CHIN HIN GROUP BERHAD
(Company No.: 1097507-W)
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS

31 DECEMBER 2015

Registered office:
Suite 10.03, Level 10
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Principal place of business:
No.A-1-9,
Pusat Perdagangan Kuchai,
No.2, Jalan 1/127,
Off Jalan Kuchai Lama,
58200 Kuala Lumpur

Company No. 1097507 W

CHIN HIN GROUP BERHAD
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS

31 DECEMBER 2015

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CHIN HIN GROUP BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

Principal Activities

The principal activities of the Company consist of the provision of management services and investment holding. The principal activities of its subsidiary companies are disclosed in Note 6 to the financial statements.

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

Financial Results

	Group RM	Company RM
Net profit for the financial year	30,220,888	233,003

Reserves and Provisions

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

Dividends

There were no dividends proposed, declared or paid by the Company since the end of the previous financial period. The Board of Directors does not recommend any dividend in respect of the current financial year.

Issue of Shares and Debentures

There was no issuance of shares and debentures during the financial year.

Options Granted Over Unissued Shares

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

Directors

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

Chiau Haw Choon
Datuk Cheng Lai Hock
Datuk Chiau Beng Teik
Datuk Dr Nik Norzrul Thani Bin N. Hassan Thani
Lee Hai Peng
Yeoh Chin Hoe

Directors' Interests

The interests in the shares of the Company by the Directors in office at the end of the financial period according to the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM0.50 each			
	At 01.01.2015	**Bought**	**Sold**	**At 31.12.2015**
Interests in the Company				
Direct Interests				
Datuk Chiau Beng Teik	244,034,320	-	-	244,034,320
Chiau Haw Choon	142,895,750	-	-	142,895,750

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 30 to the financial statements.

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

Other Statutory Information

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

(i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

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

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

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

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

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

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

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

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(d) In the opinion of the Directors:

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

Other Statutory Information (Cont'd)

(d) In the opinion of the Directors: (Cont'd)

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

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

Significant Events

The significant events are disclosed in Note 34 to the financial statements.

Subsequent Event

The subsequent event is disclosed in Note 35 to the financial statements.

Auditors

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

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 3 March 2016.

DATUK CHIAU BENG TEIK	CHIAU HAW CHOON

KUALA LUMPUR

CHIN HIN GROUP BERHAD
(Incorporated in Malaysia)

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

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 11 to 94 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf the Board of Directors in accordance with a resolution of the Directors dated 3 March 2016.

DATUK CHIAU BENG TEIK	CHIAU HAW CHOON

KUALA LUMPUR

CHIN HIN GROUP BERHAD
(Incorporated in Malaysia)

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

I, DATUK CHIAU BENG TEIK, being the Director primarily responsible for the financial management of Chin Hin Group Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 11 to 94 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, 1960.

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 3 March 2016	)))	
		DATUK CHIAU BENG TEIK

Before me,

No. W 521
MOHAN A.S. MANIAM

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHIN HIN GROUP BERHAD
(Company No.: 1097507-W)
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Chin Hin Group Berhad, which comprise statements of financial position as at 31 December 2015 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 11 to 94.

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

Auditors' Responsibility

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHIN HIN GROUP BERHAD (CONT'D)
(Company No.: 1097507-W)
(Incorporated in Malaysia)

Opinion

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHIN HIN GROUP BERHAD (CONT'D)
(Company No.: 1097507-W)
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Other Matters

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

UHY
Firm Number: AF 1411
Chartered Accountants

CHAN JEE PENG
Approved Number: 3068/08/16 (J)
Chartered Accountant

KUALA LUMPUR

3 MARCH 2016

CHIN HIN GROUP BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

		Group		Company	
		31.12.2015	31.12.2014	31.12.2015	31.12.2014
	Note	RM	RM	RM	RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	200,758,741	187,069,871	140,767	52,490
Investment properties	5	103,491,050	95,675,899	-	-
Investment in subsidiary companies	6	-	-	251,739,895	218,810,000
		304,249,791	282,745,770	251,880,662	218,862,490
Current Assets					
Inventories	7	44,819,086	44,153,899	-	-
Trade receivables	8	302,567,612	291,277,573	-	-
Other receivables	9	16,577,628	18,945,524	2,040,511	508,105
Hire purchase receivables	10	709,601	1,130,158	-	-
Amount due from subsidiary companies	11	-	-	17,486,096	2,042,855
Derivative financial assets	12	38,498	4,625	-	-
Tax recoverable		155,673	303,307	-	-
Fixed deposits with licensed banks	13	11,315,483	29,977,278	-	-
Cash and bank balances		168,855,397	118,029,973	223,317	50
		545,038,978	503,822,337	19,749,924	2,551,010
Assets held for sale	14	3,662,637	15,794,057	-	-
		548,701,615	519,616,394	19,749,924	2,551,010
Total Assets		852,951,406	802,362,164	271,630,586	221,413,500

CHIN HIN GROUP BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015 (CONT'D)

		Group		Company	
		31.12.2015	31.12.2014	31.12.2015	31.12.2014
	Note	RM	RM	RM	RM
EQUITY					
Share capital	15	221,345,050	221,345,050	221,345,050	221,345,050
Reserves	16	39,902,223	9,273,461	186,153	(46,850)
Total Equity		261,247,273	230,618,511	221,531,203	221,298,200
LIABILITIES					
Non-Current Liabilities					
Finance lease payables	17	10,414,547	12,068,771	-	-
Bank borrowings	18	70,683,809	46,711,849	-	-
Deferred tax liabilities	19	4,257,221	4,122,547	-	-
		85,355,577	62,903,167	-	-
Current Liabilities					
Trade payables	20	146,496,856	138,773,491	-	-
Other payables	21	18,087,072	20,547,704	955,957	115,300
Amount due to Directors	22	10,908,802	10,856,847	-	-
Amount due to subsidiary companies	11	-	-	49,143,426	-
Finance lease payables	17	9,701,639	9,378,926	-	-
Bank borrowings	18	318,218,210	324,149,295	-	-
Tax payables		2,935,977	5,134,223	-	-
		506,348,556	508,840,486	50,099,383	115,300
Total Liabilities		591,704,133	571,743,653	50,099,383	115,300
Total Equity and Liabilities		852,951,406	802,362,164	271,630,586	221,413,500

CHIN HIN GROUP BERHAD
(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

		Group		Company	
	Note	01.01.2015 to 31.12.2015 RM	01.01.2014 to 31.12.2014 RM	01.01.2015 to 31.12.2015 RM	12.06.2014 to 31.12.2014 RM
Revenue	23	1,199,151,596	1,219,418,150	5,660,000	-
Cost of sales		(1,097,607,050)	(1,131,246,849)	-	-
Gross profit		101,544,546	88,171,301	5,660,000	-
Other income		8,693,193	16,306,074	838	-
Distribution expenses		(10,486,835)	(7,364,312)	-	-
Administrative expenses		(28,452,660)	(24,505,701)	(5,287,835)	(46,850)
Other expenses		(11,803,226)	(10,690,267)	-	-
Finance costs	24	(20,515,769)	(18,701,920)	-	-
Profit/(Loss) before taxation	25	38,979,249	43,215,175	373,003	(46,850)
Taxation	26	(8,758,361)	(13,029,168)	(140,000)	-
Net profit/(loss) for the financial year/period		30,220,888	30,186,007	233,003	(46,850)
Other comprehensive income					
Realisation of revaluation reserve		-	3,670	-	-
Total comprehensive income/(loss) for the financial year/period		30,220,888	30,189,677	233,003	(46,850)
Earnings per share					
Basic earnings per share (sen)	27	7	14	-	-

CHIN HIN GROUP BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Attributable to owners of the parent					
	Non-distributable				Distributable	
	Share Capital RM	Foreign Currency Translation Reserve RM	Merger Reserve RM	Revaluation Reserve RM	Retained Earnings RM	Total Equity RM
Group						
At date of incorporation	1	-	-	-	-	1
Acquisition of subsidiary companies	-	-	-	8,772,214	153,262,096	162,034,310
Profit for the financial period	-	-	-	-	30,186,007	30,186,007
Realisation of revaluation reserve	-	-	-	(3,670)	3,670	-
Total comprehensive income for the financial period	-	-	-	(3,670)	30,189,677	30,186,007
Foreign exchange translation	-	44,724	-	-	-	44,724
Effect arising from merger method of accounting	221,345,000	-	(153,191,580)	-	-	68,153,420
	221,345,001	44,724	(153,191,580)	8,768,544	183,451,773	260,418,462

CHIN HIN GROUP BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONT'D)

		Attributable to owners of the parent					
		Non-distributable				Distributable	
	Note	Share Capital RM	Foreign Currency Translation Reserve RM	Merger Reserve RM	Revaluation Reserve RM	Retained Earnings RM	Total Equity RM
Group							
Transactions with owners:							
Issue of ordinary shares	15	49	-	-	-	-	49
Dividends to owners of the Company	28	-	-	-	-	(29,800,000)	(29,800,000)
Total transactions with owners		49	-	-	-	(29,800,000)	(29,799,951)
At 31 December 2014		221,345,050	44,724	(153,191,580)	8,768,544	153,651,773	230,618,511

CHIN HIN GROUP BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONT'D)

	Attributable to owners of the parent					
	Non-distributable				Distributable	
	Share Capital RM	Foreign Currency Translation Reserve RM	Merger Reserve RM	Revaluation Reserve RM	Retained Earnings RM	Total Equity RM
Group						
At 1 January 2015	221,345,050	44,724	(153,191,580)	8,768,544	153,651,773	230,618,511
Net profit for the financial year, representing total comprehensive income for the financial year	-	-	-	-	30,220,888	30,220,888
Foreign exchange translation	-	407,874	-	-	-	407,874
At 31 December 2015	221,345,050	452,598	(153,191,580)	8,768,544	183,872,661	261,247,273

CHIN HIN GROUP BERHAD
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STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONT'D)

	Note	Share Capital RM	Distributable (Accumulate Losses) / Retained Earnings RM	Total Equity RM
Company				
At date of incorporation		1	-	1
Issue of ordinary shares	15	221,345,049	-	221,345,049
Net loss for the financial period, representing total comprehensive income for the financial period		-	(46,850)	(46,850)
At 31 December 2014		221,345,050	(46,850)	221,298,200
At 1 January 2015		221,345,050	(46,850)	221,298,200
Net profit for the financial year, representing total comprehensive income for the financial year		-	233,003	233,003
At 31 December 2015		221,345,050	186,153	221,531,203

CHIN HIN GROUP BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Group		Company	
	01.01.2015 to 31.12.2015 RM	**01.01.2014 to 31.12.2014 RM**	**01.01.2015 to 31.12.2015 RM**	**12.06.2014 to 31.12.2014 RM**
Cash Flows From Operating Activities				
Profit/(Loss) before tax	38,979,249	43,215,175	373,003	(46,850)
Adjustments for:				
Bad debts written off	1,648,905	2,734,848	-	-
Bad debts recovered	(1,140)	(6,150)	-	-
Depreciation of property, plant and equipment	14,786,069	13,103,191	13,787	1,810
Fair value adjustment on investment property	-	(5,878,068)	-	-
Gain on derivative financial liability	(33,873)	(55,125)	-	-
Gain on disposal of property, plant and equipment	(15,054)	(323,862)	-	-
Gain on disposal of investment property	-	(3,711,958)	-	-
Loss/(Gain) on disposal of assets held for sale	18,999	(1,220,689)	-	-
Gain on unrealised foreign exchange	(43,013)	-	-	-
Impairment on trade receivables	3,415,272	1,185,026	-	-
Interest expenses	20,706,308	19,016,413	-	-
Interest income	(1,281,182)	(2,133,899)	(838)	-
Inventory written off	23,743	69,624	-	-
Loss on disposal of investment in subsidiary companies	-	549,998	151,290	-
Property, plant and equipment written off	4,604	25,602	-	-
Reversal of impairment losses on trade receicables	(3,193,347)	(1,097,541)	-	-
Waiver of debts from other payable	-	(116,320)	-	-
Operating profit/(loss) before working capital changes	75,015,540	65,356,265	537,242	(45,040)
Changes in working capital:				
Inventories	(688,930)	(5,561,106)	-	-
Trade receivables	(13,162,070)	41,816,258	-	-
Other receivables	2,367,896	23,470,525	(1,532,406)	(508,105)
Hire purchase receivables	420,557	924,990	-	-
Trade payables	7,723,365	(29,341,840)	-	-
Other payables	(2,460,632)	(16,366,824)	840,657	115,300
Amounts due from/to subsidiary companies	-	-	33,700,185	(2,042,855)
Amount due to Directors	51,955	41,059,633	-	-
	(5,747,859)	56,001,636	33,008,436	(2,435,660)

CHIN HIN GROUP BERHAD
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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONT'D)

	Note	Group 01.01.2015 to 31.12.2015 RM	Group 01.01.2014 to 31.12.2014 RM	Company 01.01.2015 to 31.12.2015 RM	Company 12.06.2014 to 31.12.2014 RM
Cash generated from/(used in) operations		69,267,681	121,357,901	33,545,678	(2,480,700)
Interest paid		(20,706,308)	(19,016,413)	-	-
Interest received		1,281,182	2,133,899	838	-
Tax paid		(10,885,647)	(9,377,684)	(140,000)	-
Tax refund		211,348	-	-	-
Exchange differences		406,771	42,520	-	-
		(29,692,654)	(26,217,678)	(139,162)	-
Net cash generated from/(used in) operating activities		39,575,027	95,140,223	33,406,516	(2,480,700)
Cash Flows From Investing Activities					
Acquisition of subsidiary companies		-	-	(54,836,895)	-
Purchase of property, plant and equipment	4(e)	(19,497,829)	(12,356,472)	(102,064)	(54,300)
Purchase of investment properties		(319,011)	(21,932)	-	-
Purchase of assets held for sales		-	(719,121)	-	-
Proceeds from disposal of investment properties		-	7,414,317	-	-
Proceeds from disposal of assets held for sales		4,616,281	3,243,958	-	-
Proceeds from disposal of investment in subisdiary companies		-	1,000,002	21,755,710	2,535,000
Proceeds from disposal of property, plant and equipment		365,186	9,917,701	-	-
Net cash (used in)/generated from investing activities		(14,835,373)	8,478,453	(33,183,249)	2,480,700
Cash Flows From Financing Activities					
Drawdown of term loans		61,056,812	15,347,026	-	-
Net changes on banker acceptance, trust receipt and revolving credits		(26,159,960)	(36,043,660)	-	-
Release in fixed deposits pledged		18,661,795	24,358,689	-	-
Proceeds from issue of share capital		-	-	-	50
Repayment of finance lease payables		(10,662,254)	(8,968,514)	-	-
Repayment of term loans		(13,857,944)	(7,363,941)	-	-
Net cash generated from/(used in) financing activities		29,038,449	(12,670,400)	-	50

CHIN HIN GROUP BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONT'D)

	Group		Company	
	01.01.2015 to 31.12.2015 RM	**01.01.2014 to 31.12.2014 RM**	**01.01.2015 to 31.12.2015 RM**	**12.06.2014 to 31.12.2014 RM**
Net increase in cash and cash equivalents	53,778,103	90,948,276	223,267	50
Cash and cash equivalents at the beginning of the financial year/ date of incorporation	112,059,816	21,111,540	50	-
Effect of exchange translation differences on cash and cash equivalents	45,354	-	-	-
Cash and cash equivalents at the end of the financial year/period	165,883,273	112,059,816	223,317	50
Cash and cash equivalents at the end of the financial year/period comprises:				
Cash and bank balances	168,855,397	118,029,973	223,317	50
Bank overdraft	(2,972,124)	(5,970,157)	-	-
Fixed deposits with licensed banks	11,315,483	29,977,278	-	-
	177,198,756	142,037,094	223,317	50
Less: Fixed deposits with licensed banks	(11,315,483)	(29,977,278)	-	-
	165,883,273	112,059,816	223,317	50

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

CHIN HIN GROUP BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

1. Corporate Information

The Company is a private limited liability company, incorporated and domiciled in Malaysia.

The principal place of business of the Company is at No. A-1-9, Wisma Chin Hin, Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur.

The registered office of the Company is located at Suite 10.03, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

The principal activities of the Company consist of the provision of management services and investment holding. The principal activities of its subsidiary companies are disclosed in Note 6 to the financial statements. There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

The ultimate controlling party of the Group is Datuk Chiau Beng Teik who is the controlling shareholder of the Company.

2. Basis of Preparation

(a) Statement of compliance

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

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

2. **Basis of Preparation (Cont'd)**

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards

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

Amendments to MFRS 119	Defined Benefits Plans: Employee Contributions
Annual Improvements to MFRSs 2010 - 2012 Cycle	
Annual Improvements to MFRSs 2011 - 2013 Cycle	

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

Standards issued but not yet effective

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

		Effective dates for financial periods beginning on or after
MFRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 101	Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 127	Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2012 - 2014 Cycle		1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018

2. **Basis of Preparation (Cont'd)**

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

		Effective dates for financial periods beginning on or after
MFRS 15	Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

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

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

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

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

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

2. **Basis of Preparation (Cont'd)**

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014) (Cont'd)

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

MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 replaces MFRS 118 *Revenue*, MFRS 111 *Construction Contracts* and related IC Interpretations. The Group is in the process of assessing the impact of this Standard. The Standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

Revenue is recognised when a customer obtains control of a goods or service and thus has the ability to direct the use and obtain the benefits from the goods or service. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

(b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest RM except when otherwise stated.

(c) Significant accounting judgements, estimates and assumptions

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

2. **Basis of Preparation (Cont'd)**

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

Judgements

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

<u>Classification between investment properties and property, plant and equipment</u>

The Group has developed certain criteria based on MFRS 140 *Investment Property* in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

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 would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

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

Key sources of estimation uncertainty

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

<u>Useful lives of property, plant and equipment</u> (Note 4)

The Group regularly review the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment.

2. **Basis of Preparation (Cont'd)**

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

Key sources of estimation uncertainty (Cont'd)

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies of the carrying value of recognised and unrecognized deferred tax are disclosed in Note 19.

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 7.

Impairment of loans and receivables

The Group assesses at end of each reporting period whether there is any objective evidence that a receivable is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts at the reporting date for loans and receivables are disclosed in Note 8.

2. **Basis of Preparation (Cont'd)**

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

Key sources of estimation uncertainty (Cont'd)

Income taxes

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

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 31 December 2015, the Group has tax recoverable and payable of RM155,673 (2014: RM303,307) and RM2,935,977 (2014: RM5,134,223) respectively.

Contingent liabilities

Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting legal counsel for litigation cases and internal and external experts to the Group, for matters in the ordinary course of business. Details of contingent liabilities are disclosed in Note 37.

Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the Note 32(c) regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

3. **Significant Accounting Policies**

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

(a) Basis of consolidation

(i) Subsidiary companies

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

Acquisition of business are accounted for using the acquisition method other than those resulted in a business combination involving common control entities is outside the scope of MFRS 3. The merger accounting is used by the Group to account for such common control business combination.

Under the merger method of accounting, the results of subsidiary companies are presented as if the merger had been effected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit differences is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any share premium, capital redemption reserve and any other reserves which are attributable to share capital of the merged entities, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

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

3. **Significant Accounting Policies (Cont'd)**

(a) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

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

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

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

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

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

(ii) Disposal of subsidiary companies

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

3. **Significant Accounting Policies (Cont'd)**

(b) Foreign currency translation

(i) Foreign currency transactions and balances

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

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

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

(ii) Foreign operations

The assets and liabilities of foreign operations denominated in functional currencies other than RM are translated to RM at the rate of exchange prevailing at the reporting date and income and expenses, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

3. **Significant Accounting Policies (Cont'd)**

(b) Foreign currency translation (Cont'd)

(ii) Foreign operations (Cont'd)

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly owned subsidiary company, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed off such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary company that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(k)(i).

(i) Recognition and measurement

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

3. **Significant Accounting Policies (Cont'd)**

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

(i) Recognition and measurement (Cont'd)

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

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

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

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity, usually every five years, to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the end of the reporting period.

As at the date of revaluation, accumulated depreciation, if any, is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation surplus arising upon appraisal of land is recognised in other comprehensive income and credited to the revaluation reserve in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of land are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to other comprehensive income.

3. **Significant Accounting Policies (Cont'd)**

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

(i) Recognition and measurement (Cont'd)

Capital work-in-progress consists of buildings and plant and machinery under construction / installation for intended use as production facilities. The amount is stated at cost and includes capitalisation of interest incurred on borrowings related to property, plant and equipment under construction/installation until the property, plant and equipment are ready for their intended use.

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is recognised in the profit or loss on straight line basis to write off the cost or valuation of each asset to its residual value over its estimated useful life. Freehold land is not depreciated. Leased assets are depreciated over the shorter of the lease term and their useful lives. Property, plant and equipment under construction are not depreciated until the assets are ready for its intended use.

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

Freehold building	2%
Leasehold building	2%
Computer equipment and software	10% - 20%
Cabin	10%
Crane	10%
Electrical installation	10%
Fire protection and security system	10%
Freehold land and building	2%
Furniture and fittings	10%
Motor vehicles	20%
Mould	10%
Office Equipment	20%
Plant and machinery	10% - 20%
Signboard	10%
Skid tank	10%
Tools and equipment	10%

3. **Significant Accounting Policies (Cont'd)**

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

(iii) Depreciation (Cont'd)

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

(d) Leases

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

<u>As lessee</u>

(i) Finance lease

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

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

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

3. **Significant Accounting Policies (Cont'd)**

(d) Leases (Cont'd)

(ii) Operating lease

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

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

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

As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(e) Investment properties

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

Investment properties are measured initially at cost and subsequently at fair value with any changes therein recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

3. **Significant Accounting Policies (Cont'd)**

(e) Investment properties (Cont'd)

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

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

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

(f) Financial assets

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

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

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

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

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

3. **Significant Accounting Policies (Cont'd)**

(f) Financial assets (Cont'd)

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

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

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

(ii) Loans and receivables

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

After initial recognition, financial assets categorised as loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. 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 investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group and the Company have the positive intention and ability to hold to maturity. They are classified as non-current assets, except for those having maturity within 12 months after the end of the reporting period which are classified as current.

3. **Significant Accounting Policies (Cont'd)**

(f) Financial assets (Cont'd)

(iii) Held-to-maturity investments (Cont'd)

After initial recognition, financial assets categorised as held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in profit or loss when held-to-maturity investments are derecognised or impaired, and though the amortisation process.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the end of the reporting period.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends from an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less impairment loss.

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

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

3. **Significant Accounting Policies (Cont'd)**

(g) Financial liabilities

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

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

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

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

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, contingent consideration in a business combination or financial liabilities designated into this category upon initial recognition.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivatives financial instruments that are not designated as effective hedging instruments. Separated embedded derivatives are also categorised as held for trading unless they are designated as effective hedging instruments.

Gains or losses on financial liabilities held for trading are recognised in profit or loss.

(ii) Other financial liabilities measured at amortised cost

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

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

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

3. **Significant Accounting Policies (Cont'd)**

(g) Financial liabilities (Cont'd)

(ii) Other financial liabilities measured at amortised cost (Cont'd)

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

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

(h) Offsetting of financial instruments

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

(i) Inventories

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

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

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

3. **Significant Accounting Policies (Cont'd)**

(j) Cash and cash equivalents

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

(k) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories, amount due from contract customers, deferred tax assets, assets arising from employee benefits, investment property measured at fair value and non-current assets (or disposal groups) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

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

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

3. **Significant Accounting Policies (Cont'd)**

(k) Impairment of assets (Cont'd)

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

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

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

(ii) Financial assets

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

3. **Significant Accounting Policies (Cont’d)**

(k) Impairment of assets (Cont’d)

(ii) Financial assets (Cont’d)

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

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

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

Available-for-sale financial assets

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. A significant or prolonged decline in the fair value of investments in equity instruments below its cost is also an objective evidence of impairment.

3. **Significant Accounting Policies (Cont'd)**

(k) Impairment of assets (Cont'd)

(ii) Financial assets (Cont'd)

Available-for-sale financial assets (Cont'd)

If an available-for-sale financial asset is impaired, the amount of impairment loss is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously. When a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive incime is reclassified from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value of equity instrument, if any, subsequent to impairment loss is recognised 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.

(l) 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 nominal value of shares issued. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

(m) Employee benefits

(i) Short term employee benefits

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

3. **Significant Accounting Policies (Cont'd)**

(m) Employee benefits (Cont'd)

(i) Short term employee benefits (Cont'd)

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

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employee Provident Fund ("EPF"). Some of the Group's foreign subsidiary companies also make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

(n) Revenue

(i) Sale of goods

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

(ii) Rendering of services

Revenue from services rendered is recognised in the profit or loss based on the value of services performed and invoiced to customers during the period.

(iii) Rental income

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

(iv) Interest Income

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

3. **Significant Accounting Policies (Cont'd)**

(n) Revenue (Cont'd)

(v) Management fee

Management fee is recognised on accrual basis when services are rendered.

(vi) Dividend income

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

(o) Borrowing costs

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

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

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

(p) Income taxes

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

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

3. **Significant Accounting Policies (Cont’d)**

(p) Income taxes (Cont’d)

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

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

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

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

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

3. **Significant Accounting Policies (Cont'd)**

(q) Contingencies

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

(r) Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to owners of the parent by the weighted average number or ordinary shares in issue during the year. Diluted EPS is determined by adjusting the profit or loss attributable to owners of the parent and the weighted average number of ordinary shares in issue adjusted for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

(s) Segments Reporting

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

4. Property, Plant and Equipment

	At 1 January 2015 RM	Reclassification RM	Additions RM	Disposals RM	Exchange differences RM	At 31 December 2015 RM
Group						
31.12.2015						
At Valuation						
Freehold building	35,070,000	-	-	-	-	35,070,000
Leasehold building	4,000,000	-	-	-	-	4,000,000
At Cost						
Computer equipment and software	1,363,309	-	194,394	-	-	1,557,703
Cabin	54,790	-	-	-	-	54,790
Crane	460,000	-	-	-	-	460,000
Electrical installation	3,701,867	-	89,378	-	-	3,791,245
Fire protection and security system	161,928	-	-	-	-	161,928
Freehold land and building	32,474,614	(2,736,888)	257,696	-	-	29,995,422
Leasehold building	-	2,736,888	1,218,988	-	-	3,955,876
Furniture and fittings	7,285,322	-	628,318	(6,072)	-	7,907,568
Motor vehicles	41,047,688	-	9,646,000	(622,825)	-	50,070,863
Mould	3,137,581	-	789,605	-	-	3,927,186
Office equipment	3,500,540	-	238,721	(12,431)	2,546	3,729,376
Plant and machinery	88,596,693	-	8,349,460	-	-	96,946,153
Signboard	94,120	-	35,200	-	-	129,320
Skid tank	9,600	-	-	-	-	9,600
Tool and equipment	1,358,726	-	7,380,812	(42,840)	-	8,696,698
	222,316,778	-	28,828,572	(684,168)	2,546	250,463,728

4. **Property, Plant and Equipment (Cont'd)**

	Accumulated depreciation						**Carrying amount**
	At 1 January 2015 RM	**Reclassification RM**	**Charge for the financial year RM**	**Disposal RM**	**Exchange differences RM**	**At 31 December 2015 RM**	**At 31 December 2015 RM**
Group							
31.12.2015							
At Valuation							
Freehold building	2,455,341	-	350,647	-	-	2,805,988	32,264,012
Leasehold building	440,166	-	45,988	-	-	486,154	3,513,846
At Cost							
Computer equipment & software	352,458	-	269,921	-	-	622,379	935,324
Cabin	35,532	-	3,517	-	-	39,049	15,741
Crane	151,300	-	46,000	-	-	197,300	262,700
Electrical installation	365,805	-	375,727	-	-	741,532	3,049,713
Fire protection and security system	51,523	-	16,193	-	-	67,716	94,212
Freehold land and building	838,044	(82,387)	452,408	-	-	1,208,065	28,787,357
Leasehold building	-	82,387	66,810	-	-	149,197	3,806,679
Furniture and fittings	3,178,195	-	762,266	(1,468)	-	3,938,993	3,968,575
Motor vehicles	16,491,529	-	5,569,054	(277,346)	-	21,783,237	28,287,626
Mould	388,219	-	351,714	-	-	739,933	3,187,253
Office equipment	2,091,145	-	435,598	(7,778)	1,443	2,520,408	1,208,968
Plant and machinery	8,101,996	-	5,774,172	-	-	13,876,168	83,069,985
Signboard	21,999	-	10,327	-	-	32,326	96,994
Skid tank	9,599	-	-	-	-	9,599	1
Tool and equipment	274,056	-	255,727	(42,840)	-	486,943	8,209,755
	35,246,907	-	14,786,069	(329,432)	1,443	49,704,987	200,758,741

4. **Property, Plant and Equipment (Cont'd)**

	At date of incorporation RM	Acquisition of subsidiary companies RM	Additions RM	Disposals RM	Written off RM	Transfer to assets held for sale RM	At 31 December 2014 RM
Group							
31.12.2014							
At Valuation							
Freehold building	-	35,070,000	-	-	-	-	35,070,000
Leasehold building	-	4,000,000	-	-	-	-	4,000,000
At Cost							
Computer equipment and software	-	1,054,067	309,242	-	-	-	1,363,309
Cabin	-	54,790	-	-	-	-	54,790
Crane	-	460,000	-	-	-	-	460,000
Electrical installation	-	2,509,622	1,192,245	-	-	-	3,701,867
Fire protection and security system	-	161,928	-	-	-	-	161,928
Freehold land and building	-	41,638,130	2,724,221	-	-	(11,887,737)	32,474,614
Furniture and fittings	-	6,167,228	1,119,783	(1,689)	-	-	7,285,322
Motor vehicles	-	40,394,050	5,500,736	(4,750,598)	(96,500)	-	41,047,688
Mould	-	2,122,966	1,014,615	-	-	-	3,137,581
Office equipment	-	4,198,474	371,072	(1,069,006)	-	-	3,500,540
Plant and machinery	-	95,009,989	4,463,384	(10,851,079)	(25,601)	-	88,596,693
Signboard	-	94,120	-	-	-	-	94,120
Skid tank	-	9,600	-	-	-	-	9,600
Tool and equipment	-	1,301,952	56,774	-	-	-	1,358,726
	-	234,246,916	16,752,072	(16,672,372)	(122,101)	(11,887,737)	222,316,778

4. **Property, Plant and Equipment (Cont'd)**

	Accumulated depreciation						Carrying amount
	At date of incorporation RM	Acquisition of subsidiary companies RM	Charge for the financial year RM	Disposal RM	Written off RM	At 31 December 2014 RM	At 31 December 2014 RM
Group							
31.12.2014							
At Valuation							
Freehold building	-	2,104,694	350,647	-	-	2,455,341	32,614,659
Leasehold building	-	394,178	45,988	-	-	440,166	3,559,834
At Cost							
Computer equipment & software	-	155,007	197,451	-	-	352,458	1,010,851
Cabin	-	31,483	4,049	-	-	35,532	19,258
Crane	-	105,300	46,000	-	-	151,300	308,700
Electrical installation	-	9,084	356,721	-	-	365,805	3,336,062
Fire protection and security system	-	35,578	15,945	-	-	51,523	110,405
Freehold land and building	-	359,298	478,746	-	-	838,044	31,636,570
Furniture and fittings	-	2,507,181	671,292	(278)	-	3,178,195	4,107,127
Motor vehicles	-	15,548,070	4,316,129	(3,276,171)	(96,499)	16,491,529	24,556,159
Mould	-	128,026	260,193	-	-	388,219	2,749,362
Office equipment	-	2,105,482	498,596	(512,933)	-	2,091,145	1,409,395
Plant and machinery	-	5,137,344	5,720,763	(2,756,111)	-	8,101,996	80,494,697
Signboard	-	13,877	8,122	-	-	21,999	72,121
Skid tank	-	9,599	-	-	-	9,599	1
Tool and equipment	-	141,507	132,549	-	-	274,056	1,084,670
	-	28,785,708	13,103,191	(6,545,493)	(96,499)	35,246,907	187,069,871

4. **Property, Plant and Equipment (Cont'd)**

	Office equipment RM	Computer software RM	Furniture and fittings RM	Signboard RM	Total RM
Company					
31.12.2015					
Cost					
At 1 January	26,500	27,800	-	-	54,300
Additions	58,864	700	22,500	20,000	102,064
At 31 December	85,364	28,500	22,500	20,000	156,364
Accumulated depreciation					
At 1 January	883	927	-	-	1,810
Charge for the financial year	6,483	5,595	375	1,334	13,787
At 31 December	7,366	6,522	375	1,334	15,597
Carrying amount					
At 31 December	77,998	21,978	22,125	18,666	140,767
31.12.2014					
Cost					
At date of incorporation	-	-	-	-	-
Additions	26,500	27,800	-	-	54,300
At 31 December	26,500	27,800	-	-	54,300
Accumulated depreciation					
At date of incorporation	-	-	-	-	-
Charge for the financial period	883	927	-	-	1,810
At 31 December	883	927	-	-	1,810
Carrying amount					
At 31 December	25,617	26,873	-	-	52,490

4. **Property, Plant and Equipment (Cont'd)**

(a) Assets pledged as securities to financial institutions

The carrying amount of property, plant and equipment of the Group pledged as securities for bank borrowings as disclosed in Note 18 to the financial statements are:

	Group	
	31.12.2015 RM	**31.12.2014 RM**
Freehold building	32,264,012	28,344,361
Leasehold building	3,513,846	3,559,834
Freehold land and building	12,151,639	12,296,965
Factory building	18,291,212	17,185,238
	66,220,709	61,386,398

(b) Assets held under finance leases and term loan financing

The carrying amount of the property, plant and equipment of the Group acquired under finance lease financing and term loan financing are as follows:

	Group	
	31.12.2015 RM	**31.12.2014 RM**
Freehold land	5,258,185	5,258,185
Plant and machinery	55,318,732	61,288,706
Factory equipment	572,529	777,437
Motor vehicle	18,365,981	16,179,174
	79,515,427	83,503,502

(c) The remaining leasehold period of the buildings ranged from 84 to 94 years (2014: 85 to 95 years).

(d) The carrying amount of property, plant and equipment which were registered under related parties' name and hold in trust are as follows:

	Group	
	31.12.2015 RM	**31.12.2014 RM**
Motor vehicle	463,415	428,677

4. **Property, Plant and Equipment (Cont'd)**

(e) The aggregate additional cost for the property, plant and equipment of the Group and the Company during the financial year/period acquired under finance lease financing and cash payments are as follows:

	Group		**Company**	
	31.12.2015 RM	**31.12.2014 RM**	**31.12.2015 RM**	**31.12.2014 RM**
Aggregate costs	28,828,572	16,752,072	102,064	54,300
Less: Finance lease financing	(9,330,743)	(4,395,600)	-	-
Cash payments	19,497,829	12,356,472	102,064	54,300

(f) Revaluation of land and buildings

Land and buildings of a subsidiary company were revalued on March 2013, by Messrs. CH Williams Talhar & Wong, an independent professional valuer. The valuation was determined by reference to recent market transaction on arm's length term.

Had the land and buildings been carried at historical cost less accumulated depreciation and impairment loss, their carrying amounts would have been RM28,336,839 (2014: RM28,721,473).

(g) The carrying amount of property, plant and equipment of the Group pending for strata title are as follows:

	Group	
	31.12.2015 RM	**31.12.2014 RM**
Freehold building	32,509,985	32,357,434

5. Investment Properties

	Group 31.12.2015 RM	Group 31.12.2014 RM
At fair value/cost		
At 1 January 2015 / date of incorporation	95,675,899	-
Acquisition of subsidiary companies	-	98,688,726
Additions	319,011	21,932
Disposals	-	(3,702,358)
Transfer from/(to) assets held for sales	7,496,140	(5,210,469)
Changes in fair value	-	5,878,068
At 31 December	103,491,050	95,675,899
Included in the above are:		
At fair value		
Freehold land and building	73,963,814	70,902,753
Leasehold land and building	20,000,000	20,000,000
Warehouse	683,146	683,146
	94,646,960	91,585,899
At cost		
Freehold land and building	8,844,090	4,090,000
	103,491,050	95,675,899

(a) Fair value basis of investment properties

The investment properties are valued at fair value based on market values determined by two independent firms of professional valuers, VPC Alliance (KL) Sdn. Bhd and Messrs. CH Williams Talhar & Wong amounting to RM103,491,050 (31.12.2014: RM95,675,899). The fair values are within level 2 of the fair value hierarchy. The fair values have been derived using the sales comparison approach. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

As at 31 December 2014, the increase in the fair values of RM5,878,068 has been recognised in the profit or loss during the financial period.

(b) Income recognised in profit or loss

The rental income earned by the Group from its investment properties amounted to RM4,694,218 (31.12.2014: RM4,327,835).

(c) Investment properties pledged as securities to financial institutions

Investment properties of the Group amounting to RM61,167,189 (31.12.2014: RM53,675,899) have been pledged to secure banking facilities granted to the Group.

6. Investment in Subsidiary Companies

	Company 31.12.2015 RM	Company 31.12.2014 RM
At cost		
Unquoted share in Malaysia	251,739,895	218,810,000

Details of the subsidiary companies are as follows:

Name of Company	Country of Incorporation	Effective Interest 31.12.2015 %	Effective Interest 31.12.2014 %	Principal Activities
Direct interest:				
PP Chin Hin Sdn. Bhd.	Malaysia	100	100	Dealing in cement, hardware and general trading, letting of properties, hire purchase financing and property development
Chin Hin Concrete Holdings Sdn. Bhd.	Malaysia	100	100	Management Company
C&H Transport Sdn. Bhd.	Malaysia	-	100	Transportation of cement
Ace Logistics Sdn. Bhd.	Malaysia	-	100	Investment holding
Metex Steel Sdn. Bhd.	Malaysia	100	-	Manufacturing and sales of welded mesh and wire products, metal roofing and light weight trusses system
Starken AAC Sdn. Bhd.	Malaysia	100	-	Manufacturing and sales of AAC blocks
Indirect interest: Held through PP Chin Hin Sdn. Bhd.				
- Starken AAC Sdn. Bhd.	Malaysia	-	100	Manufacturing and sales of AAC blocks
- Metex Steel Sdn. Bhd.	Malaysia	-	100	Manufacturing and sales of welded mesh and wire products, metal roofing and light weight trusses system

6. Investment in Subsidiary Companies (Cont'd)

Details of the subsidiary companies are as follows: (Cont'd)

Name of Company	Country of Incorporation	Effective Interest 31.12.2015 %	Effective Interest 31.12.2014 %	Principal Activities
Indirect interest:				
Held through PP Chin Hin Sdn. Bhd.				
- PP Chin Hin Pte Ltd*	Singapore	100	100	Trading and distribution of building materials in Singapore
- C&H Transport Sdn. Bhd.	Malaysia	100	-	Transportation of cement
Held through Starken AAC Sdn. Bhd.				
- Pintar Sinar Sdn. Bhd.	Malaysia	100	100	Property investment and contract worker provider
- G-Cast Concrete Sdn. Bhd.	Malaysia	100	100	Manufacturing and sales of precast concrete products
- Green Cement Sdn. Bhd.	Malaysia	100	100	Dormant
Held through Metex Steel Sdn Bhd.				
- Metal Sphere Sdn. Bhd.	Malaysia	100	100	Dormant
- Comet Steel Sdn. Bhd.	Malaysia	100	100	Dormant
- Ace Logistic Sdn. Bhd.	Malaysia	100	-	Investment holding
Held through Chin Hin Concrete Holdings Sdn. Bhd.				
- Chin Hin Concrete (North) Sdn. Bhd.	Malaysia	100	100	Processing and trading in mixed concrete
- Chin Hin Concrete (KL) Sdn. Bhd.	Malaysia	100	100	Selling and distribution of ready-mixed concrete

** Subsidiary company not audited by UHY*

6. **Investment in Subsidiary Companies (Cont'd)**

(a) Acquisition of subsidiary companies

(i) On 23 February 2015, the Company has entered into a sale and purchase agreement with PP Chin Hin Sdn. Bhd. ("PPCH") to acquire the entire equity interest of Metex Steel Sdn. Bhd. ("Metex") and became the directly owned subsidiary of the Company.

(ii) On 25 November 2015, the Company has entered into a sale and purchase agreement with PPCH to acquire the entire equity interest of Starken AAC Sdn. Bhd. ("Starken AAC") and became the directly owned subsidiary of the Company.

(b) Disposal of subsidiary companies

(i) On 1 June 2015, the Company has disposed the entire equity interest of C&H Transport Sdn. Bhd. ("C&H Transport") comprising 1,250,000 ordinary shares of RM1.00 each to PPCH with a total consideration of RM4,955,414, and subsequently, PPCH has becomes the holding company of C&H Transport.

(ii) On 10 June 2015, the Company has disposed the entire equity interest of Ace Logistic Sdn. Bhd. ("Ace Logistic") comprising 11,000,000 ordinary shares of RM1.00 each to Metex Steel Sdn. Bhd. ("Metex Steel") with a total consideration of RM16,800,296, and subsequently, Metex Steel has becomes the holding company of Ace Logistic.

The merger method of accounting was adopted for consolidation in which the results of the subsidiaries are presented as if the merger had been effected throughout the current period and previous financial periods. The assets and liabilities combined are accounted for based on the carrying amount from the perspective of the common control shareholders at the date of transfer.

There are no significant restrictions on the ability of the Group to access or use the assets and settle the liabilities of the subsidiaries.

7. **Inventories**

	Group	
	31.12.2015	**31.12.2014**
	RM	**RM**
At cost		
Raw materials	23,721,205	20,702,034
Work-in-progress	3,931,386	2,410,298
Finished goods	10,512,189	11,800,016
Consumables	6,638,156	5,979,264
Stock in transit	-	3,208,987
Scrap	16,150	53,300
	44,819,086	44,153,899

8. Trade Receivables

	Group	
	31.12.2015 RM	31.12.2014 RM
Trade receivables		
- Third parties	23,740,353	299,357,046
- Related parties	287,746,743	618,086
	311,487,096	299,975,132
Less: Accumulated impairment losses	(8,919,484)	(8,697,559)
	302,567,612	291,277,573

Trade receivables are non-interest bearing and are generally on 60 to 90 days (31.12.2014: 60 to 90 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Related parties refer to companies in which the Directors of the Group have substantial financial interests. The amount owing by related parties represent unsecured, non-interest bearing and repayable on demand.

Movements in the allowance for impairment losses of trade receivables are as follows:

	Group	
	31.12.2015 RM	31.12.2014 RM
At 1 January 2015 / date of incorporation	8,697,559	-
Acquisition of subsidiary companies	-	8,610,074
Impairment lossess recognised	3,415,272	1,185,026
Amount recovered	(3,193,347)	(1,097,541)
At 31 December	8,919,484	8,697,559

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

	Group	
	31.12.2015 RM	31.12.2014 RM
Neither past due nor impaired	258,069,126	135,892,979
Past due not impaired:		
Less than 30 days	22,711,277	66,894,055
31 to 60 days	6,730,987	50,464,758
More than 60 days	15,056,222	38,025,781
	44,498,486	155,384,594
Impaired	8,919,484	8,697,559
	311,487,096	299,975,132

8. **Trade Receivables (Cont'd)**

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

As at 31 December 2015, trade receivables of RM44,498,486 (31.12.2014: RM155,384,594) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

The trade receivables of the Group that are individually assessed to be impaired amounting to RM8,919,484 (31.12.2014: RM8,697,559), related to customers that are in financial difficulties, have defaulted on payments and/or have disputed on the billings. These balances are expected to be recovered through the debts recovery process.

9. **Other Receivables**

	Group		**Company**	
	31.12.2015 RM	**31.12.2014 RM**	**31.12.2015 RM**	**31.12.2014 RM**
Other receivables				
- Third parties	11,657	9,025,821	-	-
- Related parties	7,732,443	5,297,812	5,547	-
	7,744,100	14,323,633	5,547	-
Deposits	1,592,110	1,240,260	66,200	1,000
Prepayments	7,241,418	3,381,631	1,968,764	507,105
	16,577,628	18,945,524	2,040,511	508,105

Related parties refer to companies in which the Directors of the Group have substantial financial interests. The amount owing by related parties represent unsecured, non-interest bearing and repayable on demand.

10. **Hire Purchase Receivables**

Hire purchase facilities granted to customer are based on credit procedures and policies set by the Group in accordance with Hire-Purchase Act 1967.

The hire purchase receivables of the Group is bearing interest rate ranging from 5% to 18% (31.12.2014: 5% to 18%) per annum.

11. **Amount Due from/(to) Subsidiary Companies**

The amount due from/(to) subsidiary companies represents unsecured, non-interest bearing and repayable on demand.

12. **Derivative Financial Assets**

	Group			
	31.12.2015		**31.12.2014**	
	Contract/ Notional amount USD	**Financial Asset RM**	**Contract/ Notional amount USD**	**Financial Asset RM**
Non hedging derivative				
Current				
Foreign currency contracts	1,136,958	38,498	2,200,500	4,625

The Group has forward currency contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure.

Such derivatives do not qualify for hedge accounting. Forward currency contracts are used to hedge the Group's purchases denominated in USD for which firm commitments existed at the end of the reporting period, extending to February 2016.

During the financial year, the Group recognised a gain of RM33,873 (31.12.2014: RM55,125) arising from fair value changes of derivative liabilities. The fair value changes are attributable to changes in foreign exchange spot and forward rates.

13. **Fixed Deposits with Licensed Banks**

The fixed deposits of the Group have been pledged with licensed banks as security for credit facilities granted to the Group as disclosed in Note 18.

The interest rates and maturities of deposits range from 2.70% to 4.00% (31.12.2014: 2.55% to 3.20%) per annum and 30 to 365 days (31.12.2014: 30 to 365days).

14. **Assets Held for Sale**

	Group	
	31.12.2015 RM	**31.12.2014 RM**
At 1 January 2015 / date of incorporation	15,794,057	-
Addition	-	719,120
Transfer from property, plant and equipment	-	11,887,737
Transfer (to)/from investment properties	(7,496,140)	5,210,469
	8,297,917	17,817,326
Disposal	(4,635,280)	(2,023,269)
At 31 December	3,662,637	15,794,057

15. Share Capital

	Group/Company			
	Number of Shares		Amount	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	Units	Units	RM	RM
Ordinary shares of RM0.50 each:				
Authorised				
At 1 January 2015 / date of incorporation	1,000,000,000	800,000	500,000,000	400,000
Created during the financial year/period	-	999,200,000	-	499,600,000
At 31 December	1,000,000,000	1,000,000,000	500,000,000	500,000,000
Issued and fully paid shares				
At 1 January 2015 / date of incorporation	442,690,100	2	221,345,050	1
Shares issued during the financial year/period	-	98	-	49
Shares issued for acquisition of subsidiary companies	-	442,690,000	-	221,345,000
At 31 December	442,690,100	442,690,100	221,345,050	221,345,050

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets. In respect of the Company's treasury shares that are held by the Group, all rights are suspended until those shares are reissued.

16. Reserves

		Group		Company	
		31.12.2015	31.12.2014	31.12.2015	31.12.2014
	Note	RM	RM	RM	RM
Non-distributable:					
Foreign currency translation reserve	(a)	452,598	44,724	-	-
Revaluation reserve	(b)	8,768,544	8,768,544	-	-
Merger reserve	(c)	(153,191,580)	(153,191,580)	-	-
Retained earnings/ (Accumulated lossess)		183,872,661	153,651,773	186,153	(46,850)
		39,902,223	9,273,461	186,153	(46,850)

16. **Reserves (Cont'd)**

The nature of reserves of the Group and the Company is as follows:

(a) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(b) Revaluation reserve

The revaluation reserve represents increases in the fair value of land and buildings, and decrease to the extent that such decreases relate to an increase on the same asset previously recognised in other comprehensive income.

(c) Merger reserve

The merger arises from the difference between the nominal value of shares issued by the Company and the nominal value of shares of subsidiaries acquired under the merger method of accounting.

17. **Finance Lease Payables**

	Group	
	31.12.2015	**31.12.2014**
	RM	**RM**
Minimum lease payments:		
Within one year	10,562,034	10,320,887
Later than one year and not later than two years	6,554,861	7,713,731
Later than two years and not later than five years	4,373,699	5,007,339
	21,490,594	23,041,957
Less: Future finance charges	(1,374,408)	(1,594,260)
Present value of minimum lease payments	20,116,186	21,447,697
Present value of minimum lease payments		
Within one year	9,701,639	9,378,926
Later than one year and not later than two years	6,084,209	7,240,866
Later than two years and not later than five years	4,330,338	4,827,905
	20,116,186	21,447,697
Analysed as:		
Repayable within twelve months	9,701,639	9,378,926
Repayables after twelve months	10,414,547	12,068,771
	20,116,186	21,447,697

17. **Finance Lease Payables (Cont'd)**

The finance lease payables of the Group is bearing interest ranged from 2.60% to 3.82% (31.12.2014: 2.60% to 3.82%) per annum.

18. **Bank Borrowings**

	Group	
	31.12.2015	**31.12.2014**
	RM	**RM**
Secured		
Bank overdrafts	2,972,124	5,970,157
Revolving credits	6,000,000	2,000,000
Bankers' acceptance	277,084,000	307,243,960
Term loan	102,845,895	55,647,027
	388,902,019	370,861,144
Analysed as:		
Current:		
Bank overdrafts	2,972,124	5,970,157
Revolving credits	6,000,000	2,000,000
Bankers' acceptance	277,084,000	307,243,960
Term loan	32,162,086	8,935,178
	318,218,210	324,149,295
Non current:		
Term loan	70,683,809	46,711,849
	388,902,019	370,861,144

The bank borrowings are secured by the following:

(a) Legal charge on the land and building as disclosed in Note 4 and investment properties as disclosed in Note 5;

(b) Pledged of fixed deposits of the Group as disclosed in Note 13;

(c) Joint and several guaranteed by the Company's Directors;

(d) Corporate guarantee by certain subsidiaries;

(e) Debentures incorporating fixed or floating charges over all present and future assets of the Group; and

(f) Legal charge over shop offices of a subsidiary company and deed of assignment of rental proceeds (present and future) derived from the shop offices.

18. **Bank Borrowings (Cont'd)**

The maturity of bank borrowings is as follows:

	Group	
	31.12.2015	**31.12.2014**
	RM	**RM**
Within one year	318,218,210	324,149,295
Later than one year and not later than two years	33,507,876	8,914,800
Later than two years and not later than five years	27,535,755	26,399,720
Later than five years	9,640,178	11,397,329
	388,902,019	370,861,144

The average effective interest rates per annum are as follows:

	Group	
	31.12.2015	**31.12.2014**
	RM	**RM**
Bank overdrafts	6.80 - 7.85	3.41 - 8.10
Bankers' acceptance	4.15 - 5.56	3.52 - 5.54
Revolving credits	4.50 - 5.27	4.71 - 5.15
Term loan	5.00 - 6.23	4.90 - 6.14

19. **Deferred Tax Liabilities**

	Group	
	31.12.2015	**31.12.2014**
	RM	**RM**
At 1 January 2015 / date of incorporation	4,122,547	-
Acquisition of subsidiaries	-	2,787,186
Arising from revaluation of investment properties	-	285,000
Recognised in/(Reversed from) profit or loss	453,994	(612,098)
Under provision in prior year	(319,320)	1,662,459
At 31 December	4,257,221	4,122,547

19. **Deferred Tax Liabilities (Cont'd)**

The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsetting are as follow:

	Group	
	31.12.2015	**31.12.2014**
	RM	**RM**
Deferred tax liabilities	12,324,186	6,599,331
Deferred tax assets	(8,066,965)	(2,476,784)
	4,257,221	4,122,547

The components and movement of deferred tax liabilities and assets are as follows:

	Group	
Deferred tax liabilities	**31.12.2015**	**31.12.2014**
	RM	**RM**
Difference between carrying amount of property, plant and equipment and its tax base	12,324,186	6,196,081
Arising from revaluation of investment property	-	403,250

	Group	
Deferred tax assets	**31.12.2015**	**31.12.2014**
	RM	**RM**
Other temporary differences	156,100	8,880
Unabsorbed tax lossess	1,657,700	761,500
Unutilised capital allowances	6,253,165	1,706,404

Deferred tax assets have not been recognised in respect of the following temporary differences due to uncertainty of its recoverability:

	Group	
	31.12.2015	**31.12.2014**
	RM	**RM**
Unused tax losses	10,694,182	1,760,800
Unutilised capital allowances	9,849,719	4,688,532
	20,543,901	6,449,332

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary companies that have a recent history of losses.

20. Trade Payables

	Group	
	31.12.2015 RM	31.12.2014 RM
Trade payables		
- Third parties	2,476,652	137,062,483
- Related parties	144,020,204	1,711,008
	146,496,856	138,773,491

Credit terms of trade payables of the Group ranged from 30 to 90 days (31.12.2014: 30 to 90 days) depending on the term of the contracts.

Related parties refer to companies in which the Directors of the Group have substantial financial interests. The amount owing to related parties represents unsecured, non-interest bearing and repayable on demand.

21. Other Payables

	Group		Company	
	31.12.2015 RM	31.12.2014 RM	31.12.2015 RM	31.12.2014 RM
Other payables				
- Third parties	1,470,593	13,364,595	736,873	60,800
- Related parties	9,531,019	779,847	94,584	44,500
	11,001,612	14,144,442	831,457	105,300
Deposit received	1,167,687	1,111,403	-	-
Accruals	5,917,773	5,291,859	124,500	10,000
	18,087,072	20,547,704	955,957	115,300

Related parties refer to companies in which the Directors of the Group have substantial financial interests. The amount owing to related parties represents unsecured, non-interest bearing and repayable on demand.

22. Amount Due to Directors

This represents unsecured, non-interest bearing and repayable on demand.

23. Revenue

	Group		Company	
	01.01.2015 to 31.12.2015 RM	01.01.2014 to 31.12.2014 RM	01.01.2015 to 31.12.2015 RM	12.06.2014 to 31.12.2014 RM
Sales of goods	1,162,992,548	1,184,305,220	-	-
Hire purchase interest received	129,767	257,449	-	-
Management fees received	-	-	5,660,000	-
Rental income from investment properties	4,429,934	4,327,835	-	-
Services rendered	31,599,347	30,527,646	-	-
	1,199,151,596	1,219,418,150	5,660,000	-

24. Finance Costs

	Group	
	01.01.2015 to 31.12.2015 RM	01.01.2014 to 31.12.2014 RM
Interest expenses on:		
Bank overdraft	705,686	1,103,183
Banker acceptance	13,220,124	12,491,634
Banker guarantee	55,663	51,943
Letter of credit	7,991	-
Revolving credit	425,768	74,520
Term loan	4,740,605	3,145,297
Others	1,538	49,267
Related party companies	132,812	742,089
Hire purchase and finance lease	1,416,121	1,358,480
	20,706,308	19,016,413
Less: Hire purchase interest recognised under cost of sales	(190,539)	(314,493)
	20,515,769	18,701,920

25. Profit / (Loss) before Taxation

Profit/(Loss) before taxation is determined after charging/(crediting) amongst other, the following items:

	Group		Company	
	01.01.2015 to 31.12.2015 RM	**01.01.2014 to 31.12.2014 RM**	**01.01.2015 to 31.12.2015 RM**	**12.06.2014 to 31.12.2014 RM**
Auditors' remuneration				
- Statutory				
- Current year	262,595	244,228	10,000	10,000
- Over provision in prior year	(13,900)	-	-	-
- Non statutory				
- Current year	-	98,586	-	-
- Under provision in prior year	25,000			
Bad debts written off	1,648,905	2,734,848	-	-
Depreciation of property, plant and equipment	14,786,069	13,103,191	13,787	1,810
Directors remuneration				
- Salaries, bonus and incentives	1,370,800	679,000	1,370,800	-
- EPF	183,395	81,480	183,395	-
- Other emoluments	142,000	-	142,000	-
Impairment on trade receivables	3,415,272	1,185,026	-	-
Incorporation fees	-	2,550	-	-
Inventories written off	23,743	69,624	-	-
Loss on disposal of subsidiary	-	549,998	151,290	-
Property, plant and equipment written off	4,604	25,602	-	-
Rental expenses on:-				
-Car park	-	29,100	7,200	-
-Land	300,000	266,051	-	-
-Office equipments	81,780	68,728	-	-
- Premises	1,096,750	703,509	16,000	-
- Machinery	4,130	30,890	-	-
- Photocopy machine	7,440	6,820	-	-
- Plant	-	161,070	-	-
- Hostel	101,960	57,572	-	-
- Motor vehicle	517,416	517,416	-	-
- Factory equipment	66,830	60,320	-	-

25. **Profit/(Loss) before Taxation (Cont'd)**

Profit/(Loss) before taxation is determined after charging/(crediting) amongst other, the following items: (Cont'd)

	Group		Company	
	01.01.2015 to 31.12.2015 RM	**01.01.2014 to 31.12.2014 RM**	**01.01.2015 to 31.12.2015 RM**	**12.06.2014 to 31.12.2014 RM**
Bad debts recovered	(1,140)	(6,150)	-	-
Fixed deposit interest income	(638,732)	(1,086,061)	-	-
Gain on disposal of property, plant and equipment	(15,054)	(323,862)	-	-
Gain on derivative financial asset/liability	(33,873)	(55,125)	-	-
Gain on disposal of investment properties	-	(3,711,958)	-	-
Gain on disposal of assets held for sale	18,999	(1,220,689)	-	-
Gain on fair value adjustment on for investment properties	-	(5,878,068)	-	-
Gain on foreign exchange				
- Realised	(212,170)	(895)	-	-
- Unrealised	(43,013)	-	-	-
Interest income from bank	(30,146)	(36,225)	(838)	-
Interest income from loan	-	(80,859)	-	-
Interest from overdue account	(525,653)	(776,624)	-	-
Other interest income	(86,651)	(154,130)	-	-
Rental income	(1,380,932)	(220,770)	-	-
Rental of motor vehicles	(1,255,382)	(1,120,322)	-	-
Reversal of impairment on trade receivables	(3,193,347)	(1,097,541)	-	-
Waiver of debts by other payables	-	(116,320)	-	-

26. **Taxation**

	Group		Company	
	01.01.2015 to 31.12.2015	**01.01.2014 to 31.12.2014**	**01.01.2015 to 31.12.2015**	**12.06.2014 to 31.12.2014**
	RM	**RM**	**RM**	**RM**
Tax expenses recognised in profit or loss:				
Current period taxation	9,921,102	11,827,132	140,000	-
Over provision in prior years	(1,297,415)	(133,325)	-	-
	8,623,687	11,693,807	140,000	-
Deferred tax:				
Origination and reversal of temporary differences	453,994	(327,098)	-	-
(Over)/Under provision in prior years	(319,320)	1,662,459	-	-
	134,674	1,335,361	-	-
	8,758,361	13,029,168	140,000	-

Malaysian income tax is calculated at the statutory tax rate of 25% (31.12.2014: 25%) of the estimated assessable profits for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

26. **Taxation (Cont'd)**

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

	Group		Company	
	01.01.2015 to 31.12.2015 RM	01.01.2014 to 31.12.2014 RM	01.01.2015 to 31.12.2015 RM	12.06.2014 to 31.12.2014 RM
Profit/(Loss) before taxation	38,979,249	43,215,175	373,003	(46,850)
At Malaysian statutory tax rate of 25%	9,744,812	10,803,795	93,251	(11,713)
Non taxable income	(144,686)	(2,417,102)	-	-
Expenses not deductible for tax purposes	2,639,297	5,611,524	51,177	11,713
Tax incentive on small and medium company	-	(50,555)	-	-
Utilisation of current year capital allowances	(875,077)	(647,764)	(4,428)	-
Utilisation of current year reinvestment allowances	60,575	-	-	-
Deferred tax assets not recognised	(991,466)	(1,430,276)	-	-
Origination and reversal of temporary differences	-	(327,098)	-	-
Income under partial tax exemption scheme	(58,359)	(42,490)	-	-
Over provision of taxation in prior years	(1,297,415)	(133,325)	-	-
(Over)/Under provision of deferred tax in prior years	(319,320)	1,662,459	-	-
Tax expenses for the financial year/period	8,758,361	13,029,168	140,000	-

27. Earnings Per Share

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

	Group	
	31.12.2015	**31.12.2014**
	RM	**RM**
Profit attributable to owners of the parent for basic earnings	30,220,888	30,189,677
Weighted average number of ordinary shares in issue	442,690,100	221,345,051
Basic earnings per ordinary share (in sen)	7	14

28. Dividends

	01.01.2015 to 31.12.2015	**01.01.2014 to 31.12.2014**
	RM	**RM**
Dividends recognised as distribution to ordinary shareholders of the Group:		
Interim single tier interim dividends paid in respect of the financial period ended		
- 31 December 2014 (single tier dividends of RM 0.993 per ordinary share)	-	29,800,000

29. Employee Benefits

	Group	
	01.01.2015 to 31.12.2015	**01.01.2014 to 31.12.2014**
	RM	**RM**
Employee benefits expenses (excluding Directors)		
- Salaries, wages and other emoluments	31,914,888	27,480,208
- Defined contribution plans	3,825,204	3,045,895
- Other benefits	2,209,964	1,702,096
	37,950,056	32,228,199

30. Related Party Disclosures

(a) Identifying related parties

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

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

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed in Notes 8, 9, 11, 20, 21, and 22 to the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	Group	
	01.01.2015 to 31.12.2015 RM	**01.01.2014 to 31.12.2014 RM**
Transaction with companies in which Directors of the Company has substantial financial interest		
- Transportation services rendered	16,043,688	15,988,191
- Sales of goods	3,288,329	29,190,935
- Purchase of goods	12,648,623	36,257,048
- Rental received/receivables	3,158,295	1,568,474
- Rental paid/payables	139,200	139,200
- Other income	520,243	567,019
- Disposal of land	-	2,354,536
- Disposal of motor vehicles	-	200,000
- Purchase of motor vehicles	-	200,000

30. **Related Party Transactions (Cont'd)**

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

	Company	
	01.01.2015 to 31.12.2015 RM	**12.06.2014 to 31.12.2014 RM**
Transaction with subsidiary companies		
- Management fee income	5,660,000	-

(c) Compensation of key management personnel

Remuneration of Directors and other member of key management are as follows:

	Group	
	01.01.2015 to 31.12.2015 RM	**01.01.2014 to 31.12.2014 RM**
Salaries, fees and other emoluments	4,406,482	906,876
Defined contribution pension plan	556,719	105,536

31. **Segment Information**

For management purposes, the Group is organized into business units based on their products and services, and has five (5) reportable segments as follows:

Investment holding and management services	Investment holding and provision of management services
Distribution of building materials and provision of logistics	Trading and distribution of building materials, letting of properties and hire purchase financing
Ready-mixed concrete	Distribution of ready-mixed concrete
Manufacturing of AAC and precast concrete products	Manufacturing and sales of precast concrete products
Manufacturing of wire mesh and metal roofing systems	Manufacture and sales of wire mesh and metal roofing system

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

31. **Segment Information (Cont'd)**

Investment holding and provision of management services are being managed by two different operating segments within the Group. These operating segments have been aggregated to form a reportable segment as Management Services taking into account the following factors:

- These operating segments have similar long-term gross profit margin;
- The nature of the services and production processes are similar;
- The methods used to render the services to the customers are similar;

Other non-reportable segments comprise operations related to rental of investment property. None of these segments met the quantitative thresholds for reporting segments in 31 December 2015 and 31 December 2014.

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

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

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

31. Segment Information (Cont'd)

	Investment holding and management services RM	Distribution of building materials and provision of logistics RM	Ready-mixed concrete RM	Manufacturing of AAC and precast concrete products RM	Manufacturing of wire mesh and metal roofing systems RM	Adjustments and elimination RM	Per consolidated financial statements RM
Group							
31.12.2015							
Revenue							
External customers	-	857,354,594	161,533,194	80,575,315	99,688,493	-	1,199,151,596
Inter-segment	7,460,000	7,225,615	598,509	14,733,205	43,855,902	(73,873,231)	-
Total revenue	7,460,000	864,580,209	162,131,703	95,308,520	143,544,395	(73,873,231)	1,199,151,596
Results							
Segment results	615,558	31,621,781	8,357,389	11,564,805	6,054,303	-	58,213,836
Interest income	838	735,930	479,549	2,470	125,411	(63,016)	1,281,182
Finance costs	-	(13,503,417)	(1,652,344)	(2,501,588)	(2,921,436)	63,016	(20,515,769)
Profit before taxation	616,396	18,854,294	7,184,594	9,065,687	3,258,278	-	38,979,249
Taxation	(211,266)	(5,532,033)	(712,734)	(1,738,850)	(563,478)	-	(8,758,361)
Net profit for the financial period	405,130	13,322,261	6,471,860	7,326,837	2,694,800	-	30,220,888
Assets							
Segment assets	290,913,474	590,034,408	94,399,436	144,974,392	158,186,882	(454,385,758)	824,122,834
Capital expenditure	293,248	6,494,565	2,041,587	12,169,089	7,830,083	-	28,828,572
Total assets	291,206,722	596,528,973	96,441,023	157,143,481	166,016,965	(454,385,758)	852,951,406
Liabilities							
Segment liabilities	57,560,775	123,184,264	42,471,910	65,449,697	60,426,760	(146,255,145)	202,838,261
Bank borrowings	-	270,571,468	20,933,000	51,590,405	42,835,022	-	385,929,895
Tax payables	395	2,313,478	302,294	319,810	-	-	2,935,977
Total liabilities	57,561,170	396,069,210	63,707,204	117,359,912	103,261,782	(146,255,145)	591,704,133

31. Segment Information (Cont'd)

	Investment holding and management services RM	Distribution of building materials and provision of logistics RM	Ready-mixed concrete RM	Manufacturing of AAC and precast concrete products RM	Manufacturing of wire mesh and metal roofing systems RM	Adjustments and elimination RM	Per consolidated financial statements RM
Group							
31.12.2015							
Other non-cash items							
Depreciation of property, plant and equipment	129,069	3,004,294	3,259,152	4,978,639	3,414,915	-	14,786,069
Impairment on trade receivables	-	2,238,346	949,478	35,385	192,063	-	3,415,272
Reversal of impairment on trade receivables	-	(3,016,877)	(62,945)	-	(113,525)	-	(3,193,347)
Bad debts written off	-	1,426,450	142,314	-	80,141	-	1,648,905
Bad debts recovered	-	(1,140)	-	-	-	-	(1,140)
Gain on disposal of property, plant and equipment	-	-	(15,054)	-	-	-	(15,054)
Inventory written off	-	23,743	-	-	-	-	23,743

31. Segment Information (Cont'd)

	Investment holding and management services RM	Distribution of building materials and provision of logistics RM	Ready-mixed concrete RM	Manufacturing of AAC and precast concrete products RM	Manufacturing of wire mesh and metal roofing systems RM	Adjustments and elimination RM	Per consolidated financial statements RM
Group							
31.12.2014							
Revenue							
External customers	-	908,752,974	204,791,910	35,292,009	70,581,257	-	1,219,418,150
Inter-segment	1,300,000	16,775,601	2,387,856	10,773,203	49,587,348	(80,824,008)	-
Total revenue	1,300,000	925,528,575	207,179,766	46,065,212	120,168,605	(80,824,008)	1,219,418,150
Results							
Segment results	(89,756)	34,397,177	13,250,655	6,950,967	5,274,153	-	59,783,196
Interest income	-	1,475,486	563,962	4,637	176,591	(86,777)	2,133,899
Finance costs	-	(11,068,914)	(1,706,683)	(2,131,962)	(3,881,138)	86,777	(18,701,920)
(Loss)/Profit before taxation	(89,756)	24,803,749	12,107,934	4,823,642	1,569,606	-	43,215,175
Taxation	(7,093)	(6,367,847)	(5,269,441)	(1,582,530)	197,743	-	(13,029,168)
Net (loss)/profit for the financial period	(96,849)	18,435,902	6,838,493	3,241,112	1,767,349	-	30,186,007
Assets							
Segment assets	242,058,595	564,209,168	103,471,870	117,468,632	115,140,280	(356,738,453)	785,610,092
Capital expenditure	227,224	1,514,743	4,214,080	7,715,646	3,080,379	-	16,752,072
Total assets	242,285,819	565,723,911	107,685,950	125,184,278	118,220,659	(356,738,453)	802,362,164
Liabilities							
Segment liabilities	9,045,397	116,543,659	47,180,591	48,534,183	32,737,901	(58,293,445)	195,748,286
Bank borrowings	-	255,082,668	31,465,177	43,890,924	40,422,375	-	370,861,144
Tax payables	-	2,053,561	2,778,223	302,439	-	-	5,134,223
Total liabilities	9,045,397	373,679,888	81,423,991	92,727,546	73,160,276	(58,293,445)	571,743,653

31. **Segment Information (Cont'd)**

	Investment holding and management services RM	Distribution of building materials and provision of logistics RM	Ready-mixed concrete RM	Manufacturing of AAC and precast concrete products RM	Manufacturing of wire mesh and metal roofing systems RM	Adjustments and elimination RM	Per consolidated financial statements RM
Group							
31.12.2014							
Other non-cash items							
Depreciation of property, plant and equipment	46,086	2,144,113	3,489,214	4,225,838	3,197,940	-	13,103,191
Impairment on trade receivables	-	343,967	412,975	-	428,084	-	1,185,026
Reversal of impairment on trade receivables	-	(1,033,290)	(29,288)	-	(34,963)	-	(1,097,541)
Bad debts written off	-	2,585,362	110,126	4,397	34,963	-	2,734,848
Gain on disposal of property, plant and equipment	-	(8,999)	(314,863)	-	-	-	(323,862)
Gain on disposal of investment properties	-	(3,711,958)	-	-	-	-	(3,711,958)
Gain on disposal of assets held for sale		(1,220,689)					
Inventory written off	-	69,624	-	-	-	-	69,624
Property, plant and equipment written off	-	-	-	25,602	-	-	25,602
Waiver of debts from other payables	-	-	(116,320)	-	-	-	(116,320)

31. **Segment Information (Cont'd)**

Adjustment and eliminations

Interest income, finance costs, and fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed on a group basis.

Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a group basis.

Capital expenditure consists of additions of property, plant and equipment and investment properties including assets from the acquisition of subsidiary companies.

Inter-segment revenues are eliminated on consolidation.

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		**Non-current assets**	
	01.01.2015 to 31.12.2015	**01.01.2014 to 31.12.2014**	**31.12.2015**	**31.12.2014**
	RM	**RM**	**RM**	**RM**
Group				
Malaysia	1,176,439,320	1,203,936,646	304,243,253	282,738,375
Singapore	22,712,276	15,481,504	6,538	7,395
	1,199,151,596	1,219,418,150	304,249,791	282,745,770

Non-current assets for this purpose consist of property, plant and equipment and investment properties.

32. **Financial Instruments**

(a) Classification of financial instruments

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

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

32. Financial Instruments

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

	Loans and receivables RM	Financial liabilities measured at amortised cost RM	Financial liability at fair value through profit or loss RM	Total RM
Group				
31.12.2015				
Financial Assets				
Trade receivables	302,567,612	-	-	302,567,612
Other receivables	9,336,210	-	-	9,336,210
Hire purchase receivables	709,601	-	-	709,601
Derivative financial assets	-	-	38,498	38,498
Fixed deposits with licensed banks	11,315,483	-	-	11,315,483
Cash and bank balances	168,855,397	-	-	168,855,397
	492,784,303	-	38,498	492,822,801
Financial Liabilities				
Trade payables	-	146,496,856	-	146,496,856
Other payables	-	18,087,072	-	18,087,072
Amount owing to Directors	-	10,908,802	-	10,908,802
Finance lease payables	-	20,116,186	-	20,116,186
Bank borrowings	-	388,902,019	-	388,902,019
	-	584,510,935	-	584,510,935
31.12.2014				
Financial Assets				
Trade receivables	291,277,573	-	-	291,277,573
Other receivables	15,563,893	-	-	15,563,893
Hire purchase receivables	1,130,158	-	-	1,130,158
Derivative financial assets	-	-	4,625	4,625
Fixed deposits with licensed banks	29,977,278	-	-	29,977,278
Cash and bank balances	118,029,973	-	-	118,029,973
	455,978,875	-	4,625	455,983,500
Financial Liabilities				
Trade payables	-	138,773,491	-	138,773,491
Other payables	-	20,547,704	-	20,547,704
Amount owing to Directors	-	10,856,847	-	10,856,847
Finance lease payables	-	21,447,697	-	21,447,697
Bank borrowings	-	370,861,144	-	370,861,144
	-	562,486,883	-	562,486,883

32. **Financial Instruments**

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

	Loans and receivables RM	Financial liabilities measured at amortised cost RM	Financial liability at fair value through profit or loss RM	Total RM
Company				
31.12.2015				
Financial Assets				
Other receivables	71,747	-	-	71,747
Amounts owing by subsidiary companies	17,486,096	-	-	17,486,096
Cash and bank balances	223,317	-	-	223,317
	17,781,160	-	-	17,781,160
Financial Liabilities				
Other payables	-	955,957	-	955,957
Amounts owing to subsidiary companies	-	49,143,426	-	49,143,426
	-	50,099,383	-	50,099,383
31.12.2014				
Financial Assets				
Other receivables	1,000	-	-	1,000
Amounts owing by subsidiary companies	2,042,855	-	-	2,042,855
Cash and bank balances	50	-	-	50
	2,043,905	-	-	2,043,905
Financial Liability				
Other payables	-	115,300	-	115,300
	-	115,300	-	115,300

(b) Financial risk management objectives and policies

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

32. **Financial Instruments (Cont'd)**

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

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

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with banks and financial institutions.

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

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

The Group has no significant concentration of credit risk as its exposure spread over a large number of customers.

(ii) Liquidity risk

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

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

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

32. **Financial Instruments (Cont'd)**

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

(ii) Liquidity risk (Cont'd)

	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Group						
31.12.2015						
Financial liabilities						
Trade payables	146,496,856	-	-	-	146,496,856	146,496,856
Other payables	18,087,072	-	-	-	18,087,072	18,087,072
Amount due to Directors	10,908,802	-	-	-	10,908,802	10,908,802
Finance lease payables	10,562,034	6,554,861	4,373,699	-	21,490,594	20,116,186
Bank borrowings	323,020,030	36,592,870	33,162,689	7,907,009	400,682,598	388,902,019
	509,074,794	43,147,731	37,536,388	7,907,009	597,665,922	584,510,935
31.12.2014						
Financial liabilities						
Trade payables	138,773,491	-	-	-	138,773,491	138,773,491
Other payables	20,547,704	-	-	-	20,547,704	20,547,704
Amount due to Directors	10,856,847	-	-	-	10,856,847	10,856,847
Finance lease payables	10,320,887	7,713,731	5,007,339	-	23,041,957	21,447,697
Bank borrowings	324,149,295	8,293,617	26,478,640	8,092,933	367,014,485	370,861,144
	504,648,224	16,007,348	31,485,979	8,092,933	560,234,484	562,486,883

32. **Financial Instruments (Cont'd)**

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

(ii) Liquidity risk (Cont'd)

	On demand or within 1 year RM	**Total contractual cash flows RM**	**Total carrying amount RM**
Company			
31.12.2015			
Financial liabilities			
Other payables	955,957	955,957	955,957
Amount due to subsidiary companies	49,143,426	49,143,426	49,143,426
	50,099,383	50,099,383	50,099,383
31.12.2014			
Financial liability			
Other payables	115,300	115,300	115,300
	115,300	115,300	115,300

(iii) Market risk

(a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group predominantly operates in Malaysia even though it has some overseas subsidiary companies. The Group has limited exposure to foreign exchange risk as the transactional currencies are mostly in the functional currencies of the respective operating entities other than exposure on the advances to a subsidiary company that was treated as net investment in a foreign operation. The Group has minimal currency transaction exposures. Such exposure mainly arises from intra group sales and purchases which are eliminated at group level as well as cash and cash equivalents and available-for-sale investments which are denominated in foreign currency.

32. **Financial Instruments (Cont'd)**

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

(iii) Market risk (Cont'd)

(a) Foreign currency risk (Cont'd)

Sensitivity analysis for currency risk

The Group's exposure to sensitivity of currency risk is insignificant as the transactional currencies are mostly in the functional currencies of the respective operating entities.

The Group's objective is to mitigate foreign exchange exposure to an acceptable level against pre-determined limits and impact to the statements of profit or loss and other comprehensive income. The Group monitors its foreign currency denominated assets and liabilities and uses various hedging instruments such as forward contracts and option structures as well as maintaining funds in foreign currencies at appropriate levels to support operating cash flows requirement. The Group's policy requires all transactions for hedging foreign currency exchange risk exposure be executed within the parameters approved by the Board of Directors.

(b) Interest rate risk

The Group's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long term deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

32. **Financial Instruments (Cont'd)**

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

(iv) Market risk (Cont'd)

(b) Interest rate risk (Cont'd)

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

	Group	
	31.12.2015	**31.12.2014**
	RM	**RM**
Fixed rate instruments		
Financial asset		
Fixed deposits with licensed banks	11,315,483	29,977,278
Financial liability		
Finance lease payables	20,116,186	21,447,697
Floating rate instruments		
Financial liability		
Bank borrowings	388,902,019	370,861,144

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased/(decreased) the Group's profit before tax by RM3,889,020 (31.12.2014: RMRM3,708,611), arising mainly as a result of lower / higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

32. **Financial Instruments (Cont'd)**

(c) Fair values of financial instruments

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

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

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments not carried at fair value			
	Level 1 RM	**Level 2 RM**	**Level 3 RM**	**Carrying amount RM**
Group				
31.12.2015				
Finance lease payables	-	10,339,778	-	10,414,547
31.12.2014				
Finance lease payables	-	12,154,663	-	12,068,771

(i) Policy on transfer between levels

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

There were no transfers between levels during current financial period.

(ii) Level 1 fair value

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

32. **Financial Instruments (Cont'd)**

(c) Fair values of financial instruments (Cont'd)

(iii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

<u>Non-derivative financial instruments</u>

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. In respect of the liability component of RCPS, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option.

(iv) Level 3 fair value

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

33. **Capital Management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at end of the reporting period are as follows:

33. Capital Management (Cont'd)

	Group		Company	
	01.01.2015 to 31.12.2015 RM	**01.01.2014 to 31.12.2014 RM**	**01.01.2015 to 31.12.2015 RM**	**12.06.2014 to 31.12.2014 RM**
Total loan and borrowings	409,018,205	392,308,841	-	-
Less: Cash and bank balances	(168,855,397)	(118,029,973)	(223,317)	(50)
Net debts	240,162,808	274,278,868	(223,317)	(50)
Total equity	261,247,273	230,618,511	221,531,203	221,298,200
Gearing ratio (times)	0.92	1.19	#	#

The gearing ratio is not applicable as the cash and bank balances as at 31 December 2015 is sufficient to cover the entire borrowing obligation.

There were no changes in the Group's approach to capital management during the financial year/period.

34. Significant Events During the Financial Year

(i) On 23 February 2015, the Company has entered into a sale and purchase agreement with PP Chin Hin Sdn. Bhd. ("PPCH") to acquire the entire equity interest of Metex Steel Sdn. Bhd. ("Metex") and became the directly owned subsidiary of the Company.

(ii) On 1 June 2015, the Company has disposed the entire equity interest of C&H Transport Sdn. Bhd. ("C&H Transport") comprising 1,250,000 ordinary shares of RM1.00 each to PPCH with a total consideration of RM4,955,414, and subsequently, PPCH has becomes the holding company of C&H Transport.

(iii) On 10 June 2015, the Company has disposed the entire equity interest of Ace Logistic Sdn. Bhd. ("Ace Logistic") comprising 11,000,000 ordinary shares of RM1.00 each to Metex Steel Sdn. Bhd. ("Metex Steel") with a total consideration of RM16,800,296, and subsequently, Metex Steel has becomes the holding company of Ace Logistic.

34. **Significant Events During the Financial Year (Cont'd)**

(iv) On 20 October 2015, the Company Proposed Listing on the Main Market of Bursa Malaysia Securities Berhad ("Proposed Listing") has been approved by the Securities Commission Malaysia ("SC"), subject to the terms and conditions stated below:

(a) Public issue of 63,197,900 ordinary shares of RM0.50 each in the Company;
(b) Offer for sale of 65,000,000 existing shares, representing 12.8% of the Company enlarged issue and paid-up share capital by certain Directors.

(v) On 25 November 2015, the Company has entered into a sale and purchase agreement with PP Chin Hin Sdn. Bhd. ("PPCH") to acquire the entire equity interest of Starken AAC Sdn. Bhd. ("Starken AAC") and became the directly owned subsidiary of the Company.

35. **Subsequent Event**

On 6 January 2016, the Company shareholder's namely Datuk Chiau Beng Teik, Chiau Haw Choon and Datin Wong Mei Leng has entered into a sale and purchase agreement with Divine Inventions Sdn. Bhd. ("Divine Inventions") to dispose 60% of the equity interest of the Company for a total consideration of RM151,766,400, and subsequently, Divine Inventions becomes the major shareholder of the Company.

36. **Capital Commitments**

As at the reporting date, the Group has the following commitments for the acquisition of the property, plant and equipment.

	Group	
	31.12.2015	**31.12.2014**
	RM	**RM**
Unsecured		
Authorised and contracted for:		
Property, plant and equipment	289,000	-

37. **Contingent Liabilities**

	Group	
	31.12.2015	**31.12.2014**
	RM	**RM**
Unsecured		
Corporate guarantees given to the licensed banks for credit facility granted to related companies	176,863,292	192,080,292

38. **Comparative Figures**

The comparative figures for the financial statements of the Company are covered for the financial period from 12 June 2014 to 31 December 2014. As it reflects result for 7 months, therefore it is not comparable to the current financial year.

39. **Date of Authorisation for Issue**

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of Directors on 3 March 2016.