;
(vii) transfer the treasury shares, or any of the shares as purchase consideration; or
(viii) sell, transfer or otherwise use the treasury shares for such other purposes as the Minister charged with the responsibility for companies may by order prescribe.

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."

NOTICE OF
ANNUAL GENERAL MEETING

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
28 April 2017

NOTES TO NOTICE OF SIXTEENTH ANNUAL GENERAL MEETING:

1. Only Members whose names appear on the Record of Depositors as at 17 May 2017 shall be entitled to attend, speak and vote at the Sixteenth 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 Sixteenth 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 Sixteenth Annual General Meeting or any adjournment thereof.

NOTICE OF
ANNUAL GENERAL MEETING

8. Explanatory Notes:

Ordinary Resolution 1 - Pursuant to Section 230(1) of the Companies Act 2016 ("Act"), the fees of the directors, and any benefits payable to the directors including any compensation for loss of employment of a director or former director of a public company or a listed company and its subsidiaries, shall be approved at a general meeting.

The fees structure of the Non-Executive Directors ("NEDs") of the Company is as follows:

- Monthly fixed fees for duties as Director/Chairman;
- Meeting allowance for each Board/Board Committee/ General Meeting attended; and
- Directors' & Officers' Liability Insurance.

Details of the fees and benefits paid to the Non-Executive Directors for the financial year ended 31 December 2016 are disclosed on page 55 of the Statement on Corporate Governance in the 2016 Annual Report.

Ordinary Resolution 5 - At the Fifteenth Annual General Meeting of the Company held on 25 May 2016, Tan Sri Datuk Dr Hadenan Bin A Jalil, who is above the age of 70 years, was reappointed pursuant to Section 129 of the Companies Act, 1965 to hold office until the conclusion of the Sixteenth Annual General Meeting. With the coming into force the Companies Act 2016 on 31 January 2017, there is no age limit for directors. Tan Sri Datuk Dr Hadenan Bin A Jalil has offered himself for re-appointment.

The proposed Ordinary Resolution 5, if passed, will enable Tan Sri Datuk Dr Hadenan Bin A Jalil to continue to act as Director of the Company and he shall subject to retirement by rotation at a later date.

Ordinary Resolution 7 - The proposed Ordinary Resolution 7, if passed, will give the Directors of the Company, from the date of the Sixteenth 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 Fifteenth Annual General Meeting held on 25 May 2016 and the said authority will lapse at the conclusion of the Sixteenth 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 8 - The proposed Ordinary Resolution 8, if passed, will empower the Directors of the Company to purchase the Company's shares up to ten percent (10%) of the total number of issued shares of the Company ("Proposed Share Buy-Back") by utilising the funds allocated which shall not exceed the total retained earnings of the Company. Further information on the Proposed Shares Buy-Back is set out in the Share Buy-Back Statement to Shareholders dated 28 April 2017, which is despatched together with the Company's Annual Report 2016.

FORM OF PROXY

PROTASCO BERHAD
(548078 H)

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 Sixteenth Annual General Meeting of the Company to be held at The Function Room, 9th Floor, De Centrum Tower @ De Centrum City, Jalan Ikram-Uniten, 43000 Kajang, Selangor Darul Ehsan on Thursday, 25 May 2017 at 11.00 a.m. and at any adjournment thereof.

No	Ordinary Resolutions	For	Against
1.	To approve the payment of Directors' fees and benefits.		
2.	To re-elect Dato' Sri Ir Chong Ket Pen as a Director of the Company.		
3.	To re-elect Dato' Sri Su-Azian @ Muzaffar Syah Bin Abd Rahman as a Director of the Company.		
4.	To re-elect Lim Yew Ting as a Director of the Company.		
5.	To re-appoint Tan Sri Datuk Dr Hadenan Bin A Jalil as a Director of the Company.		
6.	To appoint Messrs Crowe Horwath as auditors of the Company and authorise the Directors to determine their remuneration.		
7.	To approve the Authority to Issue Shares.		
8.	To approve the proposed renewal of share buy-back authority.		

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 ...., 2017

____
Signature of Shareholder / Common Seal

Number of shares held	

Notes:

1. Only Members whose names appear on the Record of Depositors as at 17 May 2017 shall be entitled to attend, speak and vote at the Sixteenth 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 Sixteenth 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 Sixteenth 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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