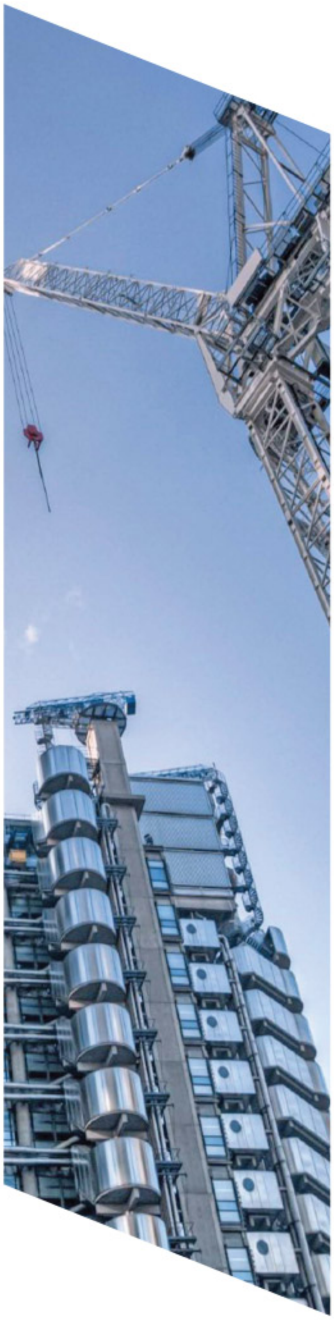
Able
AbleGroup Bhd



Delivering Excellence in Bespoke Craftmanship

ANNUAL REPORT 2015

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CORPORATE INFORMATION

BOARD OF DIRECTORS

YEOH CHONG KEAT
Chairman/
Independent Non-Executive Director

WONG HEANG FINE
Deputy Chairman/
Independent Non-Executive Director

DATO' LIM KIM HUAT
Managing Director

LOI HENG SEWN
Non-Independent Non-Executive Director

CHEONG MARN SENG
Independent Non-Executive Director

AUDIT COMMITTEE

WONG HEANG FINE
Chairman

CHEONG MARN SENG
Member

YEOH CHONG KEAT
Member

NOMINATION COMMITTEE

WONG HEANG FINE
Chairman

CHEONG MARN SENG
Member

LOI HENG SEWN
Member

REMUNERATION COMMITTEE

YEOH CHONG KEAT
Chairman

DATO' LIM KIM HUAT
Member

CHEONG MARN SENG
Member

COMPANY SECRETARIES

LIM FEI CHIA
(MAICSA 7036158)

TAN FONG SHIAN @ LIM FONG SHIAN
(MAICSA 7023187)

CORPORATE OFFICE

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

REGISTERED OFFICE

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

SHARE REGISTRAR

TRICOR INVESTOR &
ISSUING HOUSE SERVICES SDN BHD
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel: 03 -27839299
Fax: 603 -27839222

AUDITORS

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

PRINCIPAL BANKERS

Bangkok Bank Berhad
Malayan Banking Berhad

WEBSITE

www.ablegroup.com.my

STOCK EXCHANGE

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

CORPORATE STRUCTURE

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

100%
Syarikat Bukit Granite Sdn Bhd

100%
Montana Madencilik Mermer Sanayi Insaat Ve Ticaret Limited Sirketi (Turkey)

100%
Atlas Rhythm Sdn Bhd

DIRECTORS' PROFILE

Yeoh Chong Keat

(58 years of age – Malaysian)

Chairman, Independent Non-Executive Director

Mr Yeoh Chong Keat, Malaysian, aged 58, who was appointed to the Board on 1 August 2011 is an Independent Non-Executive Director and Chairman of the Board and Remuneration Committee as well as a member of the Audit Committee.

Mr Yeoh is a Fellow of the Institute of Chartered Accountants in England and Wales, a Fellow of the Chartered Tax Institute of Malaysia, a Chartered Accountant of the Malaysian Institute of Accountants and a Member of the Malaysian Institute of Certified Public Accountants. He trained and qualified as a Chartered Accountant with Deloitte Haskins & Sells, UK (now part of PricewaterhouseCoopers, UK) and has accumulated a wealth of experience in audit, tax, consulting and corporate secretarial work with over 35 years in professional practice. He founded Archer Corporate Services Sdn Bhd ("Archer") in 1999 and is the President/CEO of Archer which provides corporate secretarial and advisory services to public listed companies and large groups of private companies.

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

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

As at 01 April 2016, Mr Yeoh has direct shareholdings of 500,000 ordinary shares of RM0.15 each in the Company. He attended all four (4) Board of Directors' Meetings of the Company held during the financial year ended 31 December 2015.

Dato' Lim Kim Huat

(56 years of age – Malaysian)

Managing Director

Dato' Lim Kim Huat was appointed as Managing Director of AbleGroup Berhad on 15 September 2009 and is a member of the Company's Remuneration Committee.

He began his career at PricewaterhouseCoopers in Kuala Lumpur in 1980 before switching to the commercial sector. Dato' Lim is now a businessman and entrepreneur with extensive exposure and experience across diverse industries including manufacturing, trading, property development, agriculture, leisure and entertainment, and food services.

Dato' Lim sits on the board of Widetech (Malaysia) Berhad and Golden Agro Plantation (Mukah) Berhad. He was formerly the Deputy Executive Chairman of Sunrise Berhad, where he led the development of multiple internationally acclaimed projects including "10 Mont' Kiara", "28 Mont' Kiara" and "Solaris Dutamas – Publika".

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

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

As at 01 April 2016, Dato' Lim has direct shareholdings of 87,750,000 ordinary shares of RM0.15 each and Warrants of 9,750,000 in the Company. He attended all the four (4) Board of Directors' Meetings of the Company held during the financial year ended 31 December 2015.

(Cont'd)

DIRECTORS' PROFILE

Wong Heang Fine

(58 years of age - Singaporean)

Deputy Chairman, Independent Non-Executive Director

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

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

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

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

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

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

He attended three (3) Board of Directors' Meetings of the Company held during the financial year ended 31 December 2015.

DIRECTORS' PROFILE

Loi Heng Sewn

(56 years of age – Malaysian)

Non- Independent Non-Executive Director

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

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

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

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

As at 01 April 2016, Mr Loi has direct shareholdings of 28,300,000 ordinary shares of RM0.15 each and Warrants of 450,000 in the Company. He attended all the four (4) Board of Directors' Meetings of the Company held during the financial year ended 31 December 2015.

Cheong Marn Seng

(51 years of age – Malaysian)

Independent Non-Executive Director

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

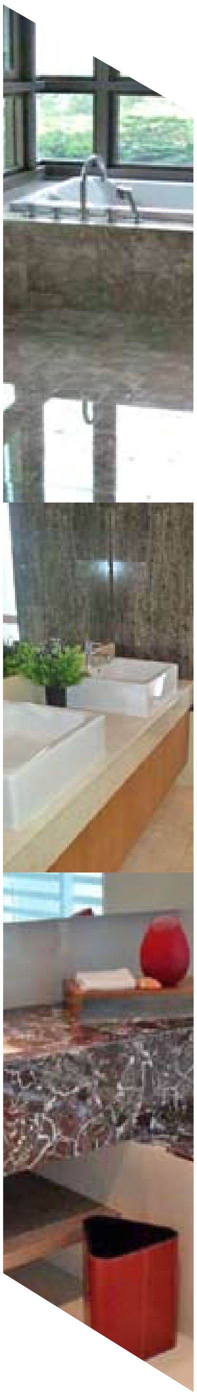
He holds a Bachelor of Commerce degree in economic and finance from The University of Melbourne, Australia and is a Chartered Accountant of The Malaysian Institute of Accountants. He has wide experience and knowledge in corporate finance, after working in the corporate finance department of an investment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

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

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

As at 01 April 2016, Mr Cheong has direct shareholdings of 9,000 ordinary shares of RM0.15 each in the Company. He attended all the four (4) Board of Directors' Meetings of the Company held during the financial year ended 31 December 2015.

LETTER TO SHAREHOLDERS



Dear Valued Shareholders,

We take great pleasure in presenting to you the Annual Report and Audited Financial Statements of AbleGroup Berhad and its subsidiaries ('the Group') for the year ended 31 December 2015.

Review of Operations

During the year 2015, the Group focused on managing the supply and installation stoneworks contracts for three (3) major high end residential projects in the Klang Valley namely Damansara City, Le Nouvel and Serai, totaling about RM50 million. These projects will be completed in 2016 and we are indeed proud to be associated with these prestigious projects adding to our list of project references.

From these three (3) major projects, the Group achieved revenue of about RM27.73 million for the financial year ended 31 December 2015 ("FYE15"), an increase of 48% compared to revenue of RM18.75 million in the preceding year ended 31 December 2014 ("FYE14").

However, despite a higher turnover registered in FYE15, the Group recorded a Loss After Tax of RM1.43 million compared to Profit After Tax of RM0.25 million in FYE14. The losses incurred were mainly attributable to the overall lower margins caused by higher cost of imported materials as a result of the weak local currency, and to the provisions for trade receivables and slow moving inventories of RM0.77 million and RM 0.22 million respectively.

In 2015, the Property Division has been working hard to obtain approvals from the relevant Authorities to increase the density of our project which are currently pending.

Prospects

The first quarter of 2016 had seen increases in the global crude oil prices as well as the strengthening of our local currency, giving cause for some cautious optimism for future prospects.

On the contracts side, we expect to complete the ongoing projects and win bids for new projects in 2016 to continue with that business in a less volatile and more stable environment with regard to imported raw material prices and more stable margins.

On the property side, the Board is confident that there is a market for competitively priced properties in strategic locations comprising of the urban and young population looking at a certain modern lifestyle and investors looking for attractive returns on investments in terms of capital appreciation or rental yields. The envisaged increase in the density of our project is expected to make our project more saleable and contribute substantially to the Group's revenues and profits upon sales launch.

Acknowledgements

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

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

Yeoh Chong Keat Chairman	**Dato' Lim Kim Huat** Managing Director

CORPORATE SOCIAL RESPONSIBILITY

Our corporate social responsibility ("CSR") programme inspired us to build A Better Living Environment, not only for the current but also for future.

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

Our CSR initiatives are based on three core values; (A) Employees, (B) Community, and (C) Environment. During the financial year of 2015, the Group through its subsidiaries have participated in the following activities:-

(A) FOR EMPLOYEES ...

Get together events such as lunches and dinners are organized for employees to foster positive relationship. We recognize the achievement of goals and successes are largely through the best efforts of its employees. We believe human capital is extremely important and a happy staff is a more productive staff and we are committed to maintaining staff morale at high level.

(Cont'd)

CORPORATE SOCIAL RESPONSIBILITY

(B) FOR COMMUNITY …

We are conscious of the hardship in the lives of the under privileged. Through our outreach programs, we aspire to bring comfort and cheer to the under privileged.

The main focus of the Group CSR activities for year 2015 was on senior citizen and orphan.

The Group visited a charity home; Persatuan Warga Tua & Kanak Kanak Wilayah Persekutuan located in Taman Petaling, Kepong which provides shelter to 15 senior citizens (age ranging from 48 years old to 83 years old) and 20 children (ranging from 6 months to 19 years old) in a double storey house of 4 rooms.

During the visit to the charity home, our employees had the opportunity to mingle and interact with the senior citizen and children of the home. The friendly and committed staff at the charity home was helpful and organized a quick tour of the premises while explaining how the home is managed. We were humbled by the experience and to learn of the challenges faced by the senior citizen and children and how they are able to overcome obstacles in life.

The visit was truly enlightening.

CORPORATE SOCIAL RESPONSIBILITY

(C) For Environment ...

The Group is aware of the importance of environmental sustainability, and continues to make its yearly pledge for Earth Hour.

A. Earth hour 2015

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

The Group made its Earth Hour 2015 pledge which was held on 28th March 2015, from 8.30pm to 9.30pm by registering on the relevant official website such as www.earthhour.org and the www wwf.org.my. This is not the first time the Group has participated in this event except that the Group is now extending the awareness to its employees, customers, other stakeholders, business partners, and also suppliers.

The Group encourages and promotes its employees to participate in the Earth Hour Day by pledging to switch off non-essential lights in the Earth Hour Day from 8.30pm to 9.30pm on 28th March 2015.

The Group circulated memos, posters and flyers in its quest to promote Earth Hour 2015. The flyers were distributed to employees, customers, business partners, suppliers and other stakeholders to raise awareness in caring for Mother Nature.

The Group encourages its business partners, suppliers and customers to jointly pledge for Earth Hour 2015 as more corporate participation creates greater impact.

As part of our commitment to the environment, we had joined millions of people around the world in observing the WWF Earth Hour on 28th March 2015.

Together we work for better future

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

We need your participation on energy savings!

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

Simply turn off non-essential electrical items, just for an hour from 8.30pm on 28 March 2015.

Able
AbleGroup Bhd

28 MARCH 2015,
8.30PM

EARTH HOUR

We Need You, Every Action Count

Earth Hour is a global environmental initiative. We urge your participation in the Earth Hour 2015. Everyone is invited to turn off their lights for one hour on Saturday, 28 March 2015 at 8.30pm (local time) to show support for environmentally sustainable action.

CORPORATE SOCIAL RESPONSIBILITY

B. Usage of papers

The Group is aware that the importance of papers and its volume of usage. As such, conservation of environment is communicated to the employees. The Group's initiatives are achieved through the following actions with the aim of preserving the environment through:

- Communicating via emails to reduce usage of papers on letters or memos;
- Printing of documents or emails only on a necessary basis, and where possible, staff are encouraged to print on double-side of the paper to reduce usage of papers and reuse recycle paper if possible;

- Purchasing of the Group's printing papers through selection of manufacturer that sources and practices sustainable forest management. A sustainable forest management is the management of forest according to the principles of sustainable development. Sustainable forest management has to keep balance between the 3 pillars of ecological, economic and socio cultural;
- Unused papers, recycled papers and boxes are sent for recycling instead of being discarded to rubbish bin. All the proceeds from recycle items were donated to charity organization in Sg. Buloh.

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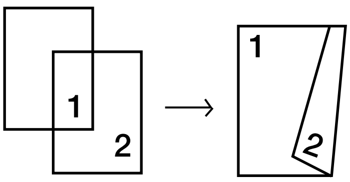
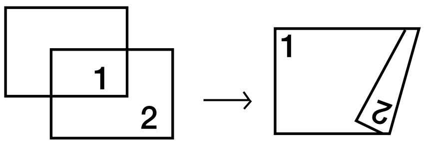
Potrait



Landscape



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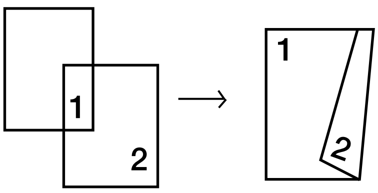
Potrait



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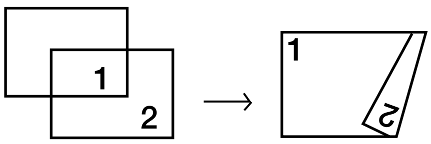

SUSTAINABLE FORESTRY INITIATIVE

Good for you. Good for our forests.™

STATEMENT OF CORPORATE GOVERNANCE

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

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

PRINCIPLE 1 : ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Clear functions of the Board and Management

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

The Board's role is to lead and control the Group's business and affairs on behalf of the shareholders. The Board takes into consideration the interest of shareholders under their decision ensuring that the Group's objectives and shareholders value are met. The Board oversees the Group's performance and operation progress towards the corporate objectives.

In line with the Code, the roles and responsibilities of the Chairman and Managing Director are separated. The responsibility of Chairman is primarily to ensure that the conduct and working of the Board is in an orderly and effective manner whilst the Managing Director manages the daily running of business and implementation of Board policies. The Managing Director is assisted by a Management Team responsible for the implementation of business plans and strategies, policies and decisions approved by the Board and communicating matters to the Board. The responsibilities and authorities of the Management Team are clearly defined.

Clear Roles and Responsibilities

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

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

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

The Board has delegated specific responsibilities to the Board Committees, each with defined terms of reference and responsibilities. The Board receives report of their proceedings and deliberations. Where committees have no authority to make decisions on matters reserved for the Board, recommendation would be presented to the Board for approval. The Chairman of various committees report the outcome of the committee meetings to the Board and relevant decisions are recorded in the minutes of the Board of Directors' meetings.

STATEMENT OF CORPORATE GOVERNANCE

(Cont'd)

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

Code of Conduct

The Company has in place a Code of Conduct which governs the conduct of all the Group employees including the Board members with the aim to cultivate good ethical conduct, amongst others.

Under the Code of Conduct, there is clearly defined guidelines on maintaining confidentiality and disclosure of information, disclosure on conflict of interest, internal control, anti-competition practices, duty to protect the Group's assets and whistle blowing where there is a breach of Group's policies and procedures.

The Board Charter clearly defines the code of conduct to be observed by all Directors of the Company. In the performance of Directors duties, a Director should at all times observe the following:-

- Devote reasonable time and effort to attend the Group's duties required of him;
- At all times exercise their power for the purpose they were conferred, for the benefit and productivity of the Group;
- Avoid any conflict of interest or where necessary, to disclose immediately all contractual interests whether directly or indirectly within the Group;
- Be conscious in the process of value creation of the interest of shareholders, employers, creditors and customers of the Group;
- Be aware of the Group's policy on corporate social responsibility; and
- Ensure adequate safety measures and provide protection to workers and employees at work places.

Sustainability of Business

The Board is aware of the importance of business sustainability and ensures that there is a plan for promoting sustainability embedded in the development of the Group's strategies, taking into account the impact on the environmental, social, cultural and governance aspects of business operations.

The corporate responsibility activities of the Group for the financial year under review are disclosed on pages 8 to 11.

Access to Information and Professional Advice

The Board recognizes the importance of providing timely, relevant and updated information in ensuring an effective decision making process by the Board. Hence, the Board is provided with quantitative and qualitative information which is pertinent to enable the board to discharge its duties effectively.

Each Board Member receives regular reports, including a comprehensive review and analysis of the Group's performance. Board agenda together with the relevant documents and information are compiled and distributed to all the Directors prior to the Board meeting date to ensure that they have sufficient time to review and be prepared for discussion. The Managing Director and/or the representative of Management will provide comprehensive explanation of pertinent issues and recommendations for review/consideration. The issues will then be deliberated and discussed thoroughly by the Board prior to decision-making. Proceedings of Board meetings are recorded and signed by the Chairman of the meeting. Decision made and policies approved by the Board will be communicated to the Management Team for action after the meeting.

Where necessary, members of the Management Team will be invited to attend Board / Board Committee meetings to report and update on areas of the business within their responsibility to provide Board members with insights into the business, and clarify any issues raised by the Directors in relation to the Group operations. Directors are encouraged to share their views and insights in the course of deliberation and to participate in discussions.

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

The Board, whether as a full Board or in their individual capacity, may seek independent professional advice on specific issues at the Group's expense, where necessary, to enable them to discharge their duties effectively.

Qualified and competent Company Secretary

The Board has ready and unrestricted access to the advice and the services of the Company Secretary in ensuring the effective functioning of the Board and fulfilling of its fiduciary duties. The Company Secretary support the Board to ensure that Board policies and procedures are both followed and reviewed regularly and have the responsibility in law to ensure that each Director is made aware of and provided with guidance as to their duties, responsibilities and powers. The Company Secretary advises the Board on any new statutory and regulatory requirements and changes affecting the Group including corporate governance practices and disclosures.

The Company Secretary, who is qualified, experienced and competent, organizes and attends all Board and Board Committees meetings and ensures meetings are properly convened; board proceedings and deliberations as well as resolutions are properly recorded and passed. The removal of Company Secretary, if any, is a matter for the Board to decide collectively.

Board Charter

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

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

The latest Board Charter was reviewed and approved in April 2016.

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

<u>PRINCIPLE 2: STRENGTHEN COMPOSITION</u>

Board Composition

The Board presently comprises one (1) Managing Director, three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Directors. The profiles of the Directors are set out on pages 4 to 6 of this Annual Report.

The Board reflects a well-balanced composition of Executive and Non Executive Directors and has complied with paragraph 15.02(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), which requires that at least two (2) Directors or one-third (1/3) of the Board Members of the Company , whichever is higher, to be independent.

The composition of the Board consists of qualified individuals with broad base of knowledge, experience and skills necessary in the management and direction of the Group. It enables the Board to effectively lead and supervise the Group's business activities which are vital to the success of the Group.

Although all Directors have equal responsibilities for the Group's operations, the roles of these Independent Non-Executive Directors will ensure that any strategies and business plans proposed by the Managing Director and Management are fully discussed and examined to ensure the long-term interest of the shareholders as well as other stakeholders such as employees, customers and business associates.

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

The Board is responsible to determine the appropriate size of the Board and their appointment of new director is a matter for consideration and decision by the Board, upon the recommendation of the Nomination Committee ("NC"). The NC will consider the required mix of skills, experience, other qualities and diversity, including gender, where appropriate, which the Director should bring to the Board.

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

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

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

The assessment criteria for independence shall not be limited to the length of an independent director. Particular emphasis is placed on the role of independent directors to facilitate independence and objective decision makings of the Group, free from undue influence and bias. Annual assessment of the Independent directors will be undertaken in accordance with prescribed criteria by the NC and Board.

Boardroom and Workplace Diversity

The Board is committed to provide a fair and equal opportunities and nurturing diversity in the boardroom and workplace. The Board believes that while it is important to promote gender diversity, it is of the view that Board membership should be determined based on a candidate's skills, experience, and knowledge in areas identified by the Board. The Board endeavours that suitably qualified women candidates will be sought and included in the pool of candidates for evaluation in respect of new appointments to the Board.

Directors' Remuneration

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

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

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

Details of Directors' remuneration for the financial year ended 31 December 2015 are set out below:

	Group		
Remuneration	**Executive Directors (RM'000)**	**Non-Executive Directors (RM'000)**	**Total (RM'000)**
Directors' fees	-	164	164
Salaries, bonus and emoluments	121	-	121
Defined contribution plan	14	-	14
Total	135	164	299

The number of Directors whose total remuneration for the financial year ended 31 December 2015 fall within the respective bands is as follows:-

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

PRINCIPLE 3: REINFORCE INDEPENDENCE

Annual Assessment of Independence

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

Tenure of Independent Directors

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

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

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

In this respect, the Board proposes to retain Mr. Cheong Marn Seng as Independent Director of the Company and will table the relevant proposal to retain him as Independent Director for shareholders' approval at the forthcoming AGM of the Company, in accordance with the Code. As the tenure of the other two (2) Independent Directors of the Company was less than 9 years, shareholders' approval will not be sought at the AGM to retain them as Independent Directors. The Board, through the NC will continue to review, evaluate and assess whether the Independent Directors can continue to act in the best interests of the Group and bring independent and professional judgment to Board's deliberations and decision.

PRINCIPLE 4 : FOSTER COMMITMENT

Time Commitment

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

The Board Charter sets out a policy where a director shall notify the Chairman before accepting any new directorship and indicate the time to be spent on the new appointment.

The current Directors are expected to devote sufficient time in the discharge of their duties and responsibilities as they hold less than five (5) directorships in listed issuer, in compliance with paragraph 15.06 of the Listing Requirements.

Board Meetings

The Board meets on a quarterly basis with additional meetings held whenever necessary. There were four (4) board meetings held during the financial year ended 31 December 2015 and the attendance record is as follows:-

Directors	Attendance
Mr Yeoh Chong Keat	4/4
Mr Wong Heang Fine	3/4
Dato' Lim Kim Huat	4/4
Mr Loi Heng Sewn	4/4
Mr Cheong Marn Seng	4/4

Directors' Training

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

The Training Programmes attended by Directors during the financial year ended 31 December 2015 are summarised as follows:-

Date of Training	Subject
5 & 7 January 2015	GST Training
25 & 26 August 2015	National Tax Conference 2015
5 November 2015	2016 Budget Seminar

During the financial year under review, the Board via the NC has undertaken an assessment of training needs of each Director and concluded that all the trainings attended by the Directors during the financial year ended 31 December 2015 are relevant and would serve to enhance their effectiveness in the Board.

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

PRINCIPLE 5 : UPHOLD INTEGRITY IN FINANCIAL REPORTING

Compliance with Applicable Financial Reporting Standards

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

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

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

The statement by Directors pursuant to Section 169 of the Companies Act, 1965 is set out in the Financial Statements section of this Annual Report.

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

Related Party Transactions ("RPT") / Recurrent Related Party Transactions ("RRPT")

The Group has in place guidelines and appropriate procedures for RPT/RRPT to ensure that the Group meets its obligation under the Listing Requirements. All RPT/RRPT are reviewed by the Audit Committee and the same will be reported to the Board.

STATEMENT OF CORPORATE GOVERNANCE

(Cont'd)

A director with any interest, direct or indirect ("Interested Director") must abstain from deliberating and voting, whether at Audit Committee or Board level, on the relevant resolution in respect of the RPT/RRPT. The Interested Director must ensure that persons connected with him abstain from voting on the resolution in respect of the RPT/RRPT.

The Company had obtained shareholders' mandate in respect of RRPT at the last AGM of the Company; pursuant to the Listing Requirements, the Company will seek shareholders' approval for the renewal of such mandate at the forthcoming AGM of the Company.

Suitability and Independence of External Auditors

Through the Audit Committee, the Group has established a transparent and professional relationship with the external auditors. The Audit Committee met the external auditors at least twice during the year under review without the presence of the Executive Directors and Management to allow the Audit Committee and the external auditors to exchange independent views on matters which require the Committee's attention, to review the scope and adequacy of the audit process, the annual financial statements and their audit findings. Additional meetings will be held between the Audit Committee and the external auditors when deemed necessary.

In addition, the external auditors are invited to attend the AGM of the Company and are available to answer shareholders' questions relating to conduct of the statutory audit and the preparation and contents of their audit report.

The services provided by the external auditors include statutory audit and non-audit services. The terms of engagement for the services rendered by the external auditors are reviewed by the Audit Committee and approved by the Board. The Audit Committee also reviews the proposed fees for non-audit services and subsequently recommends to the Board for approval. In their review, the Audit Committee ensures that the independence and objectivity of the external auditors are not compromised. The Audit Committee's annual assessment to review and monitor the suitability and independence of the external auditors is guided by the prescribed evaluation criteria in accordance with the Listing Requirements and the policies and procedures adopted by the Board for the assessment of the external auditors. Written assurance would be obtained from the external auditors to confirm that they have been independent throughout the conduct of the audit engagement in accordance with the terms of the relevant professional and regulatory requirements.

The external auditors have confirmed that there were no circumstances and relationship that may impair their independence and that the ethical requirements have been complied with. In compliance with the requirements of the Malaysian Institute of Accountants, the external auditors rotate their audit partners assigned to the Group every five years.

The details of the statutory audit, audit-related and non-audit fees paid/ payable in 2015 to the external auditors are set out below:-

		Group Total (RM'000)
Fees paid/ payable to Baker Tilly Monteiro Heng		
➢	Audit services	61
➢	Non-audit services *	7
Total		68

* The non-audit services paid/ payable to Baker Tilly Monteiro Heng were in respect of their review of Statement on Risk Management and Internal Control and other services. The provisions of these services by the external auditors to AbleGroup were cost effective and efficient due to their knowledge and understanding of the operations of the Group, and did not compromise their independence and objectivity.

A summary of the activities of the Audit Committee during the year under review is set out in the Audit Committee Report on pages 20 to 23.

Internal Auditors

The Board acknowledges its overall responsibility for maintaining a sound system of internal controls that provides reasonable assessment of effective and efficient operations, internal financial controls, procedures and guidelines that are in compliance with relevant laws and regulations.

The Group has an Internal Audit Department ("IAD") which assists the Audit Committee in the discharge of its duties and responsibilities. Its role is to review and provide independent and objective reports on the organisation's management, records, accounting policies and control to the Board. The internal audit reviews include evaluation of the key processes where significant risks are identified, assessed and managed.

STATEMENT OF CORPORATE GOVERNANCE

The internal audit function is conducted in a manner that is consistent with and meets the Standards for the Professional Practice of Internal Auditing and Code of Ethics of the Institute of Internal Auditors Malaysia.

The Head of Internal Audit reports directly to the Audit Committee and findings and recommendations are communicated to the Board through the AC.

The effectiveness of the systems of internal controls of the Group is reviewed periodically by the Audit Committee.

Further details of the Group's system of internal controls are set out on page 28 of this Annual Report.

PRINCIPLE 8 : STRENGTHEN RELATIONSHIP BETWEEN GROUP AND SHAREHOLDERS

Relationship with Shareholders and Investors

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

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

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

The Group maintains a website at www.ablegroup.com.my to enable shareholders to access to the Group's information, products and services, financial results as well as the Company's announcements made to Bursa Securities.

Annual General Meeting

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

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

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

AUDIT COMMITTEE REPORT

COMPOSITION OF AUDIT COMMITTEE

The Audit Committee currently consists of three (3) members, all of whom are Independent Non-Executive Directors. A total of four (4) Audit Committee meetings were held during the financial year ended 31 December 2015 and the details of attendance are as follows:-

Director	Designation	Attendance
Mr Wong Heang Fine (Chairman of AC)	Independent Non-Executive Director	3/4
Mr Yeoh Chong Keat	Independent Non-Executive Director	4/4
Mr Cheong Marn Seng	Independent Non-Executive Director	4/4

TERMS OF REFERENCE

Constitution

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

Membership

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

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

   (iii) fulfils such other requirements as prescribed or approved by the Exchange.

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

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

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

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

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

Meetings and Minutes

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

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

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

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

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

Authority

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

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

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

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

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

Functions and Duties

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

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

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

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

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

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

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

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

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

(h) the quarterly results and annual financial statements prior to the approval by the Board of Directors, focusing particularly on:-
  (i) changes in or implementation of major accounting policies and practices;
  (ii) significant and unusual events;
  (iii) significant adjustments arising from the audit;
  (iv) compliance with accounting standards, other statutory and legal requirements and the going concern assumption;
  (v) the accuracy and adequacy of the disclosure of information essential to a fair and full presentation of the financial affairs of the Group;

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

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

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

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

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

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

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

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

SUMMARY OF ACTIVITIES

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

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

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

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

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

(e) Reviewed the internal audit reports, recommendations made and management responses;

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

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

(h) Reviewed the guidelines and procedures for the Group's recurrent related party transactions and made the relevant statement in the circular to shareholders in connection therewith;

(i) Reviewed the draft Audit Committee Report and Statement on Risk Management and Internal Control for inclusion in the 2014 Annual Report;

(j) Reviewed the established policies and procedures for assessment of suitability and independence of External Auditors

INTERNAL AUDIT FUNCTION

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

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

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

The Internal Auditors had during the financial year under review carried out reviews on the following functions of Syarikat Bukit Granite Sdn Bhd with the relevant reports prepared and submitted for AC's review:-

i) Issuance of Tax Invoices for project management and retail sales; and
ii) Issuance of Tax Invoices for project management and purchases.

The Internal Auditors, in the discharge of its duties had during the year conducted review on the guidelines and procedures for recurrent related party transactions of the Group and reported to the AC that the required policies, procedures and controls are in place and there was no exception noted. The proposed Internal Audit Plan for 2016 was also tabled to the AC for review.

It was reported that overall, the internal control for the key areas reviewed are in place and adequate and there are no major exceptions noted and reported by the Internal Auditors that requires AC's attention.

This Report is made in accordance with the resolution passed at the Board of Directors' Meeting held on 8 April 2016.

REMUNERATION COMMITTEE REPORT

COMPOSITION OF REMUNERATION COMMITTEE

The members of the Remuneration Committee comprises:-

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

TERMS OF REFERENCE OF REMUNERATION COMMITTEE

Constitution

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

Membership

- The Committee shall be appointed by the Board from amongst the directors of the Company and shall consist mainly of non-executive directors. A quorum shall be two (2) members.

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

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

Objective

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

Functions

The functions of the Committee shall be:-

1. Recommend to the board the framework of executive remuneration and its cost, and the remuneration package for each executive director, taking into account the performance of the individual, the inflation price index and information from independent sources on the rates of salary for similar jobs in a selected group of comparable companies.

2. To reimburse reasonable expenses incurred by the directors in the course of their duties.

3. To review and determine the bonus scheme for the executive directors depending on various performance measurements of the Group.

4. To review and determine the other benefits in kind for the executive directors.

5. To review the executive directors' service contracts (if any).

Reporting Procedures

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

ACTIVITIES OF THE REMUNERATION COMMITTEE

The Committee met on 8 April 2016 after the financial year ended 31 December 2015 to review the remuneration packages of the Executive Director of the Company as well as Directors' fees for the financial year ending 31 December 2016.

NOMINATION COMMITTEE REPORT

COMPOSITION OF NOMINATION COMMITTEE

The members of the Nomination Committee comprises:-

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

TERMS OF REFERENCE OF NOMINATION COMMITTEE

Constitution

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

Membership

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

Functions

The functions of the Committee shall be:-

1. Proposing new nominees for appointment to the Board of Directors.
2. Assessing directors on an on-going basis, the effectiveness of the board and the contribution of each individual director.
3. Recommend to the board, directors to fill the seats on other board committees.
4. Review annually the mix of skills and experience and other qualities of the board members.
5. Orientating and educating new directors as to the nature of the business, current issues within the company and the corporate strategies, the expectations of the company concerning input from the directors and the general responsibilities of directors.
6. Recommend to the Board the re-election/re-appointment of directors who retire at annual general meetings.
7. Assess the independence of the Independent Directors upon admission, annually and when any new interest or relationship develops and confirm the conduct of this assessment in the annual report of the Company.

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

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

NOMINATION COMMITTEE REPORT

(Cont'd)

The Malaysian Code of Corporate Governance 2012 ("Code") recommends that all independent directors who have served 9 years or more be put up for re-election annually, with justification from the Board on their continued independence, relevance and contributions to the Company.

The above functions should also come under the purview of the Nomination Committee.

Reporting Procedures

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

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

ACTIVITIES OF THE NOMINATION COMMITTEE

The Committee met on 8 April 2016 after the close of the financial year ended 31 December 2015 to review the size and composition of the Board as well as to assess the effectiveness and performance of the Board, the Directors and the Board Committees. Upon review, the Committee was satisfied that the performance of the current Board and its Comittees, coupled with the experiences and competencies of each Director, as well as their mix of skills were adequate to enable the Board to discharge its duties and responsibilities effectively. The Committee also determined which directors would stand for re-election at the Company's forthcoming Annual General Meeting and had recommended to the shareholders accordingly.

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("the Board") of AbleGroup Berhad is pleased to present its Statement on Risk Management and Internal Control for the financial year ended 31 December 2015, which has been prepared pursuant to paragraph 15.26(b) of Bursa Malaysia Securities Berhad ("Bursa Securities") Listing Requirements and in accordance with the Statement on Risk Management & Internal Control (Guidelines for Directors of Listed Issuers). The statement below outlines the nature and scope of internal controls of the Group during the financial year under review.

BOARD RESPONSIBILITY

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

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

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

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

RISK MANAGEMENT FRAMEWORK

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

INTERNAL AUDIT FUNCTION

The Board acknowledges the importance of the internal audit function and has conducted an internal audit function based on audit plan as approved by the Audit Committee. The Internal Audit Department monitors compliance with policies and procedures and the effectiveness of the internal control system and highlights significant findings in respect of any non-compliance. The internal audit function adopts risk based approach and prepares its audit plan based on key risks identified. The internal audit provides an assessment of the adequacy and integrity of the Group's system of internal control.

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

The costs incurred in maintaining in-house internal audit function for the financial year ended 31 December 2015 amounted to RM80,000.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

OTHER KEY FEATURES OF THE GROUP'S INTERNAL CONTROL SYSTEM

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

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

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

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

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

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

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

- Established internal policies and procedures within the Group;

- Internal control requirements are embedded in computerized system as well; and

- The Credit Control Committee is chaired by the Chief Operating Officer and presented by the Finance Manager and Marketing Manager. Monthly meeting is conducted with the objective of maximizing the account receivables into cash flow and minimizing impaired debts written off.

REVIEW OF THE STATEMENT ON INTERNAL CONTROL

The External Auditors have reviewed this Statement on Risk Management and Internal Control for the inclusion in the annual report of the Group for the financial year ended 31 December 2015 pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 revised by Malaysian Institute of Accountants ("MIA") on 11th December 2013 and reported to the Board that nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Controls intended to be included in the annual report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Controls: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

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

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

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

The above Statement is made in accordance with the resolution passed at the Board of Directors' meeting held on 8 April 2016.

ADDITIONAL COMPLIANCE INFORMATION

1. **Utilisation of Proceeds**
The Company did not undertake any fund raising exercise during the financial year ended 31 December 2015.

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

3. **Option, Warrants or Convertible Securities**
21,819,950 Warrants were issued pursuant to the Rights Issue undertaken by the Company which was completed on 27 January 2012. None of the Warrants were exercised during the financial year ended 31 December 2015.

4. **Depository Receipt Programme**
The Company did not sponsor any Depository Receipt Programme during the financial year ended 31 December 2015.

5. **Sanctions and / or Penalties**
There were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies during the financial year ended 31 December 2015.

6. **Non-Audit Fees**
The amount of non-audit fees paid to the external auditors for the financial year ended 31 December 2015 is RM7,000.

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

8. **Profit Guarantee**
There was no profit guarantee given by the Company during the financial year ended 31 December 2015.

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

10. **Recurrent Related Party Transactions ("RRPT") of a Revenue or Trading Nature**
The aggregate value of the RRPT conducted pursuant to the shareholders' mandate obtained at the Annual General Meeting held on 12 June 2015 is as follows:

Type of RRPT	Related Party	Relationship	Actual Value Transacted from 12 June 2015 to 01 April 2016 (RM'000)
Sale of stones and provision of contract workmanship and other related services by Syarikat Bukit Granite Sdn Bhd to GPL	GPL Group Sdn Bhd ("GPL")	Dato' Lim Kim Huat, a Director and Major Shareholder of the Company, is a Director and shareholder of GPL.	698

DIRECTORS' RESPONSIBILITY STATEMENT IN PREPARING THE AUDITED FINANCIAL STATEMENTS

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

The Directors are satisfied that in preparing the financial statements for the financial year ended 31 December 2015, the Group has adopted and applied consistently appropriate accounting policies, supported by reasonable and prudent judgments and estimates. The Directors also consider that all applicable approved accounting standards in Malaysia have been adopted and the financial statements have been prepared on a going concern basis.

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

The financial statements of the Company and the Group for the financial year ended 31 December 2015 are set out on pages 36 to 101 of this annual report.

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Company for the financial year ended 31st December 2015.

PRINCIPAL ACTIVITIES

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

RESULTS

	Group	Company
	RM'000	RM'000
Net loss for the financial year	(1,425)	(1,236)
Other comprehensive expenses, net of tax	(2)	-
Total comprehensive loss for the financial year	(1,427)	(1,236)
Attributable to:-		
Owners of the Company	(1,427)	(1,236)

DIVIDEND

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

The directors do not recommend the payment of any dividends in respect of the financial year ended 31st December 2015.

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to be realised in the ordinary course of business, their values as shown in the accounting records of the Group and of the Company had been written down to an amount that they might be expected to be realised. At the date of this report, the directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

In the opinion of the directors, no contingent liabilities or other liabilities of the Group and of the Company have become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due other than as disclosed in Note 31 to the financial statements.

FREE DETACHABLE WARRANTS 2012/2017

On 2 June 2011, 38,700,000 free detachable Warrants were issued pursuant to the renounceable Rights Issue on the basis of 1 free Warrants for every 5 Rights Shares subscribed.

The salient terms of the Warrants 2012/2017 are disclosed in Note 17(b) to the financial statements.

There were no Warrants 2012/2017 being exercised during the financial year.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

ISSUE OF SHARES AND DEBENTURES

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

DIRECTORS

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

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

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia, the interests of those directors who held office at the end of the financial year in shares in the Company and its related corporations during the financial year ended 31st December 2015 are as follows:-

	Number of ordinary shares of RM0.15 each			
	At 01.01.2015	Bought	Sold	At 31.12.2015
	'000	'000	'000	'000
The Company				
Direct interests				
Dato' Lim Kim Huat	87,750	-	-	87,750
Loi Heng Sewn *	28,300	-	-	28,300
Cheong Marn Seng	9	-	-	9
Yeoh Chong Keat	-	300	-	300

	Number of Warrants 2012/2017			
	At 01.01.2015	Bought	Exercised	At 31.12.2015
	'000	'000	'000	'000
The Company				
Direct interests				
Dato' Lim Kim Huat	9,750	-	-	9,750
Loi Heng Sewn *	450	-	-	450

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

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

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

DIRECTORS' BENEFITS

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

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

AUDITORS

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

On behalf of the Board,

DATO' LIM KIM HUAT
Director

LOI HENG SEWN
Director

Kuala Lumpur
Date: 8th April 2016

STATEMENTS OF FINANCIAL POSITION

As At 31st December 2015

		Group		Company	
		2015	2014	2015	2014
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	1,165	1,275	26	45
Investment property	6	675	691	675	691
Intangible asset	7	-	-	-	-
Investment in subsidiaries	8	-	-	3,000	3,000
Total non-current assets		1,840	1,966	3,701	3,736
Current assets					
Inventories	9	3,598	4,314	-	-
Property development costs	10	33,943	32,075	-	-
Amount owing by contract customers	11	5,857	2,548	-	-
Trade and other receivables	12	5,634	8,840	475	475
Amount owing by subsidiaries	13	-	-	42,814	42,952
Tax recoverable		7	95	-	-
Fixed deposits placed with financial institutions	14	5,164	4,765	-	1,020
Cash and bank balances	15	262	640	1	12
Total current assets		54,465	53,277	43,290	44,459
TOTAL ASSETS		56,305	55,243	46,991	48,195

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

STATEMENTS OF FINANCIAL POSITION

As At 31st December 2015 (Cont'd)

		Group		Company	
		2015	**2014**	**2015**	**2014**
	Note	RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	16	39,585	39,585	39,585	39,585
Other reserves	17	570	572	1,636	1,636
Retained profits		6,543	7,968	5,557	6,793
Shareholders' funds		46,698	48,125	46,778	48,014
Non-current liability					
Borrowings	18	51	73	-	-
Total non-current liability		51	73	-	-
Current liabilities					
Amount owing to contract customers	11	30	211	-	-
Trade and other payables	20	3,578	2,059	213	181
Borrowings	18	5,948	4,775	-	-
		9,556	7,045	213	181
TOTAL LIABILITIES		9,607	7,118	213	181
TOTAL EQUITY AND LIABILITIES		56,305	55,243	46,991	48,195

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

STATEMENTS OF COMPREHENSIVE INCOME

For the Financial Year ended 31st December 2015

		Group		Company	
		2015	2014	2015	2014
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	21	27,726	18,749	-	-
Cost of sales		(25,294)	(16,111)	-	-
Gross profit		2,432	2,638	-	-
Other income		355	589	185	373
Selling and marketing expenses		(18)	(12)	-	-
Administrative expenses		(2,814)	(2,756)	(1,421)	(1,398)
Other expenses		(802)	(37)	-	(28)
Finance costs		(578)	(177)	-	-
(Loss)/profit before taxation		(1,425)	245	(1,236)	(1,053)
Taxation	22	-	-	-	-
Net (loss)/profit for the financial year	23	(1,425)	245	(1,236)	(1,053)
Other comprehensive expense to be reclassified to profit or loss in subsequent period					
Foreign currency translation		(2)	-	-	-
Other comprehensive expense, net of tax		(2)	-	-	-
Total comprehensive (loss)/ income for the financial year		(1,427)	245	(1,236)	(1,053)
Net (loss)/profit attributable to:-					
Owners of the Company		(1,425)	245	(1,236)	(1,053)
Total comprehensive (loss)/ income attributable to:-					
Owners of the Company		(1,427)	245	(1,236)	(1,053)
(Loss)/earnings per share attributable to owners of the Company					
- basic (per sen)	24	(0.54)	0.09		
- diluted (per sen)	24	(0.54)	0.09		

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

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31st December 2015

		Non-Distributable	Distributable	
	Share Capital	Other Reserves	Retained Profits	Total Equity
	RM'000	RM'000	RM'000	RM'000
Group				
At 1st January 2014	39,585	572	7,723	47,880
Net profit for the financial year	-	-	245	245
Other comprehensive expense, net of tax	-	-	-	-
Total comprehensive income for the financial year	-	-	245	245
At 31st December 2014	39,585	572	7,968	48,125
Net loss for the financial year	-	-	(1,425)	(1,425)
Other comprehensive expenses, net of tax				
Foreign currency translation	-	(2)	-	(2)
Total comprehensive loss for the financial year	-	(2)	(1,425)	(1,427)
At 31st December 2015	39,585	570	6,543	46,698

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31st December 2015 (Cont'd)

	Share Capital RM'000	Non-Distributable Warrants Reserves RM'000	Distributable Retained Profits RM'000	Total Equity RM'000
Company				
At 1st January 2014	39,585	1,636	7,846	49,067
Net loss for the financial year	-	-	(1,053)	(1,053)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive loss for the financial year	-	-	(1,053)	(1,053)
At 31st December 2014	39,585	1,636	6,793	48,014
Net loss for the financial year	-	-	(1,236)	(1,236)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive loss for the financial year	-	-	(1,236)	(1,236)
At 31st December 2015	39,585	1,636	5,557	46,778

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

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31st December 2015

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES:-				
(Loss)/profit before tax	(1,425)	245	(1,236)	(1,053)
Adjustments for:-				
Bad debts written off	1	-	-	-
Bad debts recovered	(139)	(224)	(139)	(224)
Depreciation of:-				
- property, plant and equipment	173	158	19	17
- investment property	16	16	16	16
Gain on disposal of property, plant and equipment	-	(10)	-	-
Impairment loss on trade and other receivables	771	34	-	28
Net unrealised loss/(gain) on foreign exchange	2	(22)	-	(19)
Write-back of impairment loss on trade receivables	(7)	(144)	-	-
Write-down of inventories to net relisable value	221	-	-	-
Interest expenses	578	177	-	-
Interest income	(190)	(166)	(36)	(114)
	1	64	(1,376)	(1,349)
Changes in working capital:-				
Property development costs	(1,868)	(2,339)	-	-
Inventories	495	188	-	-
Trade and other receivables	(689)	(6,774)	139	769
Trade and other payables	1,336	1,346	32	(45)
	(725)	(7,515)	(1,205)	(625)
Interest paid	(578)	(177)	-	-
Tax paid	(7)	(9)	-	-
Tax refunded	55	-	-	-
Net Operating Cash Flows	(1,255)	(7,701)	(1,205)	(625)

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31st December 2015 (Cont'd)

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES:-				
Repayment from/(advances to) subsidiaries	-	-	138	(3,808)
Interest received	190	166	36	114
Proceeds from disposal of property, plant and equipment	-	10	-	-
Purchase of property, plant and equipment (Note 25)	(63)	(245)	-	(2)
Net Investing Cash Flows	127	(69)	174	(3,696)
CASH FLOWS FROM FINANCING ACTIVITIES:-				
Increase in bankers' acceptance	922	370	-	-
Increase in trust receipts	380	2,602	-	-
Net repayment of hire purchase obligations	(26)	(96)	-	-
Net Financing Cash Flows	1,276	2,876	-	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	148	(4,894)	(1,031)	(4,321)
EFFECT OF EXCHANGE DIFFERENCES ON TRANSLATION	(2)	-	-	-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	4,285	9,179	1,032	5,353
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	4,431	4,285	1	1,032
ANALYSIS OF CASH AND CASH EQUIVALENTS:-				
Fixed deposits placed with financial institutions (Note 14)	5,164	4,765	-	1,020
Cash and bank balances (Note 15)	262	640	1	12
Bank overdraft (Note 18)	(995)	(1,120)	-	-
	4,431	4,285	1	1,032

As disclosed in Note 14 and Note 15 to the financial statements, certain fixed deposits and bank balances totalling RM3,077,654/- (2014: RM3,524,957/-) and RM42,463/- (2014: RM 42,463/-) respectively have been pledged to financial institutions for banking facilities granted to the subsidiaries.

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

NOTES TO THE FINANCIAL STATEMENTS

1. **GENERAL INFORMATION**

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

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

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

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 8th April 2016.

2. **BASIS OF PREPARATION**

1.1 **Statement of Compliance**

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

The financial statements of the Company have been prepared under the historical cost basis, except as disclosed in the significant accounting policies in Note 3.

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

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

2.2 **Adoption of amendments/improvements to FRSs**

The Group and the Company have adopted the following amendments/improvements to FRSs that are mandatory for the current financial year:

<u>Amendments/improvements to FRSs</u>	
FRS 1	First-time Adoption of Financial Reporting Standards
FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 8	Operating Segments
FRS 13	Fair Value Measurement
FRS 116	Property, Plant and Equipment
FRS 119	Employee Benefits
FRS 124	Related Party Disclosures
FRS 138	Intangible Assets
FRS 140	Investment Property

2. **BASIS OF PREPARATION (Continued)**

2.2 **Adoption of amendments/improvements to FRSs (Continued)**

New IC Interpretation

IC Interpretation 21	Levies

The adoption of the above amendments/improvements to FRSs did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group's and the Company's existing accounting policies.

2.3 **New FRS and amendments/improvements to FRSs that have been issued, but yet to be effective**

The Group and the Company have not adopted the following new FRS and amendments/improvements to FRSs that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
New FRS		
FRS 9	Financial Instruments	1 January 2018
Amendments/Improvements to FRSs		
FRS 5	Non-current Asset Held for Sale and Discontinued Operations	1 January 2016
FRS 7	Financial Instruments: Disclosures	1 January 2016
FRS 10	Consolidated Financial Statements	Deferred/ 1 January 2016
FRS 11	Joint Arrangements	1 January 2016
FRS 12	Disclosure of Interest in Other Entities	1 January 2016
FRS 101	Presentation of Financial Statements	1 January 2016
FRS 116	Property, Plant and Equipment	1 January 2016
FRS 119	Employee Benefits	1 January 2016
FRS 127	Separate financial statements	1 January 2016
FRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2016
FRS 138	Intangible Assets	1 January 2016

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

FRS 9 Financial Instruments

Key requirements of FRS 9:-

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

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

2. **BASIS OF PREPARATION (Continued)**

2.3 **New FRS and amendments/improvements to FRSs that have been issued, but yet to be effective (Continued)**

FRS 9 Financial Instruments (Continued)

- FRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.
- FRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

Amendments to FRS 7 Financial Instruments: Disclosures

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

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

Amendments to FRS 11 Joint Arrangements

Amendments to FRS 11 clarify that when an entity acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in FRS 3, it shall apply the relevant principles on business combinations accounting in FRS 3, and other FRSs, that do not conflict with FRS 11. Some of the impact arising may be the recognition of goodwill, recognition of deferred tax assets/ liabilities and recognition of acquisition-related costs as expenses. The amendments do not apply to joint operations under common control and also clarify that previously held interests in a joint operation are not re-measured if the joint operator retains joint control.

Amendments to FRS 101 Presentation of Financial Statements

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

Amendments to FRS 116 Property, Plant and Equipment

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

Amendments to FRS 119 Employee Benefits

Amendments to FRS 119 clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability and the depth of the market for high quality corporate bonds should be assessed at a currency level.

2. **BASIS OF PREPARATION (Continued)**

2.3 **New FRS and amendments/improvements to FRSs that have been issued, but yet to be effective (Continued)**

Amendments to FRS 127 Separate Financial Statements

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

Amendments to FRS 138 Intangible Assets

Amendments to FRS 138 introduce a rebuttable presumption that the revenue-based amortisation method is inappropriate. This presumption can be overcome only in the following limited circumstances:

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

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

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

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in FRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

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

These amendments address the following issues that have arisen in the application of the consolidation exception for investment entities:

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

MASB Approved Accounting Standards, MFRSs

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

The MFRSs Framework is mandatory for adoption by all Entities Other Than Private Entities for annual periods beginning on or after 1st January 2012, with the exception of entities subject to the application of *MFRS 141 Agriculture* and/or IC Int 15 *Agreements for the Construction of Real Estate* ("Transitioning Entities"). The Transitioning Entities are given an option to defer the adoption of MFRSs Framework and shall apply the MFRSs framework for annual periods beginning on or after 1st January 2018. Transitioning Entities also include those entities that consolidate or equity account or proportionately consolidate another entity that has chosen to continue to apply the FRSs framework for annual periods beginning on or after 1st January 2012.

2. **BASIS OF PREPARATION (Continued)**

2.3 **New FRS and amendments/improvements to FRSs that have been issued, but yet to be effective (Continued)**

MASB Approved Accounting Standards, MFRSs (Continued)

Accordingly, the Group and the Company which are Transitioning Entities have chosen to defer the adoption of the MFRSs framework. As such, the Group and the Company will prepare their first MFRSs financial statements using the MFRSs framework for financial year ended 31st December 2018. The main effects arising from the transition to the MFRSs Framework are discussed below.

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

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

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

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

MFRS 15 Revenue from Contracts with Customers

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

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

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

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

Amendments to MFRS 141 Agriculture

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

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

2. **BASIS OF PREPARATION (Continued)**

2.3 **New FRS and amendments/improvements to FRSs that have been issued, but yet to be effective (Continued)**

MASB Approved Accounting Standards, MFRSs (Continued)

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

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

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

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

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

3.1 **Basis of Consolidation**

(i) **Subsidiaries**

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over the investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

(ii) **Business Combinations**

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:-

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquire; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquire; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.1 **Basis of Consolidation (Continued)**

(ii) **Business Combinations (Continued)**

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

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

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

(iii) **Accounting for Acquisitions of Non-Controlling Interests**

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change and any consideration received or paid, is adjusted to or against Group reserves.

(iv) **Loss of Control**

Upon the loss of control of a subsidiary, the Group derecognised the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) **Non-Controlling Interests**

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

(vi) **Transactions Eliminated on Consolidation**

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

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.2 **Foreign Currency**

(i) **Functional and Presentation Currency**

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

(ii) **Foreign Currency Transactions**

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

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

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

(iii) **Foreign Operations**

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

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

3.3 **Investment in Subsidiaries**

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

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

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.4 **Property, Plant and Equipment and Depreciation**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The policy for recognition and measurement of impairment loss is disclosed in Note 3.11(b) to the financial statements.

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

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

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

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

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

3.5 **Property Development Activities**

(i) **Land held for property development**

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

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

(ii) **Property development costs**

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

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

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.6 **Investment Properties**

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any identified impairment losses. The policy for recognition and measurement of impairment loss is disclosed in Note 3.11(b) to the financial statements.

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

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

3.7 **Intangible Assets - Goodwill**

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

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

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

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

As permitted under the transitional provision of FRS 121 *The Effects of Changes in Foreign Exchange Rates,* goodwill and fair value adjustments arising on the acquisition of foreign operation before and after 1st January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 3.2(iii) to the financial statements.

3.8 **Inventories**

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

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

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

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.9 **Construction Contracts**

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

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

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

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

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

3.10 **Financial Instruments**

(a) **Financial Assets**

Initial Recognition

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

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

Subsequent Measurement

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

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

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.10 **Financial Instruments (Continued)**

(a) **Financial Assets (Continued)**

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

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

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

Derecognition

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

(b) **Financial Liabilities**

Initial Recognition

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

Subsequent Measurement

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

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

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.10 **Financial Instruments (Continued)**

(b) **Financial Liabilities (Continued)**

(i) Financial Liabilities at Fair Value Through Profit or Loss (Continued)
At the reporting date, the Group and the Company have not designated any financial liabilities at fair value through profit or loss.

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

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

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

Derecognition

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

(c) **Financial Guarantee Contracts**

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

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

3.11 **Impairment of Assets**

(a) **Financial Assets**

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

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

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.11 **Impairment of Assets (Continued)**

(a) **Financial Assets (Continued)**

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

evidence of impairment for a portfolio of receivables could include the Group and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local or economic conditions that correlate with default on receivables.

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

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

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

(ii) Unquoted equity securities carried at cost

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

(iii) Available-for-sale financial assets

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

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

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

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.11 **Impairment of Assets (Continued)**

(b) **Non-Financial Assets other than Goodwill**

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

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

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples and or other available fair value indicators.

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

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

3.12 **Fair Value Measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurements is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:-

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

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

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.12 **Fair Value Measurement (Continued)**

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

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

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

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

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

3.13 **Cash and Cash Equivalents**

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

3.14 **Share Capital**

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

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

3.15 **Leases**

(i) **Finance lease**

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

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

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

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.15 **Leases (Continued)**

(ii) **Operating lease**

Leases, where the Group or the Company does not assume substantially all the risk and rewards of ownership are classified as operating lease.

Payments made under operating leases are recognised in profit or loss on straight-line basis over the term of the lease.

3.16 **Provisions for Liabilities**

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

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

3.17 **Borrowing Costs**

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

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

3.18 **Employee Benefits**

(i) **Short Term Employee Benefits**

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

(ii) **Defined Contribution Plans**

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

3.19 **Revenue Recognition**

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

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.19 **Revenue Recognition (Continued)**

(i) **Construction Contracts**

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 3.9 to the financial statements.

(ii) **Sales of Goods**

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

(iii) **Interest Income**

Interest income is recognised on an accrual basis.

3.20 **Income Taxes**

(i) **Current Tax**

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

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

(ii) **Deferred Tax**

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

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

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

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

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

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.20 **Income Taxes (Continued)**

(ii) **Deferred Tax (Continued)**

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

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

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

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

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

3.21 **Operating Segments**

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

3.22 **Contingencies**

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

3.23 **Related Parties**

A party is related to an entity if:-

(i) directly, or indirectly through one or more intermediaries, the party:-

- controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
- has an interest in the entity that gives it significant influence over the entity; or
- has joint control over the entity;
- controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries)

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

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

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.23 **Related Parties (Continued)**

A Party is related to an entity if:-

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

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

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

4. **SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES**

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

(i) **Depreciation of Property, Plant and Equipment**

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

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

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

(ii) **Income Taxes**

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

(iii) **Impairment of Non-Financial Assets**

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

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

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

4. **SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (Continued)**

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

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

(v) **Contracts**

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

- *Contract Revenue*

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

- *Contract Costs*

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

(vi) **Impairment of Loans and Receivables**

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

(vii) **Allowance for Inventories**

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

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

(viii) **Valuation of Warrants**

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

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

5. **PROPERTY, PLANT AND EQUIPMENT**

	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office and other equipment RM'000	Total RM'000
Group					
2015					
Cost					
At 1st January 2015	621	1,333	622	851	3,427
Additions	-	-	-	63	63
At 31st December 2015	621	1,333	622	914	3,490
Accumulated depreciation					
At 1st January 2015	188	1,136	289	539	2,152
Depreciation for the financial year	13	51	62	47	173
At 31st December 2015	201	1,187	351	586	2,325
Net book value as at 31st December 2015	420	146	271	328	1,165
Group					
2014					
Cost					
At 1st January 2014	621	1,333	537	670	3,161
Additions	-	-	174	181	355
Disposals	-	-	(89)	-	(89)
At 31st December 2014	621	1,333	622	851	3,427
Accumulated depreciation					
At 1st January 2014	176	1,084	317	506	2,083
Depreciation for the financial year	12	52	61	33	158
Disposals	-	-	(89)	-	(89)
At 31st December 2014	188	1,136	289	539	2,152
Net book value as at 31st December 2014	433	197	333	312	1,275

5. **PROPERTY, PLANT AND EQUIPMENT (Continued)**

	Motor vehicles RM'000	Office and other equipment RM'000	Total RM'000
Company			
2015			
Cost			
At 1st January 2015	163	21	184
Additions	-	-	-
At 31st December 2015	163	21	184
Accumulated depreciation			
At 1st January 2015	130	9	139
Depreciation for the financial year	17	2	19
At 31st December 2015	147	11	158
Net book value as at 31st December 2015	16	10	26
2014			
Cost			
At 1st January 2014	163	19	182
Additions	-	2	2
At 31st December 2014	163	21	184
Accumulated depreciation			
At 1st January 2014	114	8	122
Depreciation for the financial year	16	1	17
At 31st December 2014	130	9	139
Net book value as at 31st December 2014	33	12	45

(a) Included in the buildings of the Group with net book value of RM420,004/- (2014: RM432,418/-) is an asset being constructed on a piece of leasehold land in which the Group has lease arrangement.

(b) Included in motor vehicles with a total net book value of RM111,003/- (2014: RM267,492/-) was acquired under hire purchase terms.

6. **INVESTMENT PROPERTY**

	Group and Company	
	2015	**2014**
	RM'000	**RM'000**
Freehold buildings, at cost:-		
At 1st January/31st December	804	804
Accumulated depreciation:-		
At 1st January	(113)	(97)
Depreciation for the financial year	(16)	(16)
At 31st December	(129)	(113)
Net book value as at 31st December	675	691
At fair value	1,146	1,805

The direct operating expenses in respect of the investment property recognised in the profit or loss of the Group and of the Company were RM9,075/- (2014: RM9,075/-) respectively.

The fair value hierarchy disclosure for investment properties are disclosed in Note 34 to the financial statements.

7. **INTANGIBLE ASSET – GOODWILL**

	Group	
	2015	**2014**
	RM'000	**RM'000**
At cost:-		
At 1st January/31st December	1,477	1,477
Accumulated impairment losses:-		
At 1st January/31st December	(1,477)	(1,477)
Net carrying amount		
At 31st December	-	-

8. **INVESTMENT IN SUBSIDIARIES**

	Company	
	2015	**2014**
	RM'000	RM'000
Unquoted shares, at cost		
At 1st January	15,825	12,825
Addition during the financial year	-	3,000
At 31st December	15,825	15,825
Accumulated impairment losses		
At 1st January/31st December	(12,825)	(12,825)
Net carrying amount as at 31st December	3,000	3,000

The details of the subsidiaries are as follows:-

Name of subsidiary	Country of Incorporation	Gross Equity Interest 2015 %	Gross Equity Interest 2014 %	Principal Activities
Syarikat Bukit Granite Sdn. Bhd. ("SBG")	Malaysia	100	100	Processing, trading, exporting and contract workmanship of high quality marble and granite slabs and investment holding.
Atlas Rhythm Sdn. Bhd. ("AR")	Malaysia	100	100	Property development.
Held through SBG				
Montana Madencilik Mermer Sanayi Insaat Ve Ticaret Limited Sirketi ("Montana") ^	Republic of Turkey	100	100	Ceased operations.

^ Subsidiary without audited financial statements and Auditor's Reports but the financial statements of this subsidiary were considered by the auditors for the purposes of the financial statements of the Group.

9. INVENTORIES

	Group	
	2015	2014
	RM'000	RM'000
At cost:-		
Finished goods	2,662	2,832
Goods-in-transit	-	287
	2,662	3,119
At net realisable value:-		
Finished goods	936	1,195
	3,598	4,314
Recognised in profit or loss:-		
Inventories recognised as cost of sales	12,489	10,035
Write-down to net realisable value	221	-

10. PROPERTY DEVELOPMENT COSTS

	Group	
	2015	2014
	RM'000	RM'000
At the beginning of the financial year		
- land	28,202	28,202
- development costs	3,872	1,534
	32,074	29,736
Add: Costs incurred during the financial year		
- development costs	1,869	2,339
	1,869	2,339
At the end of the financial year		
- land	28,202	28,202
- development costs	5,741	3,873
	33,943	32,075

Staff costs capitalised during the financial year under property development costs amounted to RM1,270,059/- (2014: RM1,536,486/-).

11. AMOUNT OWING BY/(TO) CONTRACT CUSTOMERS

	Group	
	2,015	**2,014**
	RM'000	RM'000
Amount owing by:-		
Cost of contracts	15,602	21,482
Attributable profit recognised to date	3,896	4,434
	19,498	25,916
Less: Progress billings	(13,641)	(23,368)
	5,857	2,548
Amount owing to:-		
Cost of contracts	22,535	2,998
Attributable profit recognised to date	2,230	987
	24,765	3,985
Less: Progress billings	(24,795)	(4,196)
	(30)	(211)

12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	RM'000	RM'000	RM'000
Trade receivables	6,617	9,541	-	-
Less: Allowance for impairment (Note 12(a))	(2,486)	(1,722)	-	-
	4,131	7,819	-	-
Other receivables				
Other receivables	2,264	2,248	1,887	1,887
Deposits	1,922	1,448	8	8
Prepayments	17	25	7	7
	4,203	3,721	1,902	1,902
Less: Allowance for impairment (Note 12(b))	(2,700)	(2,700)	(1,427)	(1,427)
	1,503	1,021	475	475
Total trade and other receivables	5,634	8,840	475	475

12. **TRADE AND OTHER RECEIVABLES (Continued)**

(a) **Trade receivables**

The Group's normal trade credit terms range from 30 to 60 days (2014: 30 to 60 days). Other credit terms are assessed and approved based on a case-by-case basis.

The movement in allowance for impairment is as follows:-

	Group	
	2015	**2014**
	RM'000	RM'000
At 1st January	(1,722)	(1,865)
Addition during the financial year	(771)	(6)
Write-back during the financial year	7	144
Foreign exchange translation differences	-	5
At 31st December	(2,486)	(1,722)

Included in trade receivables as at 31 December 2015 are retention sums of RM2,451,590/- (2014: RM1,476,565/-) relating to construction work-in-progress.

(b) **Other receivables**

Included in deposit is an amount of RM683,859/- (2014: RMNil) representing advance payments made to material suppliers and installers.

The movement in allowance for impairment is as follows:-

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	RM'000	RM'000	RM'000
At 1st January	(2,700)	(2,896)	(1,427)	(1,623)
Addition during the financial year	-	(28)	-	(28)
Writeback during the financial year	-	224	-	224
At 31st December	(2,700)	(2,700)	(1,427)	(1,427)

13. **AMOUNT OWING BY SUBSIDIARIES**

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

14. **FIXED DEPOSITS PLACED WITH FINANCIAL INSTITUTIONS**

Included in fixed deposits placed with financial institutions of the Group, RM3,077,654/- (2014: RM3,524,957/-) is pledged for banking facilities granted to the subsidiaries as disclosed in Note 18 and Note 31.

The effective interest rates of the fixed deposits with licensed banks range from 2.85% to 3.15% (2014: 2.55% to 3.20%) per annum at the end of the reporting period.

15. **CASH AND BANK BALANCES**

Included in bank balances of the Group, RM42,463/- (2014: RM42,463/-) is pledged for bank guarantee as disclosed in Note 31 to the financial statements.

16. **SHARE CAPITAL**

	Group and Company			
	2015		**2014**	
	Number of Shares		**Number of Shares**	
	Unit'000	RM'000	Unit'000	RM'000
Ordinary shares of RM0.15 each				
Authorised:-				
At the beginning/end of the financial year	3,600,000	540,000	3,600,000	540,000
Issued and fully paid:-				
At the beginning/end of the financial year	263,900	39,585	263,900	39,585

17. **OTHER RESERVES**

	Foreign currency translation reserve RM'000	Warrant reserve RM'000	Total RM'000
Group			
At 1st January 2014/31st December 2014	(1,064)	1,636	572
Arising from the current financial year	(2)	-	(2)
At 31st December 2015	(1,066)	1,636	570

(a) **Foreign Currency Translation Reserve**

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

(b) **Warrant Reserve**

Warrant reserves represent the fair value adjustment for the free detachable warrants issued pursuant to the rights issue.

The salient terms of the Warrants are as follows:-

(i) The Warrants will be constituted by a Deed Poll by the Company;

(ii) The Warrants are traded separately;

(iii) The Warrants are exercisable any time during the tenure of 5 years commencing the date of issue ("Exercise Period") at an exercise price of RM0.15 per Warrant. Warrants not exercised during the Exercise Period will lapse and cease to be valid;

(iv) Subject to the approvals and adjustments under certain circumstances in accordance with the Deed Poll during the Exercise Price is payable upon the exercise of each Warrant by tendering cash payment of approximately RM0.15 for every new share;

(v) Subject to the provisions in the Deed Poll, the exercise price and/or the number of Warrants held by each Warrant holder shall be adjusted by the Board in consultation with the adviser and certification of the external auditors, in the event of alteration to the share capital of the Company whether by way of right issue, bonus issue, consolidation of shares, subdivision of shares or reduction of capital howsoever being affected; and

(vi) The Warrant holders shall not be entitled to any dividend, right, allotment and/or distribution declared by the Company, which entitlement date thereof precedes the allotment date of the new share allotted pursuant to the exercise of the Warrants.

17. OTHER RESERVES (Continued)

The fair value of the warrants is measured using the Black Scholes model with the following inputs:-

	Warrant Reserve RM'000
Group	
At 1st January 2015/31st December 2015	1,636

Fair value of warrants and assumptions

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

18. BORROWINGS

	Group	
	2015	**2014**
	RM'000	RM'000
Short term borrowings		
Bankers' acceptance	1,949	1,027
Bank overdraft	995	1,120
Finance lease liabilities (Note 19)	22	26
Trust receipts	2,982	2,602
	5,948	4,775
Long term borrowing		
Finance lease liabilities (Note 19)	51	73
	51	73
Total borrowings	5,999	4,848

18. **BORROWINGS (Continued)**

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

(a) fixed deposits placed with financial institutions as disclosed in Note 14 to the financial statements; and

(b) a corporate guarantee of the Company.

The range of interest rate at the end of the reporting period for borrowings are as follows:-

	2015	2014
	%	%
Bankers' acceptance	0.086	0.086
Bank overdraft	0.081	0.081
Trust receipts	0.081	0.081
Finance lease liabilities	4.53%	4.55% - 5.23%

19. **FINANCE LEASE LIABILITIES**

	Group	
	2015	2014
	RM'000	RM'000
Future minimum lease payaments:-		
- not later than one year	25	30
- later than one year but not later than five years	53	78
	78	108
Less: Future finance charges	(5)	(9)
Present value of finance lease liabilities	73	99
Represented by:-		
Current		
- not later than one year	22	26
Non-current		
- later than one year but not later than five years	51	73
	73	99

Motor vehicles of the Group as disclosed in Note 5 are pledged for finance lease liabilities.

The average interest rate implicit in the lease is 4.55% per annum (2014: 4.55% - 5.23%) per annum.

20. TRADE AND OTHER PAYABLES

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Trade payables	992	1,658	-	-
Other payables				
Other payables	233	206	82	51
Deposit	19	-	-	-
Accruals	2,334	195	131	130
	2,586	401	213	181
	3,578	2,059	213	181

(a) **Trade payables**

The normal trade credit terms granted to the Group range from 30 to 60 days (2014: 30 to 60 days).

Included in trade payable as at 31 December 2015 are retention sums of RM389,420/- (2014: RM181,019/-) relating to construction work-in-progress.

(b) **Accruals**

Included in accruals are the following:-

(i) accruals for directors' fee amounting to RM41,000/- (2014: RM41,000/-).

(ii) accruals for construction cost amounting to RM2,061,512/- (2014: RMNil).

21. REVENUE

	Group 2015 RM'000	Group 2014 RM'000
Sale of marble slabs and blocks	412	804
Contract revenue	27,314	17,945
	27,726	18,749

22. TAXATION

The income tax is calculated at the Malaysian statutory tax rate of 25% (2014: 25%) of the estimated assessable profit for the fiscal year.

The Malaysian statutory tax rate will be reduced to 24% from the current year's rate of 25% effective from Year of Assessment 2016. The computation of deferred tax as at 31st December 2015 has been reflected with these changes.

22. **TAXATION (Continued)**

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	RM'000	RM'000	RM'000
(Loss)/profit before taxation	(1,425)	245	(1,236)	(1,053)
Tax at applicable statutory tax rate of 25% (2014: 25%)	356	(61)	309	263
Tax effects arising from:-				
- non-taxable income	38	37	-	-
- non-deductible expenses	(322)	(284)	(309)	(263)
- differential tax rate	(2)	(62)		-
- deferred tax assets not recognised during the financial year	(19)	(3)	-	-
- utilisation of previous unrecognised tax losses	(51)	373	-	-
Tax expense for the financial year	-	-	-	-

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

	Group	
	2015	**2014**
	RM'000	RM'000
Property, plant and equipment	574	605
Unabsorbed capital allowances	(753)	(653)
Unutilised tax losses	(6,192)	(6,033)
	(6,371)	(6,081)
Potential deferred tax assets	(1,529)	(1,459)

23. **NET (LOSS)/PROFIT FOR THE FINANCIAL YEAR**

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	RM'000	RM'000	RM'000
After charging/(crediting):-				
Auditors' remuneration				
- statutory audit				
- current year	49	49	33	33
- prior year	7	12	4	10
- other services	7	7	7	7
Bad debts written off	1	-	-	-
Bad debts recovered	(139)	(224)	(139)	(224)
Depreciation of:-				
- property, plant and equipment	173	158	19	17
- investment property	16	16	16	16
Directors' remuneration:-				
- fees	164	164	164	164
- others	135	135	135	135
Gain on disposal of property, plant and equipment	-	(10)	-	-
Loss/(gain) on foreign exchange:-				
- realised	10	(9)	(10)	(16)
- unrealised	2	(22)	-	(19)
Impairment loss on trade and other receivables	771	34	-	28
Interest expense:-				
- bank overdraft	5	23	-	-
- bankers' acceptance and trust receipts	493	147	-	-
- hire purchase	4	7	-	-
- term loans	76	-	-	-
Interest income	(190)	(166)	(36)	(114)
Writte-down of inventories to net realisable value	221	-	-	-
Rental of premises	221	228	-	-
Staff costs:-				
- salaries, wages, bonuses and allowances	1,987	1,766	615	540
- defined contribution plan	213	195	77	65
- other benefits	31	29	2	7
Write-back of impairment loss on trade receivables	(7)	(144)	-	-

24. EARNINGS/(LOSS) PER SHARE

	Group	
	2015	**2014**
	RM'000	RM'000
(Loss)/profit, net of tax attributable to owners of the Company	(1,425)	245
Weighted average number of ordinary shares on issue	263,900	263,900
Basic (loss)/earnings per share for the financial year (sen)	(0.54)	0.09

Diluted (loss)/earnings per ordinary share

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

25. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	RM'000	RM'000	RM'000
Cost of property, plant and equipment purchased	63	355	-	2
Amount financed through hire purchase	-	110	-	-
Cash disbursed for purchase of property, plant and equipment	63	245	-	2
	63	355	-	2

26. **DIRECTORS' REMUNERATION**

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	RM'000	RM'000	RM'000
Executive Directors' remuneration				
- Salaries, bonus and other emoluments	121	121	121	121
- Defined contribution plans	14	14	14	14
	135	135	135	135
Total Directors' non-fee emoluments	135	135	135	135
Non-executive Directors' fee	164	164	164	164
Total Directors' remuneration including benefits-in-kind	299	299	299	299

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

	Group	
	2015	**2014**
Executive Directors		
RM100,000 - RM250,000	1	1
RM250,001 - RM300,000	-	-
RM400,001 - RM450,000	-	-
Non-executive Directors		
Below RM50,000	4	4
	5	5

27. **OPERATING LEASES**

Leases as lessee

Non-cancellable operating lease rental are payable as follows:-

	Group	
	2015	**2014**
	RM'000	**RM'000**
Less than one year	221	221
Between one and five years	11	472
more than five years	-	-
	232	693

28. **SIGNIFICANT RELATED PARTY TRANSACTIONS**

(a) **Identification of Related Parties**

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

Related parties of the Company include:-

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

(b) **Significant Related Party Transactions and Balances**

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

	Group	
	2015	**2014**
	RM'000	**RM'000**
Sales of stones and provision of contract workmansip and other related services to a company in which a director has interest in	311	993

28. **SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)**

(b) **Significant Related Party Transactions and Balances (Continued)**

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

	Company	
	2015	2014
	RM'000	RM'000
Amount owing by subsidiaries	42,814	42,952

(c) **Compensation of Key Management Personnel**

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

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Key management personnel compensation including directors' remuneration:-				
- Short term employee benefits	918	861	220	639

29. **OPERATING SEGMENTS**

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

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

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

(ii) Investment holding – involved in investment holding.

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

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

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

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

29. **OPERATING SEGMENTS (Continued)**

(i) **BUSINESS SEGMENTS**

	Building Material RM'000	Investment Holding RM'000	Property Development RM'000	Group RM'000
2015				
Revenue				
External customer	27,726	-	-	27,726
Inter-segment	-	-	-	-
	27,726	-	-	27,726
Adjustments and eliminations				-
Consolidated revenue				27,726
Results				
Segment results	1,209	(1,376)	(55)	(222)
Interest income	134	36	20	190
Other material items of income	7	138	-	146
Depreciation of property, plant and equipment and investment property	(123)	(35)	(31)	(189)
Other non-cash expenses	(772)	-	-	(772)
	455	(1,237)	(66)	(847)
Finance costs				(578)
Income tax expense				-
Consolidated loss after taxation				(1,425)
Assets				
Segment assets	19,935	1,178	35,185	56,298
Unallocated assets				7
Consolidated total assets				56,305
Liabilities				
Segment liabilities	9,319	213	75	9,607
Consolidated total liabilities				9,607
Other segment items				
Additions to non-current assets other than financial instruments:-				
- property, plant and equipment	63	-	-	63

29. **OPERATING SEGMENTS (Continued)**

(i) **BUSINESS SEGMENTS (Continued)**

	Building Material RM'000	Investment Holding RM'000	Property Development RM'000	Group RM'000
2014				
Revenue				
External customer	18,749	-	-	18,749
Inter-segment	-	-	-	-
	18,749	-	-	18,749
Adjustments and eliminations				-
Consolidated revenue				18,749
Results				
Segment results	1,455	(1,330)	(39)	86
Interest income	49	114	3	166
Other material items of income	154	224	-	378
Depreciation of property, plant and equipment and investment property	(122)	(33)	(19)	(174)
Other non-cash expenses	(6)	(28)	-	(34)
	1,530	(1,053)	(55)	422
Finance costs				(177)
Income tax expense				-
Consolidated profit after taxation				245
Assets				
Segment assets	19,523	2,242	33,383	55,148
Unallocated assets				95
Consolidated total assets				55,243
Liabilities				
Segment liabilities	6,842	181	95	7,118
Consolidated total liabilities				7,118
Other segment items				
Additions to non-current assets other than financial instruments:-				
- property, plant and equipment	53	2	300	355

29. **OPERATING SEGMENTS (Continued)**

(i) **BUSINESS SEGMENTS (Continued)**

Reconciliation of reported revenue and profit or loss

	2015 RM'000	2014 RM'000
Revenue		
Total revenue for reportable segment	27,726	18,749
Profit or loss		
Total profit or loss for reportable segment	(1,425)	245
Net (loss)/profit for the financial year	(1,425)	245

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

	Group 2015 RM'000	2014 RM'000
Bad debts recovered	139	224
Gain on disposal of property, plant and equipment	-	10
Write-back of impairment loss on trade receivables	7	144
	146	378

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

	Group 2015 RM'000	2014 RM'000
Impairment loss on trade and other receivables	771	34
Bad debts written off	1	-
	772	34

29. **OPERATING SEGMENTS (Continued)**

(ii) **GEOGRAPHICAL INFORMATION**

	Revenue		Non-current assets	
	2015	**2014**	**2015**	**2014**
	RM'000	RM'000	RM'000	RM'000
Malaysia	27,726	18,583	1,840	1,966
Singapore	-	166	-	-
	27,726	18,749	1,840	1,966

(iii) **MAJOR CUSTOMERS**

Revenue from two (2014: one) major customers contributed an aggregate revenue of RM26,741,000/- (2014 RM16,538,000/-) of the Group's total revenue in the manufacturing segment.

30. **FINANCIAL GUARANTEES**

	Company	
	2015	2014
	RM'000	RM'000
Financial guarantees given to licensed banks for banking facilities granted to a subsidiary	13,200	8,200

31. **CONTINGENT LIABILITIES**

	Group	
	2015	**2014**
	RM'000	RM'000
Performance bonds extended to third parties		
- project related	2,042	1,803
Bank guarantees issued in favour of third parties		
- project related	42	1,415
	2,084	3,218

The facilities are secured over the fixed deposits and bank balances of the Group as disclosed in Note 14 and Note 15 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

32. FOREIGN EXCHANGE RATES

	Group	
	2015	2014
	RM	RM
United States Dollar	4.27	3.50
Chinese Renminbi	0.59	0.57
New Turkish Lira	1.47	1.44
Singapore Dollar	3.04	2.64

33. FINANCIAL INSTRUMENTS

(a) Financial Risk Management and Objectives

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

(i) Foreign Currency Risk

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

(a) **Financial Risk Management and Objectives (Continued)**

(i) **Foreign Currency Risk (Continued)**

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

	United States Dollar RM'000	Chinese Renminbi RM'000	Singapore Dollar RM'000	New Turkish Lira RM'000	Ringgit Malaysia RM'000	Total RM'000
Group						
2015						
Financial assets						
Amount owing by contract customers	-	-	-	-	5,857	5,857
Trade and other receivables *	2	123	-	-	5,492	5,617
Fixed deposits placed with financial institutions	-	-	-	-	5,164	5,164
Cash and bank balances	-	-	1	16	245	262
	2	123	1	16	16,758	16,900
Financial liabilities						
Trade and other payables	10	-	-	13	3,555	3,578
Bankers' acceptance	-	-	-	-	1,949	1,949
Bank overdraft	-	-	-	-	995	995
Hire purchase payables	-	-	-	-	73	73
Trust receipts	-	-	-	-	2,982	2,982
	10	-	-	13	9,554	9,577
Net financial assets/(liabilities)	(8)	123	1	3	7,204	7,323
Less: Net financial (assets)/ liabilities denominated in the respective entities' functional currencies	-	-	-	(3)	(7,204)	(7,207)
Currency exposure	(8)	123	1	-	-	116

** Exclude prepayments*

33. **FINANCIAL INSTRUMENTS (Continued)**

(a) **Financial Risk Management and Objectives (Continued)**

(i) **Foreign Currency Risk (Continued)**

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

** Exclude prepayments*

33. **FINANCIAL INSTRUMENTS (Continued)**

(a) **Financial Risk Management and Objectives (Continued)**

(i) **Foreign Currency Risk (Continued)**

	Chinese Renminbi	Ringgit Malaysia	Total
	RM'000	RM'000	RM'000
Company			
2015			
Financial assets			
Other receivables *	123	345	468
Amount owing by subsdiaries	-	42,814	42,814
Cash and bank balances	-	1	1
	123	43,160	43,283
Financial liability			
Other payables	-	213	213
	-	213	213
Net financial assets	123	42,947	43,070
Less: Net financial (assets) denominated in the entity's functional currencies	-	(42,947)	(42,947)
	123	-	123

** Exclude prepayments*

33. **FINANCIAL INSTRUMENTS (Continued)**

(a) **Financial Risk Management and Objectives (Continued)**

(i) **Foreign Currency Risk (Continued)**

	Chinese Renminbi	Ringgit Malaysia	Total
	RM'000	RM'000	RM'000
Company			
2014			
Financial assets			
Other receivables *	123	345	468
Amount owing by subsdiaries	-	42,952	42,952
Fixed deposits placed with financial institutions	-	1,020	1,020
Cash and bank balances	-	12	12
	123	44,329	44,452
Financial liability			
Other payables	-	181	181
	-	181	181
Net financial assets	123	44,148	44,271
Less: Net financial (assets) denominated in the entity functional currencies	-	(44,148)	(44,148)
Currency exposure	123	-	123

** Exclude prepayments*

33. **FINANCIAL INSTRUMENTS (Continued)**

(a) **Financial Risk Management and Objectives (Continued)**

(i) **Foreign Currency Risk (Continued)**

Sensitivity analysis for foreign currency

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

	Group	
	2015	2014
	Increase/ (Decrease)	**Increase/ (Decrease)**
	RM'000	RM'000
Effects on profit after taxation		
Chinese Renminbi		
- strengthened by 5%	6	6
- weakened by 5%	(6)	(6)
Singapore Dollar		
- strengthened by 5%	-	18
- weakened by 5%	-	(18)
Effects on equity		
Chinese Renminbi		
- strengthened by 5%	6	6
- weakened by 5%	(6)	(6)
Singapore Dollar		
- strengthened by 5%	-	18
- weakened by 5%	-	(18)

33. **FINANCIAL INSTRUMENTS (Continued)**

(a) **Financial Risk Management and Objectives (Continued)**

(i) **Foreign Currency Risk (Continued)**

Sensitivity analysis for foreign currency (Continued)

	Company	
	2015 Increase/ (Decrease) RM'000	2014 Increase/ (Decrease) RM'000
Effects on loss after taxation		
Chinese Renminbi		
- strengthened by 5%	6	6
- weakened by 5%	(6)	(6)
Effects on equity		
Chinese Renminbi:-		
- strengthened by 5%	6	6
- weakened by 5%	(6)	(6)

(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.

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Fixed rate instruments				
Fixed deposits placed with financial institutions	5,164	4,765	-	1,020
Hire purchase payables	(73)	(99)	-	-
	5,091	4,666	-	1,020
Floating rate instruments				
Bankers' acceptance	(1,949)	(1,027)	-	-
Bank overdraft	(995)	(1,120)	-	-
Trust receipts	(2,982)	(2,602)	-	-
	(5,926)	(4,749)	-	-

33. **FINANCIAL INSTRUMENTS (Continued)**

(a) **Financial Risk Management and Objectives (Continued)**

(ii) **Interest Rate Risk (Continued)**

Interest rate risk sensitivity analysis

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

	Group	
	2015	**2014**
	Increase/ (Decrease)	**Increase/ (Decrease)**
	RM'000	RM'000
Effects on profit after taxation		
Increase of 100 basis points (bp)	(59)	(47)
Decrease of 100 bp	59	47
Effects on equity		
Increase of 100 bp	(59)	(47)
Decrease of 100 bp	59	47

(ii) **Credit Risk**

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

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

Credit risk concentration profile

The Group's major concentration of credit risk relates to the amount owing by two (2014: one) customers which constituted approximately 89% (2014: 79%) of its trade receivables as at the end of the reporting period.

Exposure to credit risk

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

Financial guarantee contracts

The Company is exposed to credit risk in relation to financial guarantee given to banks in respect of loan granted to its subsidiary. The Company monitors the results of the subsidiary and their repayment on an on going basis.

33. **FINANCIAL INSTRUMENTS (Continued)**

(a) **Financial Risk Management and Objectives (Continued)**

(iii) **Credit Risk (Continued)**

Financial guarantee contracts (Continued)

The maximum exposure to credit risk amounts to RM13,200,000/- (2014: RM8,200,000/-) represents the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 33(a)(i).

As at the end of the reporting period, there was no indicate that the subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

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

	Group	
	2015	**2014**
	RM'000	RM'000
Malaysia	4,131	7,521
Singapore	-	298
	4,131	7,819

Ageing analysis

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

	Gross Amount	**Individual Impairment**	**Carrying Value**
	RM'000	RM'000	RM'000
Group			
2015			
Not past due	1,055	-	1,055
Past due:-			
- less than 3 months	2,562	-	2,562
- 3 to 6 months	486	-	486
- over 6 months	2,514	(2,486)	28
	6,617	(2,486)	4,131
2014			
Not past due	2,784	-	2,784
Past due:-			
- less than 3 months	4,046	-	4,046
- 3 to 6 months	127	-	127
- over 6 months	2,584	(1,722)	862
	9,541	(1,722)	7,819

33. **FINANCIAL INSTRUMENTS (Continued)**

(a) **Financial Risk Management and Objectives (Continued)**

(iii) **Credit Risk (Continued)**

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

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

Financial assets that are past due but not impaired

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

Financial assets that are neither past due nor impaired

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

(iv) **Liquidity Risk**

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

Maturity analysis

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

	Weighted average effective rate %	Carrying amount RM'000	Contractual undiscounted cash flows RM'000	Within one year RM'000	One to five years RM'000	Over five years RM'000
Group						
2015						
Financial liabilities						
Trade and other payables		3,578	3,578	3,578	-	-
Bankers' acceptance	1.75% above bank cost	1,949	2,005	2,005	-	-
Bank overdraft	1.25% above bank cost	995	995	995	-	-
Finance lease liabilities	4.53%	73	78	25	53	-
Trust receipts	1.25% above bank cost	2,982	3,061	3,061	-	-
		9,577	9,717	9,664	53	

33. **FINANCIAL INSTRUMENTS (Continued)**

(a) Financial Risk Management and Objectives (Continued)

(iv) Liquidity Risk (Continued)

Maturity analysis (Continued)

	Weighted average effective rate	Carrying amount	Contractual undiscounted cash flows	Within one year	One to five years	Over five years
	%	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
2014						
Financial liabilities						
Trade and other payables		2,059	2,059	2,059	-	-
Bankers' acceptance	1.75% above bank cost	1,027	1055	1055	-	-
Bank overdraft	1.25% above bank cost	1,120	1120	1120	-	-
Finance lease liabilities	4.55% - 5.23%	99	108	30	78	-
Trust receipts	1.25% above bank cost	2,602	2643	2643	-	-
		6,907	6,985	6,907	78	-

	Carrying amount	Contractual undiscounted cash flows	Within one year	One to five years	Over five years
	RM'000	RM'000	RM'000	RM'000	RM'000
Company					
2015					
Financial liabilities					
Trade and other payables	213	213	213	-	-
Financial guarantee contract	-	13,200	-	13,200	-
	213	13,413	213	13,200	-
2014					
Financial liabilities					
Trade and other payables	181	181	181	181	-
Financial guarantee contract	-	8,200	-	8,200	-
	181	8,381	181	8,381	-

33. FINANCIAL INSTRUMENTS (Continued)

(b) Classification of Financial Instruments

	Loans and receivables RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
Group			
2015			
Financial assets			
Amount owing by contract customers	5,857	-	5,857
Trade and other receivables *	5,617	-	5,617
Fixed deposits placed with financial institutions	5,164	-	5,164
Cash and bank balances	262	-	262
	16,900	-	16,900
Financial liabilities			
Trade and other payables	-	3,578	3,578
Bankers' acceptance	-	1,949	1,949
Bank overdraft	-	995	995
Finance lease liabilities	-	73	73
Trust receipts	-	2,982	2,982
	-	9,577	9,577
2014			
Financial assets			
Amount owing by contract customers	2,548	-	2,548
Trade and other receivables *	8,815	-	8,815
Fixed deposits placed with financial institutions	4,765	-	4,765
Cash and bank balances	640	-	640
	16,768	-	16,768
Financial liabilities			
Trade and other payables	-	2,059	2,059
Bankers' acceptance	-	1,027	1,027
Bank overdraft	-	1,120	1,120
Finance lease liabilities	-	99	99
Trust receipts	-	2,602	2,602
	-	6,907	6,907

** Exclude prepayments*

33. **FINANCIAL INSTRUMENTS (Continued)**

(b) **Classification of Financial Instruments (Continued)**

	Loans and receivables RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
Company			
2015			
Financial assets			
Other receivables *	468	-	468
Amount owing by subsidiaries	42,814	-	42,814
Cash and bank balances	1	-	1
	43,283	-	43,283
Financial liability			
Other payables	-	213	213
	-	213	213
2014			
Financial assets			
Other receivables *	468	-	468
Amount owing by subsidiaries	42,952	-	42,952
Fixed deposits placed with financial institutions	1,020	-	1,020
Cash and bank balances	12	-	12
	44,452	-	44,452
Financial liability			
Other payables	-	181	181
	-	181	181

** Exclude prepayments*

33. **FINANCIAL INSTRUMENTS (Continued)**

(c) **Fair Values of Financial Instruments**

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

	Carrying Amount RM'000	Fair value RM'000
Group		
2015		
Finance lease liabilities	73	78
2014		
Finance lease liabilities	99	100

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

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

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

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

(ii) **Finance Lease Liabilities**

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

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

There have been no transfer between Level 1 and Level 2 during the financial year (2014: no transfer in either directions).

34. **FAIR VALUE INFORMATION ON NON-FINANCIAL ASSET**

The fair value measurement hierarchies used to measure fair value of non-financial assets at the end of the reporting period.

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

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

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

34. **FAIR VALUE INFORMATION ON NON-FINANCIAL ASSET (Continued)**

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
Group and Company				
2015				
Asset				
Investment property				
- Freehold buildings	-	1,146	-	1,146
2014				
Asset				
Investment property				
- Freehold buildings	-	1,805	-	1,805

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

Level 2 fair value

Level 2 fair value of buildings have been derived using the sales comparison approach. Sales price of comparable buildings in close approximately are adjusted for differences in key attributable such as property size. The most significant input into this valuation approach is price per square of comparable buildings.

35. **CAPITAL MANAGEMENT**

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

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

35. **CAPITAL MANAGEMENT (Continued)**

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

	Group	
	2015	**2014**
	RM'000	RM'000
Trade and other payables	3,578	2,059
Bankers' acceptances	1,949	1,027
Bank overdraft	995	1,120
Hire purchase payables	73	99
Trust receipts	2,982	2,602
Less: Fixed deposits placed with financial institutions	(5,164)	(4,765)
Less: Cash and bank balances	(262)	(640)
Net debt	4,151	1,502
Equity attributable to the owners of the Company	46,698	48,125
Total capital	46,698	48,125
Debt-to-equity ratio	0.09	0.03

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

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

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

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

Pursuant to the directive, the amounts of realised and unrealised profits or losses included in the retained profits of the Group and the Company as at 31st December 2015 and 31st December 2014 are as follows:-

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	RM'000	RM'000	RM'000
Total retained profits				
- realised	2,460	3,861	5,557	6,774
- unrealised	(2)	22	-	19
	2,458	3,883	5,557	6,793
Add: Consolidation adjustments	4,085	4,085	-	-
At 31st December	6,543	7,968	5,557	6,793

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

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

STATEMENT BY DIRECTORS

We, **DATO' LIM KIM HUAT** and **LOI HENG SEWN**, being two of the directors of the Company, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 36 to 101 are properly drawn up in accordance with the Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31st December 2015 and of the financial performance and cash flows of the Group and of the Company for the financial year ended on that date.

The supplementary information set out on page 102 have been prepared in accordance with the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants.

On behalf of the Board,

…... …...

DATO' LIM KIM HUAT
Director

LOI HENG SEWN
Director

Kuala Lumpur

Date: 8th April 2016

STATUTORY DECLARATION

I, **DATO' LIM KIM HUAT**, being the director primarily responsible for the financial management of AbleGroup Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 36 to 101 and the supplementary information set out on page 102 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, I960.

....
DATO' LIM KIM HUAT

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 8th April 2016.

Before me,

....
Commissioner for Oaths

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ABLEGROUP BERHAD

Report on the Financial Statements

We have audited the financial statements of AbleGroup Berhad, which comprise the statements of financial position as at 31st December 2015 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 36 to 101.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ABLEGROUP BERHAD

(Cont'd)

Other Reporting Responsibilities

The supplementary information set out on page 102 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

Tan Ban Tatt
No. 3099/03/18(J)
Chartered Accountant

Kuala Lumpur

Date: 8th April 2016

LIST OF PROPERTIES

As At 31 December 2015

Location/Address	Description/ Existing Use	Tenure	Approximate Area	Approximate Age of Building (Years)	Year of Acquisition	Net Book Value as at 31.12.2015 RM'000
Lot 18-15, Centro Business Centre, No. 8, Jalan Batu Tiga Lama, 41300 Klang, Selangor Darul Ehsan held under Lot No. 18-15, HS(M) 8806-HS(M) 8829, PT20412-PT20435, HS(M) 20856 PT27083 Mukim Kapar and GM 5802 Lot 1034 all of Mukim Kapar, Daerah Klang	Office unit	Freehold	260m^2(built-up)	7	2007	675
289, Lot No. 1589, Mukim Of Batu, District Of Kuala Lumpur, State Of Wilayah Persekutuan Kuala Lumpur	Land held for property development	Freehold	1.214 hectares	N/A	2012	28,202

ANALYSIS OF SHAREHOLDINGS

As At 01 April 2016

SHARE CAPITAL

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

DISTRIBUTION OF SHAREHOLDINGS
(As per Record of Depositors)

Size of Holdings	No. of Holders	%	No. of Shares Held	% of Issued Share
Less than 100 shares	58	1.505	2,060	0.000
100 to 1,000 shares	2,434	63.139	782,604	0.297
1,001 to 10,000 shares	573	14.864	3,019,071	1.144
10,001 to 100,000 shares	605	15.694	25,418,040	9.632
100,001 to less than 5% of issued shares	182	4.721	105,127,977	39.836
5% and above of issued shares	3	0.078	129,550,000	49.091
TOTAL	**3,855**	**100.00**	**263,899,752**	**100.00**

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

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

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

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

		No. of Shares Held			
No.	**Name**	**Direct**	**%**	**Indirect**	**%**
1	Dato' Lim Kim Huat	87,750,000	33.251	-	-
2	Loi Heng Sewn	28,300,000 (a)	10.723	-	-
3	Yeoh Chong Keat	500,000	0.189	-	-
4	Cheong Marn Seng	9,000	0.003	-	-
5	Wong Heang Fine	-	-	-	-

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

ANALYSIS OF SHAREHOLDINGS

As At 01 April 2016

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

No.	Name of Shareholders	No. of Shares Held	%
1	Dato' Lim Kim Huat	87,750,000	33.251
2	RHB Nominees (Tempatan) Sdn Berhad Exempt an for RHB Securities Singapore Pte. Ltd. (A/C Clients)	28,300,000	10.723
3	HSBC Nominees (Asing) Sdn Bhd Exempt AN for Credit Suisse (SG BR-TST-ASING)	13,500,000	5.115
4	CitiGroup Nominees (Asing) Sdn Bhd UBS AG Hong Kong for Vivia Wealth Asset Ltd	11,250,000	4.262
5	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lo Ga Lung	6,803,000	2.577
6	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Toh Pik Chai	6,104,100	2.313
7	RHB Nominees (Tempatan) Sdn Bhd RHB Islamic Asset Management Sdn Bhd for Perbadanan	4,010,700	1.519
8	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Gan Ching Han @ Paul Ngan	3,591,000	1.360
9	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Tay Hock Soon	2,581,900	0.978
10	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Koh Pee Seng	2,300,000	0.871
11	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Datuk Azizan Bin Abd Rahman (MY0531)	2,250,000	0.852
12	Wang Sze Yao @ Wang Ming Way	2,087,975	0.791
13	Seo Aik Leong	2,000,004	0.757
14	Patrick Soh Kong Hui	1,927,600	0.730
15	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Pang Go Song	1,761,000	0.667
16	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Khoo Soo Chai (E-IMO)	1,500,000	0.568
17	Lim Gaik Bway @ Lim Chiew Ah	1,295,000	0.490
18	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Toh Pik Chai	1,225,700	0.464
19	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chung Liong Yien	1,098,000	0.416
20	Soo Siew Seng	1,060,000	0.401
21	Chan Saw Kan	1,000,000	0.378
22	Low Khian Seng	1,000,000	0.378
23	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kho Chong Yau (E-TSA)	1,000,000	0.378
24	Lim Kau	985,000	0.373
25	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lau Yen Chang	923,000	0.349
26	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Soo Siew Seng (CEB)	830,000	0.314
27	Chung Man Li	826,400	0.313
28	Chan Theng Sung	800,000	0.303
29	Ho Kah Lian	800,000	0.303
30	Soh Wai Chen	800,000	0.303

ANALYSIS OF WARRANTS HOLDINGS

As At 01 April 2016

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

No. of Warrants Holders : 266

DISTRIBUTION OF WARRANTS HOLDINGS
(As per Record of Depositors)

Size of Holdings	No. of Warrants Holder	%	No. of Warrants Held	% of Issued Warrants
Less than 100 warrants	24	8.955	1,162	0.005
100 to 1,000 warrants	76	28.358	37,078	0.170
1,001 to 10,000 warrants	78	29.104	336,880	1.544
10,001 to 100,000 warrants	59	22.014	2,996,345	13.732
100,001 to less than 5% of issued warrants	28	10.447	5,948,485	27.262
5% and above of issued warrants	3	1.119	12,500,000	57.287
TOTAL	**268**	**100.00**	**21,819,950**	**100.00**

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

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

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

ANALYSIS OF WARRANTS HOLDINGS

As At 01 April 2016

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

No.	Name of Warrants Holders	No. of Warrants Held	%
1	Dato' Lim Kim Huat	9,750,000	44.683
2	HSBC Nominees (Asing) Sdn Bhd Exempt AN for Credit Suisse (SG BR-TST-ASING)	1,500,000	6.874
3	CitiGroup Nominees (Asing) Sdn Bhd UBS AG Hong Kong for Vivia Wealth Asset Ltd	1,250,000	5.728
4	Huen Wai Kuen	1,020,000	4.674
5	RHB Nominees (Tempatan) Sdn Berhad Pledged Securities Account for Loi Heng Sewn	450,000	2.062
6	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lau Yen Chang	345,000	1.581
7	Chap Kar Kar	340,000	1.558
8	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Vincent Phua Chee Ee	300,000	1.374
9	Lit Lai Wah	280,000	1.283
10	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Datuk Azizan Bin Abd Rahman (MY0531)	250,000	1.145
11	Yee Kong May	250,000	1.145
12	Wang Sze Yao @ Wang Ming Way	229,775	1.052
13	CIMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Geok Wah (BBRKLANG-CL)	207,500	0.950
14	Hew Tai Chin @ Hew Tai Moi	200,000	0.916
15	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lay Chee Siong	200,000	0.916
16	Ngu See Hing	200,000	0.916
17	Yee Seng Keng	200,000	0.916
18	The Yee Xian	199,100	0.912
19	Lee Fook On	192,400	0.881
20	Ee Kim Cheng	158,000	0.724
21	Lee Eng Min	155,500	0.712
22	Tee Bee Fun	151,000	0.692
23	Lau Ngie King	150,000	0.687
24	Ang Chee Leong	147,575	0.676
25	Sim Guek Lian	145,000	0.664
26	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chung Liong Yien	122,000	0.559
27	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tee Kok Leong	115,800	0.530
28	Chow Kam Hong	108,750	0.498
29	CIMSEC Nominees (Tempatan) Sdn Berhad Pledged Securities Account for Sim Guek Lian (B Tinggi-CL)	105,000	0.481
30	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Eng Min (CCTS)	100,900	0.462

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twelfth Annual General Meeting of the Company will be held at Atlanta East, Level 3, Hotel Armada Petaling Jaya, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan on Friday, 27 May 2016 at 3.30 p.m. to transact the following business:-

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2015 and the Reports of the Directors and Auditors thereon. **Explanatory Note A**

2. To approve the payment of Directors' fees in respect of the financial year ended 31 December 2015. **(Resolution 1)**

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

   i Dato' Lim Kim Huat **(Resolution 2)**
   ii Cheong Marn Seng **(Resolution 3)**

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

SPECIAL BUSINESS

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

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

   "THAT subject to the passing of Resolution 3 above and in accordance with the Malaysian Code on Corporate Governance 2012 ("MCCG 2012"), Cheong Marn Seng be and is hereby retained as Independent Non-Executive Director of the Company and be designated as such until the conclusion of the next Annual General Meeting, subject to the provisions of the relevant regulatory authorities."

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

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

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

   "THAT subject always to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature as stated in Section 2.4 of the Circular to Shareholders dated 29 April 2016 with the specified classes of related party/(ies) mentioned therein which are necessary for the Group's day-to-day operations and are carried out in the ordinary course of business and are on normal commercial terms which are not more favourable to the related party/(ies) than those generally available to the public and are not detrimental to the minority shareholders of the Company.

NOTICE OF ANNUAL GENERAL MEETING

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

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

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

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

whichever is the earlier;

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

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

BY ORDER OF THE BOARD

LIM FEI CHIA (MAICSA 7036158)
TAN FONG SHIAN (MAICSA 7023187)
Company Secretaries

Kuala Lumpur
29 April 2016

Notes:-

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 23 May 2016 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at this meeting.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company, an advocate, an approved company auditor or a person approved by the Registrar (the provisions of Section 149(1) of the Companies Act, 1965 shall not apply).
3. A member shall be entitled to appoint not more than three (3) proxies to attend and vote at this meeting and where a member appoints more than one (1) proxy, he shall specify the proportion of his shareholdings to be represented by each proxy.
4. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
6. The original instrument appointing a proxy and the power of attorney (if any) under which it is signed or a certified copy thereof shall be deposited at the Registered Office of the Company at Suite 11.1A, Level 11, Menara Weld, 76, Jalan Raja Chulan, 50200 Kuala Lumpur not less than forty-eight (48) hours before the time set for holding this meeting or at any adjournment thereof.
7. The Personal Data Protection Act 2010, which regulates the processing of personal data in commercial transactions, applies to the Company. By providing to the Company personal data which may include the name, contact details and mailing address, a member of the Company hereby consent, agree and authorise the processing and/ or disclosure of any personal data of or relating to the member for the purposes of issuing the notice of this meeting and convening the meeting (including any adjournment thereof), including but not limited to preparation and compilation of documents and other matters, whether or not supplied by the member. The member further confirms to have obtained the consent, agreement and authorisation of all persons whose personal data the member have disclosed and/ or processed in connection with the foregoing.

Explanatory Note A

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

<u>Explanatory Notes on Special Business:-</u>

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

   The proposed resolution is to seek shareholders' approval to retain Cheong Marn Seng as an Independent Non-Executive Director. Mr Cheong had served the Company as Independent Director for a cumulative period of more than nine (9) years. In accordance with the MCCG 2012, the Board of Directors of the Company and the Nomination Committee had assessed the independence of Mr Cheong and recommended that he be retained as an Independent Non-Executive Director of the Company based on amongst others, the following justifications:-

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

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

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

   The General Mandate procured and approved in the preceding year 2015 which was not exercised by the Company during the year, will expire at the forthcoming Twelfth Annual General Meeting of the Company.

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

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

   This proposed resolution, if passed, will authorise the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature, particulars of which are as set out in the Circular to Shareholders of the Company dated 29 April 2016 despatched together with the Annual Report 2015. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting of the Company.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Directors who are standing for re-election at the Twelfth Annual General Meeting of the Company are:

1. Dato' Lim Kim Huat; and
2. Cheong Marn Seng.

The profiles of the above Directors who are seeking re-election are set out on pages 4 to 6 whilst the details of their securities holdings in the Company are set out on page 34 of this Annual Report.

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

Number of Shares held:
CDS Account No.:
Contact No.

FORM OF PROXY

I/We ____ NRIC/Company No. ____________________________
(Full name in block letters)
of ____
(Full address)
being a member of ABLEGROUP BERHAD, do hereby appoint ____
(Full name in block letters and NRIC No.)
____ of ____
(Full address)
____

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

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Twelfth Annual General Meeting of the Company to be held at Atlanta East, Level 3, Hotel Armada Petaling Jaya, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan on Friday, 27 May 2016 at 3.30 p.m. or at any adjournment thereof.

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

No.	Resolutions	For	Against
1.	To approve the payment of Directors' fees in respect of the financial year ended 31 December 2015.		
2.	To re-elect Dato' Lim Kim Huat as Director.		
3.	To re-elect Cheong Marn Seng as Director.		
4.	To re-appoint Messrs Baker Tilly Monteiro Heng as the Company's Auditors and to authorise the Directors to fix their remuneration.		
5.	To retain Cheong Marn Seng as Independent Director.		
6.	To authorise Directors to issue shares pursuant to Section 132D of the Companies Act, 1965.		
7.	Proposed renewal of RRPT Mandate.		

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

Dated this ____________ day of ____________, 2016

____
Signature/Common Seal of Member

Notes:
1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 23 May 2016 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at this meeting.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company, an advocate, an approved company auditor or a person approved by the Registrar (the provisions of Section 149(1) of the Companies Act, 1965 shall not apply).
3. A member shall be entitled to appoint not more than three (3) proxies to attend and vote at this meeting and where a member appoints more than one (1) proxy, he shall specify the proportion of his shareholdings to be represented by each proxy.
4. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
6. The original instrument appointing a proxy and the power of attorney (if any) under which it is signed or a certified copy thereof shall be deposited at the Registered Office of the Company at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur not less than forty-eight (48) hours before the time set for holding this meeting or at any adjournment thereof.
7. The Personal Data Protection Act 2010, which regulates the processing of personal data in commercial transactions, applies to the Company. By providing to the Company personal data which may include the name, contact details and mailing address, a member of the Company hereby consent, agree and authorise the processing and/ or disclosure of any personal data of or relating to the member for the purposes of issuing the notice of this meeting and convening the meeting (including any adjournment thereof), including but not limited to preparation and compilation of documents and other matters, whether or not supplied by the member. The member further confirms to have obtained the consent, agreement and authorisation of all persons whose personal data the member have disclosed and/ or processed in connection with the foregoing.

Fold here

Affix
Stamp
Here

Company Secretary

ABLEGROUP BERHAD
(654188-H)

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

Fold here

AbleGroup Berhad

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Solaris Dutamas,
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50480 Kuala Lumpur.

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