PROGRESSIVE IMPACT

2013 ANNUAL REPORT

SERVING ALLAH, RESPECT FOR THE PEOPLE AND THE ENVIRONMENT

PROGRESSIVE IMPACT CORPORATION BERHAD (203352-V)

Air • Water • Domestic Waste Water • Environmental Consultancy & Monitoring
Industrial Waste Water • Laboratory Analysis

CONTENTS

PICORP VISION

To be a world class business organization focused on cost effective environmental solutions which shall benefit mankind.

PICORP MISSION

To be a world class business organization providing innovative technology & quality products and services in the field of Environmental Solutions for local and overseas markets through a team of highly motivated, competent and quality employees.

PICORP WAY VALUES

Serving Allah, Respect for the people & the environment

ABOUT US

Progressive Impact Corporation Berhad's ("PICORP") strength lies in its position as an "Integrated Environmental Solutions Provider", offering a wide range of services ranging from environmental consultancy & monitoring, wastewater treatment & solution, laboratory analysis and ocean data monitoring.

FINANCIAL CALENDAR

ANNOUNCEMENT OF RESULTS

1st Quarter	31 May 2013
2nd Quarter	30 August 2013
3rd Quarter	15 November 2013
4th Quarter	28 February 2014
Notice of Annual General Meeting	5 May 2014
Annual General Meeting	27 May 2014

FINAL DIVIDEND

(subject to shareholders' approval)

Proposed	28 February 2014
Entitlement	30 May 2014
Payment	16 June 2014

CORPORATE INFORMATION

BOARD OF DIRECTORS

DATUK ABDUL HAMID BIN SAWAL
Independent Non-Executive Chairman

ZAID BIN ABDULLAH
Executive Deputy Chairman

ZAIDAH BINTI MOHD SALLEH
Non- Independent Non-Executive Director

HASSAN BIN HUSSAIN
Non-Independent Non-Executive Director

LEE WENG CHONG
Independent Non-Executive Director

DATO' HAJJAH ROSNANI BINTI IBARAHIM
Independent Non-Executive Director

The full profile of the Directors can be obtained from the Company's website at www.picorp.com.my. Zaidah binti Mohd Salleh is the spouse of Zaid bin Abdullah. The remaining of the Directors have no family relationship with each other or the major shareholders of the Company. All Directors have no conflict of interest with the Company and no convictions for offences within the past 10 years other than traffic offences.

AUDIT COMMITTEE

LEE WENG CHONG
Chairman

DATUK ABDUL HAMID BIN SAWAL

ZAIDAH BINTI MOHD SALLEH

REMUNERATION COMMITTEE

LEE WENG CHONG
Chairman

DATUK ABDUL HAMID BIN SAWAL

DATO' HAJJAH ROSNANI BINTI IBARAHIM

NOMINATING COMMITTEE

DATUK ABDUL HAMID BIN SAWAL
Chairman

HASSAN BIN HUSSAIN

DATO' HAJJAH ROSNANI BINTI IBARAHIM

COMPANY SECRETARIES

ZAIDAH BINTI MOHD SALLEH
(MIA 3313)

WONG WAI FOONG
(MAICSA 7001358)

KUAN HUI FANG
(MIA 16876)

HEAD OFFICE & REGISTERED OFFICE

Suite 5.02, Mercu PICORP
Lot 10, Jalan Astaka U8/84
Bukit Jelutong
40150 Shah Alam
Selangor Darul Ehsan
Telephone No. : 03 - 7845 6566
Facsimile No. : 03 - 7845 7566

REGISTRAR

Tricor Investor Services Sdn Bhd (118401-V)
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Telephone No : 03 - 2264 3883
Facsimile No : 03 - 2282 1886

AUDITORS

Ernst & Young (AF No. 0039)
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
50490 Kuala Lumpur
Telephone No : 03 - 7495 8000

PRINCIPAL BANKER

AmIslamic Bank Berhad

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 22nd Annual General Meeting of the Company will be held at **Competitive Room, Ground Floor, MERCU PICORP, Lot 10, Jalan Astaka U8/84, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan** on **Tuesday, 27 May 2014, at 9.00 a.m**. to transact the following business:-

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2013 together with the Directors' and Auditors' Reports thereon. **RESOLUTION 1**
2. To approve the payment of the Final single-tier Dividend of 0.65 sen per share for the year ended 31 December 2013. **RESOLUTION 2**
3. To re-elect the following Directors who shall retire in accordance with Article 83 of the Company's Articles of Association:-
   i. Zaidah Binti Mohd Salleh **RESOLUTION 3**
   ii. Dato' Hajjah Rosnani Binti Ibarahim (Explanatory Note A) **RESOLUTION 4**
4. To approve the Directors' Remuneration of RM322,800 for the year ended 31 December 2013. **RESOLUTION 5**
5. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **RESOLUTION 6**

SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions, with or without modifications, as Ordinary Resolutions of the Company:-

6. **ORDINARY RESOLUTION I**

PROPOSED RENEWAL OF THE EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

"THAT subject to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Renewal of the Existing Shareholders' Mandate for the Company and/or its subsidiaries to enter into and give effect to the category of the recurrent arrangements or transactions of a revenue or trading nature from time to time with the Related Parties, as specified in Section 2.2 of the Circular to Shareholders dated 5 May 2014, provided that such transactions are:- **RESOLUTION 7**

(i) recurrent transactions of a revenue or trading nature;

(ii) necessary for the Group's day-to-day operations;

(iii) carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and

(iv) not to the detriment of minority shareholders;

(the "Mandate").

THAT such authority shall commence upon the passing of this resolution and shall continue to be in force until:-

(i) the conclusion of the next Annual General Meeting of the Company following the Annual General Meeting at which such mandate was passed, at which time it will lapse, unless the authority is renewed by a resolution passed at the meeting;

(ii) the expiration of the period within which the next Annual General Meeting is required to be held pursuant to Section 143(1) of the Companies Act, 1965 but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965; or

(iii) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier.

THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required), as they may consider expedient or necessary to give effect to the Mandate."

7. **ORDINARY RESOLUTION II**

AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT 1965

"THAT pursuant to Section 132D of the Companies Act 1965, the Directors of the Company be and are hereby empowered to issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company unless revoked or varied by the Company at a general meeting." **RESOLUTION 8**

8. **ORDINARY RESOLUTION III**

CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR

"THAT authority be and is hereby given to Lee Weng Chong, who has served the Company as an Independent Non-Executive Director for more than nine (9) years, to continue act as an Independent Non-Executive Director of the Company." **RESOLUTION 9**

9. To transact any other business of which due notice shall have been given in accordance with the Companies Act 1965.

NOTICE OF DIVIDEND PAYMENT

Notice is hereby given that a Final single-tier Dividend of 0.65 sen per share for the financial year ended 31 December 2013, if approved, will be paid on 16 June 2014. The entitlement date for the dividend payment is 30 May 2014.

A Depositor shall qualify for entitlement to the dividend only in respect of:-

(a) Shares transferred into the depositor's Securities Account on or before 4.00 p.m. on 30 May 2014 in respect of ordinary transfers; and
(b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of the Bursa Malaysia Securities Berhad.

By Order of the Board
ZAIDAH BINTI MOHD SALLEH (MIA 3313)
Company Secretary
Shah Alam

5 May 2014

NOTES:-

i) A member entitled to attend and vote is entitled to appoint up to 2 proxies to attend, vote and speak instead of him. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply.

ii) A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, can appoint not more than 2 proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

iii) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

iv) Where a member or authorized nominee or an exempt authorized nominee appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

v) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

vi) The instrument appointing a proxy and the power of attorney or other authority, if any under which it is signed or notarially certified copy of that power of authority shall be deposited at the office of the Company's Share Registrar at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, not less than 48 hours before the time appointed for holding the Meeting or adjourned meeting.

vii) For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 20 May 2014. Only a Member whose name appears on this Record of Depositors shall be entitled to attend this meeting or appoint a proxy to attend, vote and speak on his/her behalf.

Explanatory Note A

Dato' Hajjah Rosnani Binti Ibarahim is standing for re-election as Director of the Company and being eligible, has offered herself for re-election at the 22nd Annual General Meeting. The Board has conducted an assessment on her independence and is satisfied that she has complied with the independence criteria applied by the Company.

EXPLANATORY NOTES TO SPECIAL BUSINESS:-

RESOLUTION 7

This proposed Resolution, if passed, will enable the Company and/or its subsidiaries to enter into recurrent transactions involving the interest of Related Parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company.

For further information on the recurrent related party transactions, please refer to the Circular to Shareholders dated 5 May 2014 enclosed together with the Company's Annual Report 2013.

RESOLUTION 8

This proposed Resolution, if passed, will empower the Directors to issue up to a maximum of 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting ("AGM") or the expiration of the period within which the next AGM required by law to be held, whichever is earlier.

This proposed Resolution is a renewal of the previous year's mandate. The mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional costs and time. The purpose of this general mandate is for possible fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of bank borrowings, acquisitions and/or for issuance of shares as settlement of purchase consideration or such other application as the Directors may deem fit in the best interest of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 23 May 2013 and the mandate will lapse at the conclusion of the 22nd Annual General Meeting.

RESOLUTION 9

The Board has assessed the independence of Mr. Lee Weng Chong, who has served as an Independent Non-Executive Director of the Company for a term of nine (9) years, and recommended that he continues to act as an Independent Non-Executive Director of the Company based on the following justifications:-

- He fulfils the criteria defined under Para 1.01 of the Main Market Listing Requirements.
- His length of service as Independent Non-Executive Director of nine (9) years does not in any way interfere with his exercise of objective judgment or his ability to act in the best interests of the Company.
- He has a strong understanding of the Group's corporate history and business and has devoted sufficient time and commitment to discharge his responsibilities as an Independent Non-Executive Director.
- He has exercised due care during his tenure as Independent Non-Executive Director of the Company and participated actively in meetings, giving his independent views in a constructive manner and bringing an element of objectivity to the Board's decision making.

Corporate Structure

PROGRESSIVE IMPACT

PROGRESSIVE IMPACT CORPORATION BERHAD

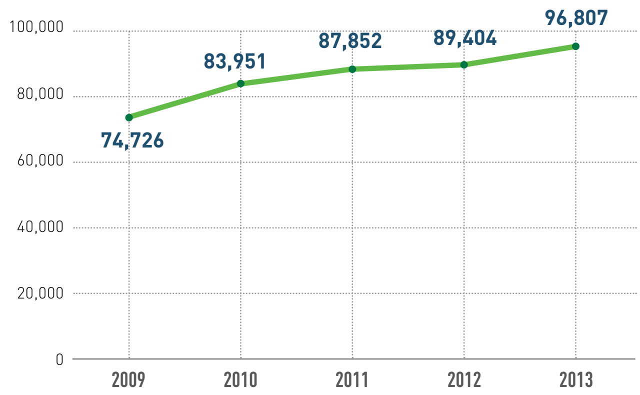
(Company No.: 203352-V)
(Incorporated in Malaysia under the Companies Act. 1965)

- 100% ASMA International Sdn Bhd
  - 70% Saudi ASMA Environmental Solution LLC
- 59% ALS Technichem (M) Sdn Bhd
  - 80% P.T.ALS Indonesia
- 100% Premiere Leap Sdn Bhd
- 90% Alam Sekitar Eco-Technology Sdn Bhd
- 100% PI Enviro Technologies Sdn Bhd
- 100% Vertical Plus Sdn Bhd
- 50% Progressive Uni San International Sdn Bhd
- 100% Quantum Up Returns Sdn Bhd
  - 25% Alam Sekitar Malaysia Sdn Bhd
- 75% Alam Sekitar Malaysia Sdn Bhd
  - 100% ASMA Environmental Consultancy Sdn Bhd
- 100% Perunding Good Earth Sdn Bhd

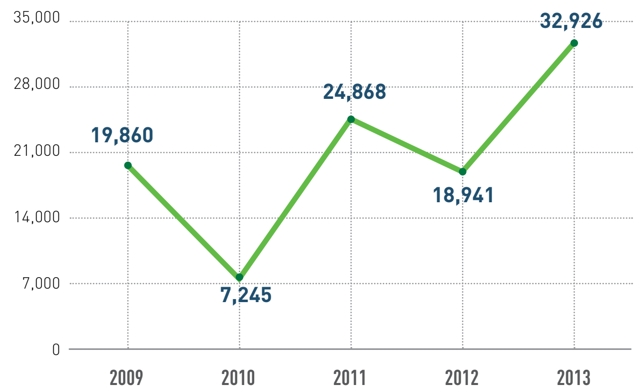
5 YEARS' GROUP
FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED 31 DECEMBER

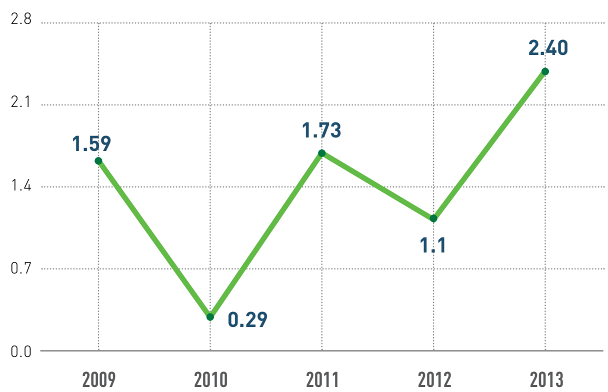
RM ('000)	2009	2010	2011	2012	2013
Revenue	74,726	83,951	87,852	89,404	**96,807**
Profit before taxation	19,860	7,245	24,868	18,941	**32,926**
Net EPS (Sen)	1.59	0.29	1.73	1.10	**2.40**



REVENUE
RM ('000)



PROFIT BEFORE TAXATION
RM ('000)

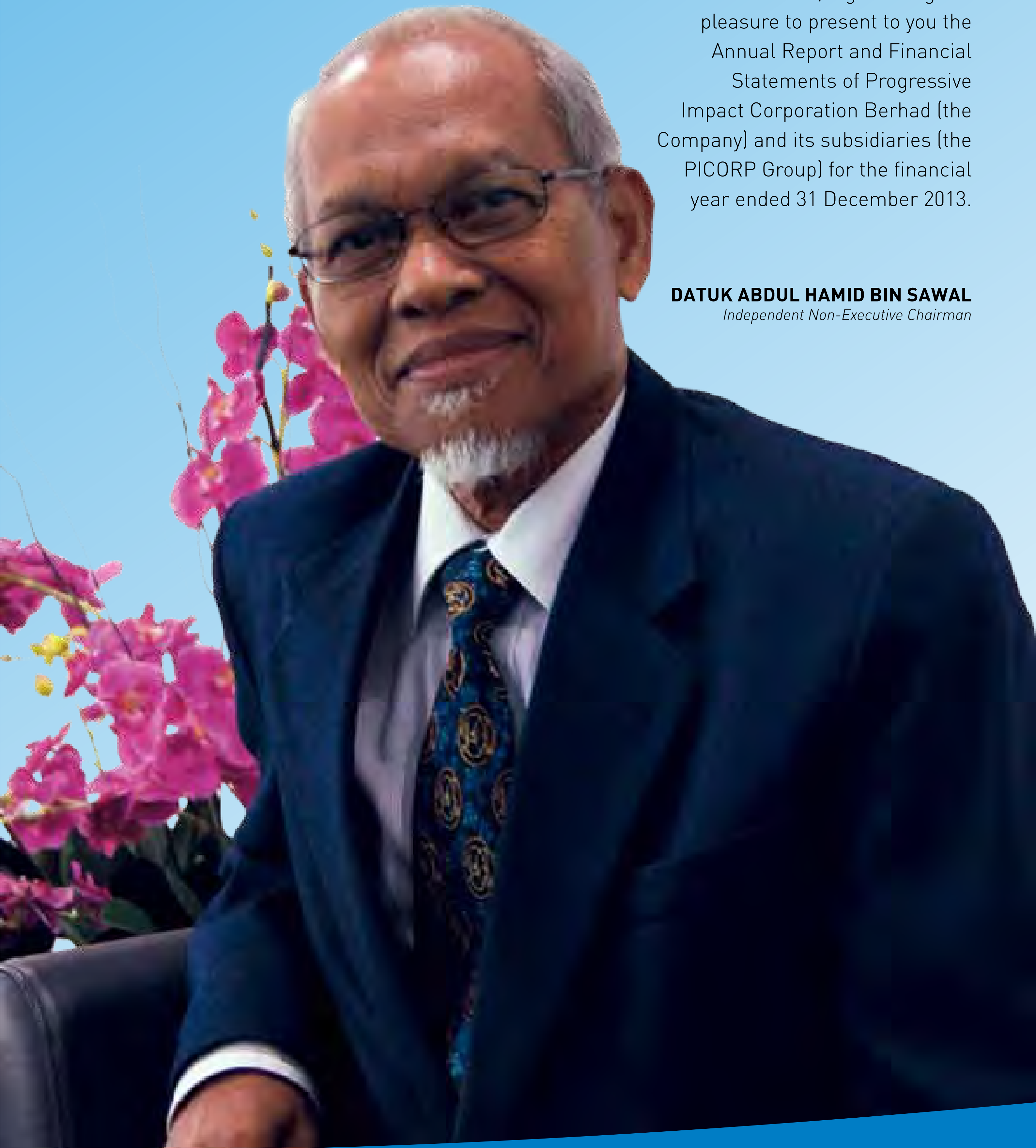


NET EPS (Sen)

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, it gives us great pleasure to present to you the Annual Report and Financial Statements of Progressive Impact Corporation Berhad (the Company) and its subsidiaries (the PICORP Group) for the financial year ended 31 December 2013.

DATUK ABDUL HAMID BIN SAWAL
Independent Non-Executive Chairman



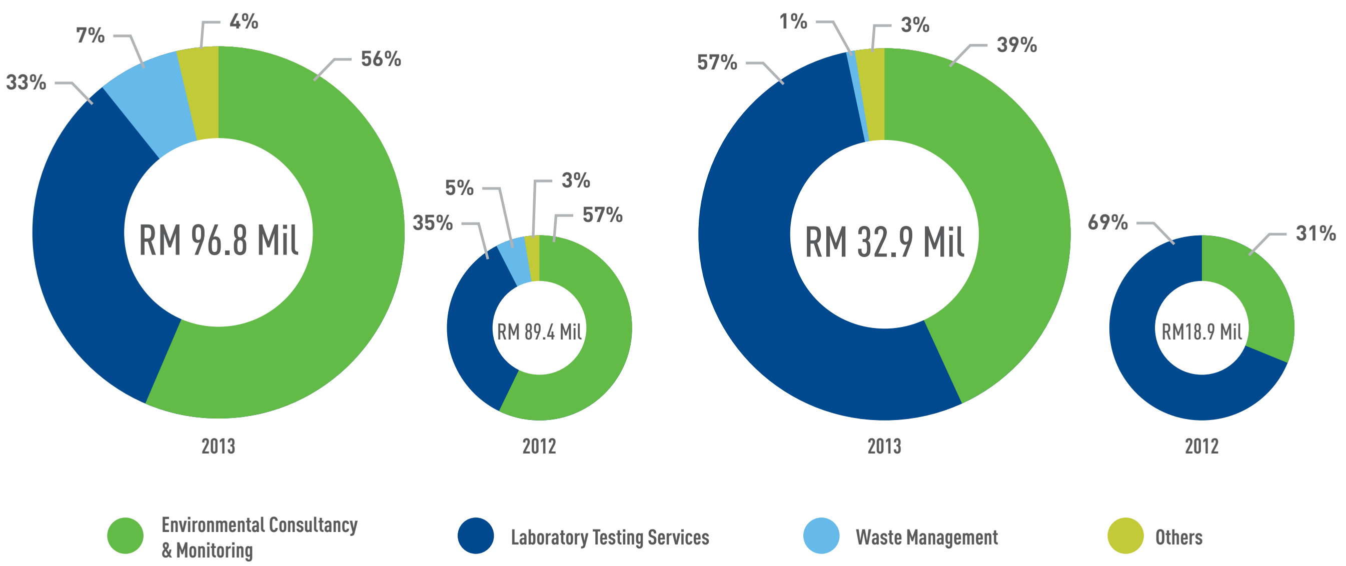
FINANCIAL HIGHLIGHTS

I am delighted to report that the Group has performed well in the financial year 2013 benefitting from the continuous effort by the management team to be innovative in proposing solutions to the market and improving the efficiency of the Group's operation. For financial year 2013, the Group's revenue grew to RM96.8 million from RM89.4 million in previous year. The revenue contribution was mainly from the environmental consultancy & monitoring segment and lab testing services segment contributing 56% and 33% respectively.

The Group's profit before tax has grown to RM32.9 million from RM18.9 million in financial year 2012. The growth was derived from the environmental consultancy & monitoring segment, laboratory testing services segment and net gain on disposal of a building by a subsidiary. The lab testing services segment continues to be the largest contributor to the Group's profit before tax in 2013, contributing 57% of the Group's profit before tax.

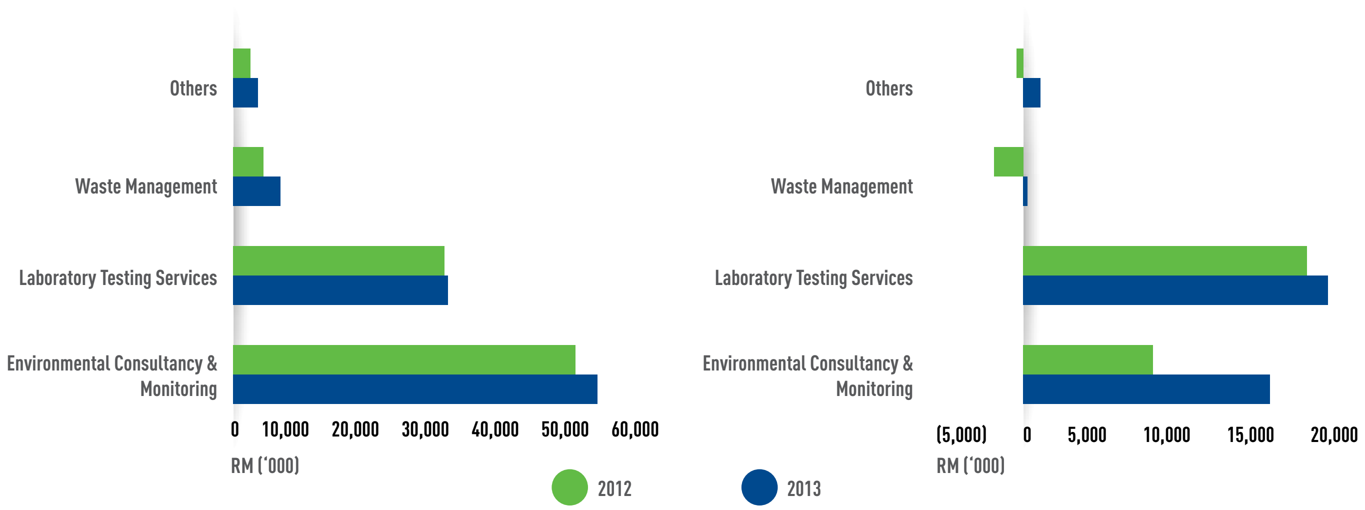
REVENUE CONTRIBUTION

PROFIT BEFORE TAX CONTRIBUTION



REVENUE GROWTH ANALYSIS

PROFIT BEFORE TAX GROWTH ANALYSIS



GROUP'S BUSINESS PERFORMANCE

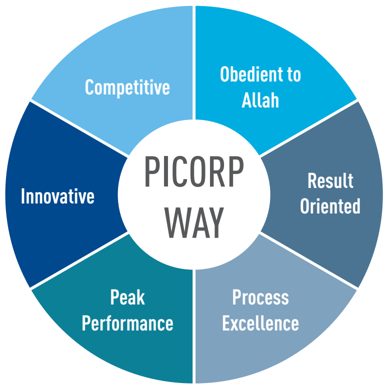
Establishing the basic features of a successful PICORP Group business was an important aspect of the strategy review process. It helps us to understand what makes the company successful and also provides a focus for future business decisions. The process identified the common attributes of our most successful operations and revealed a number of consistent and interdependent features as shown in the diagram which is known as PICORP's 7 paradigm.

In 2013, PICORP Group has successfully formed a strategic alliance with the game-changing technology provider, Liquid Robotics Inc. The collaboration had created a strategic advantage to PICORP Group in offering solid value proposition and environmental friendly solution for ocean data monitoring services. Wave gliders technology use robotic application and powered by solar and wave energy. It can be applied in various sectors such as ocean research, environmental, oil & gas as well as ocean surveillance.

The Group has also successfully launched and completed a pilot project on Predictive Emission Monitoring System ("PEMS") for oil & gas application. It is the most advanced emission monitoring solution available in the market today that complies to the most stringent regulatory compliance requirement.

In addition to the above, the Group's award winning technology, Bi-act SDO, has successfully extended its application to the industrial waste water. The technology provides efficient, productive and green solution to the waste water industry.

PICORP's 7 Paradigm



PICORP Way

FUTURE PROSPECTS

There is tremendous potential for environmental business growth in Malaysia, especially within the energy, construction, transportation, air, water and waste management sectors. In the air, water and waste management sector which the group is focusing, opportunities would be in improving the large size operating plants efficiency, cost savings and efficient utilization of resources.

With the vast opportunities available in the market locally and globally coupled with the initiative taken by the Group to improve its resilience, we expect the Group to improve its profitability in the years to come.

DIVIDEND

The Board of Directors has recommended for approval of the shareholders, a final single-tier dividend of 0.65 sen per share amounting to RM4,277,000 for the year ended 31 December 2013. The final single-tier dividend if approved, shall be paid on 16 June 2014. An interim dividend of 0.60 sen less 25% taxation amounting to RM2,961,000 was paid on 30 September 2013. Hence, this shall result in a total dividend payout of RM7,238,000 for financial year 2013 which will be the highest payout for the past 9 years.

APPRECIATION

On behalf of the Board, we would like to extend our sincere appreciation to the management team and all members of the PICORP Group for their untiring commitment, dedication and loyalty without which our continuous growth over the years will not be possible.

We wish to thank our valued customers and other business partners for their unstinting support and loyalty and look forward to their continued trust and support.

We would also like to extend our gratitude to the relevant government authorities for their assistance and support.

Finally, dear shareholders, our special thanks to you all, for your continued support and confidence in the Group and we assure you that we will continue to work to uphold your trust in us.

Thank you.

DATUK ABDUL HAMID BIN SAWAL
Independent Non-Executive Chairman

BOARD OF
DIRECTORS

ZAIDAH BINTI MOHD SALLEH
Non-Independent Non-Executive Director

HASSAN BIN HUSSAIN
Non Independent Non-Executive Director

ZAID BIN ABDULLAH
Executive Deputy Chairman

LEE WENG CHONG
Independent Non-Executive Director

DATUK ABDUL HAMID BIN SAWAL
Independent Non-Executive Chairman

DATO' HAJJAH ROSNANI BINTI IBARAHIM
Independent Non-Executive Director

KEY MANAGEMENT

JOHAR BIN YUSOF *
Group Chief Executive Officer,
Progressive Impact Corporation Bhd

NADZRAH BINTI HASHIM
Chief Financial Officer,
Progressive Impact Corporation Bhd

* He has no family relationship with any Director and/or major shareholder of the Company. He has a direct interest of 150,900 shares in the Company. He has no conflict of interest with the Company and has not been convicted for any offences within the past 10 years other than traffic offences. His full profile can be obtained at www.picorp.com.my.

DR CHIN TEEN TEEN
General Manager,
ALS Technichem (M) Sdn Bhd

HAMSIAH KHALID
Group Financial Controller,
Progressive Impact Corporation Bhd

SHAMUDDIN BIN SULAIMAN
Chief Operating Officer,
Alam Sekitar Malaysia Sdn Bhd

AWARDS &
ACCOLADES

ALAM SEKITAR ECO-TECHNOLOGY SDN BHD ("ASET") was awarded with **BEST INNOVATION AWARD IN GREEN TECHNOLOGY CATEGORY 2013** and certified as 1-innoCERT company (Innovation Certification for Enterprise Rating and Transformation) by SME Corporation Malaysia with the collaboration with MITI, MOSTI and SIRIM during SMIDEX 2013 on 14 June 2013.

PROGRESSIVE IMPACT CORPORATION BERHAD ("PICORP") was awarded with **EXCELLENCE IN ENVIRONMENTAL MANAGEMENT AWARD** organised by Malaysian Institute of Management ("MIM") during Global Excellence in Management Awards (GEMA 2013), on 4 July 2013.

ZAID BIN ABDULLAH, Executive Deputy Chairman of Progressive Impact Corporation Berhad was awarded with 2013 **MOST PROMISING ENTREPRENEURSHIP AWARD** by prestigious Asia Pacific Entrepreneur Award on 27 August 2013.

ALS TECHNICHEM (M) SDN. BHD. was awarded with **IKM LABORATORY EXCELLENCE AWARD** by Institut Kimia Malaysia on 6 December 2013. This award was introduced to accord recognition to laboratories that have achieved competency in the practice of analytical work. ALS Technichem has been continuously awarded with this award since 1997.

INNOVATIVE TECHNOLOGY

INNOVATIVE TECHNOLOGY

WAVE GLIDER

A wave-powered marine robot using no fuel and no discharge and winning multiple awards internationally, PICORP Group have collaborated with Liquid Robotic Inc and now going for the ocean to extend their services in oceanography, surveillance and environmental monitoring providing "Data Center in the Sea".

Wave Glider compliments the current practice of using ships or boats for collecting oceanic data and even compliments buoys for subsea-to-space communications like Tsunami pre-detection. It is your data centre at sea, gathering you real-time and continuous 24 hours a day critical ocean data without the Wave Glider having to go back to shore for refuelling.

The Wave Glider only runs on renewable energy, the sun for powering sensors, the wave for its forward propulsion, no fuel required, thus no emission. Without the need of a crew on board, wave glider is able to roam the ocean all year long, in all weather without missing out on any data points and without risking the crews of a ship.

The Wave Glider serve the Science and Research community, the Defence and Security agencies and the Oil and Gas industries by changing its sensor configurations.

BI-ACT SDO®

Clean and safe water is no less a national priority than are national defence and adequate system of interstate highways. Wastewater solutions today are required to be efficient, hassle free and cost effective. Existing plants face aging and poor physical conditions and reached the end of their useful design lives. The propositions that we offer are to provide excellent effluent discharge, tackling problematic plants through upgrading works and it all comes in a cost effective green solution package that can be translated into savings of capital expenditures, operating expenditures and provision of benefits to the nation.

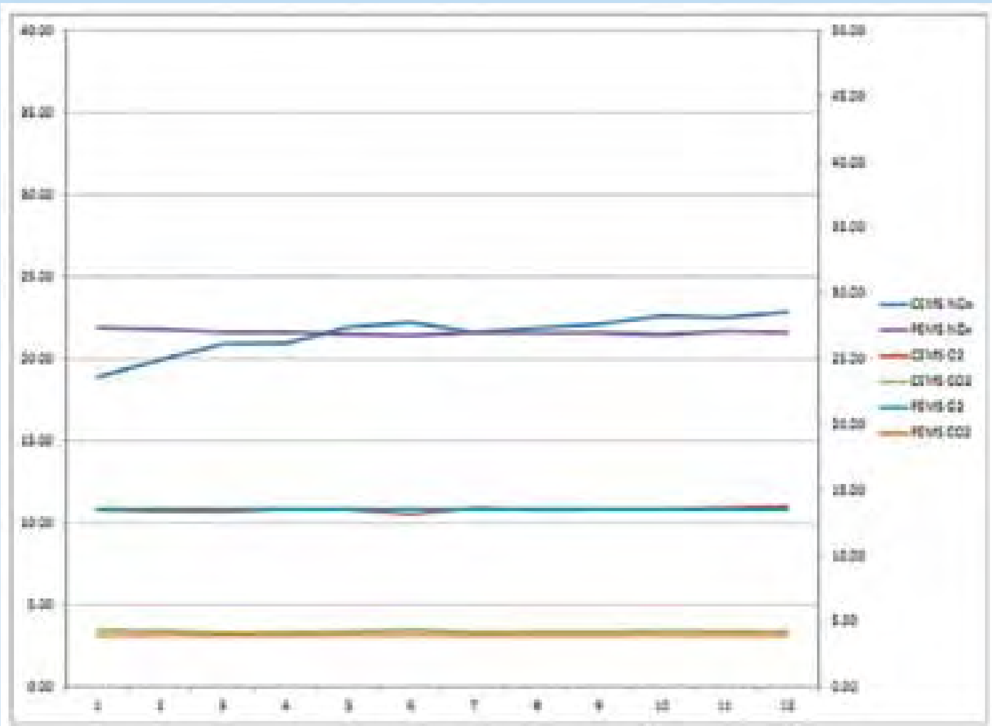
BI-ACT SDO® Technology ("SDO Technology") provides a much needed solution to the challenges and capital restrictions that many wastewater treatment plants and governments are facing today. SDO technology provides an economically affordable, technically effective, natural and sustainable means of improving the water quality environment for our nation.

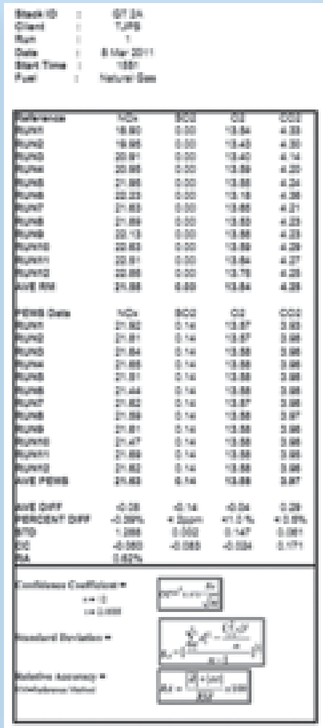
PREDICTIVE EMISSIONS MONITORING SYSTEM ("PEMS")

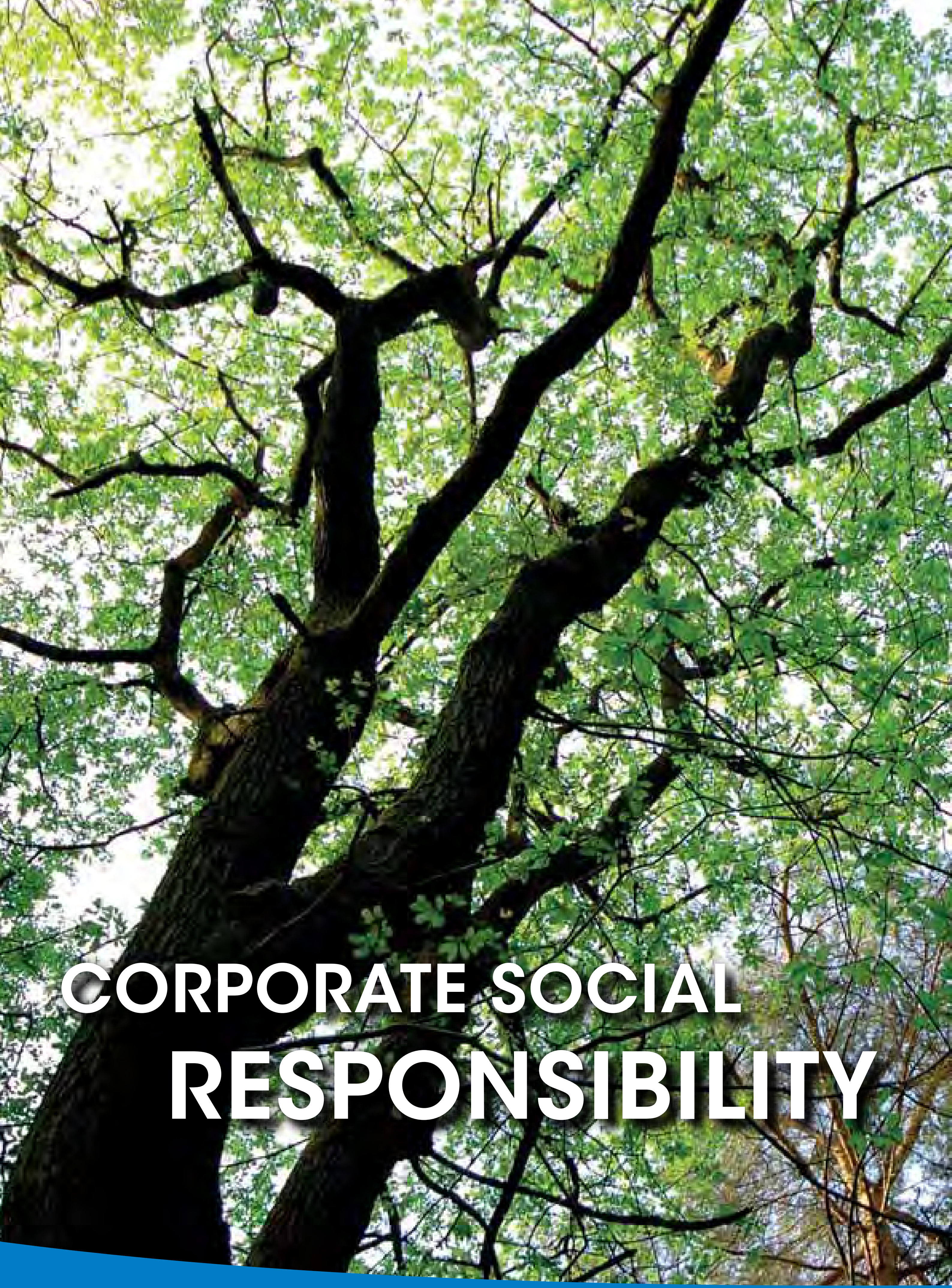
Predictive Emissions Monitoring Systems ("PEMS") are software-based data acquisition systems for continuously monitoring emissions by means of plant process data. A PEMS is interfaced with the plant process control system. It utilizes inputs from the combustion or pollution control process to determine the emission rates of various pollutants that are regulated. The PEMS does not need any gas analyzers.

PEMS is an alternative to Continuous Emissions Monitoring Systems ("CEMS").

The standard CEMS consists of a sample probe, filter, sample line (umbilical), gas conditioning system, calibration gas system, and a series of gas analyzers as compared to PEMS that consist of only a computer server and audits for portable analyzer.







CORPORATE SOCIAL RESPONSIBILITY

JUNE 2013

3EP (Educational, Environment & Ecosystem Program)

15 June – Alam Sekitar Malaysia Sdn Bhd ("ASMA") organized an educational program on air quality monitoring and biology to 'sekolah bestari' students. The students were given the exposure on water quality monitoring process.

SEPTEMBER 2013

Explorace

28 & 29 September – ASMA organized an explorace program which is specially designed for students from selected universities throughout Malaysia. The students will race to search for environmental information related to the Wetlands and the Putrajaya lake areas. Such program envisage to enhance environmental awareness among students.

CORPORATE SOCIAL RESPONSIBILITY (CONT'D)

OCTOBER 2013




Water Awareness Program

26 October – ASMA had organized an environmental awareness program with students from schools around Putrajaya areas. The program aimed to inculcate the love for environment and enhance awareness on the importance of sustaining the country's water resources.

DECEMBER 2013



Malaysian Tourism Visit

5 December – ASMA participated in the Malaysian Tourism Visit program where the team provides talks on lakes and wetlands in Putrajaya which is one of tourists and Non Governmental Organisation's attraction areas.

CALENDAR OF EVENTS

CALENDAR OF EVENTS (CONT'D)

FEBRUARY 2013

ALS GRAND OPENING

20 February – ALS Technichem Malaysia Sdn Bhd ("ALSM"), a subsidiary of PICORP which is one of the leading commercial laboratory testing services company in Malaysia and part of Australian Laboratory Services Group ("ALS") gained another mileage when it successfully relocated to its new building and lab facilities in Bukit Jelutong, Shah Alam to further expand their testing capabilities to meet future demands. The new facility was officiated in conjunction with its annual Chinese New Year Open House. Distinguished customers and counterparts from ALS were invited to make the event more memorable. With this new facility, ALSM will be able to provide a much better services to its client with the state of the art laboratory.

APRIL 2013

INTERCOMPANY GAMES – Badminton

20 April – PICORP's annual inter-company games was organized to enhance employes' relationship and to inculcate the winning and competitive attitude in each employee. The Badminton tournament was organized at Setia Alam Badminton Academy in Setia Alam.

KURSUS KESEDARAN PENCETUS PERKASA DIRI ("KPPD")

16 April – KPPD training was organised at Impian Rimba Resort. KPPD training adopts Islamic approach in its programs and activities with the objective of instilling core values in staff and fulfilling the organization's objectives and their own personal objective in life.

MAY 2013

CEO Talk

15 May – PICORP had invited few CEOs from the industries with various background to provide motivational and informative talk to the staffs. Among the CEOs invited was Hj Mohamed Yusof, CEO of Lembaga Zakat Selangor who gave a talk on zakat title 'BERZAKAT MOTIVASI MEMBINA KEPERIBADIAN CEMERLANG'.




JUNE 2013

14 June – Alam Sekitar Eco-Technology Sdn Bhd ("ASET") won the 2013 Innovation Award in Green Technology Sector and was certified as 1-InnoCERT (Innovation Certification for Enterprise Rating and Transformation) company by SME Corporation Malaysia with the collaboration with MITI, MOSTI and SIRIM.

The award was presented by Minister in the Prime Minister's Department, Datuk Seri Abdul Wahid Omar. 1-InnoCERT is a certification given to innovative companies. The certification's main objective is to encourage entrepreneurs to venture into high technology and innovation-driven industries. The 1-InnoCERT is a certification programme adapted from the Korean Innobiz model.




CALENDAR OF EVENTS (CONT'D)



Minggu Alam Sekitar Terengganu

23 June – In conjunction with Hari Alam Sekitar Negeri Terengganu, the state government had conducted gotong royong from Dataran Shah Bandar to Pasar Payang, Kuala Terengganu. ASMA had participated in the programme by setting up a mini exhibition booth to provide briefing to the public on ASMA's products and services to the students from universities around Terengganu.

JULY 2013

RAMADHAN TADARUZ

31 July – PICORP Musolla Committee had organized tadaruz Al-quran during the holy month of Ramadhan. All staff were encouraged to participate in the tadaruz which was done during the lunch hour break.

AUGUST 2013



Mobile CEMS launching

1 August – Group CEO of PICORP officiated the launching of mobile Continuous Emission Monitoring Systems ("CEMS"). Mobile CEMS, the first mobile created by innovative and technical team in ASMA. Immediately upon the launching, the mobile CEMS was sent to Sekolah Tinggi Melaka to participate in the 'Small City Clean Air' program organized by Malacca state government.

The mobile CEMS has successfully served several customers including MLNG Bintulu throughout the year.

CALENDAR OF EVENTS (CONT'D)




29 August 2014 – ASMA together with Department of Environment had organized an opening ceremony of a continuous air monitoring station located at Sekolah Tinggi Melaka. The event was officiated by Chief Minister of Melaka. An awareness talk on the importance of sustaining air quality to the students of Sekolah Tinggi Melaka and Sekolah Menengah Bukit Rambai was also organized during the event.

OCTOBER 2013




PAINTBALL INTERCOMPANY CHALLENGE

26 October – Another game challenge for PICORP staff was the paintball game which was held at Cyberjaya Paintball at Kelab Komuniti Tasik Cyberjaya. Paintball is a new game introduced to the group in view of inculcating strategist mindet within the staffs. Family member participation was also encouraged to enhance relationship and understanding of each spouse's role in the company.

MINGGU ALAM SEKITAR PUTRAJAYA

27 October – The closing ceremony of Minggu Alam Sekitar Malaysia 2013 ("MASM") at the national level was held in Putrajaya with a motto, 'We want sustainable lifestyle'. ASMA had put up a mini exhibition booth to provide environmental awareness as well as on product and services awareness to the public.

NOVEMBER 2013




11 November – In conjunction with the Maal Hijrah Awal Muharram, PICORP Musolla Committee had organized a talk presented by a distinguished Ustaz Zamri Mantop, Topic selected is 'Hijrah – dunia atau akhirat'. All staff were encouraged to attend to benefit from his messages.

DECEMBER 2013


15 December - In conjunction with one of the yearly events of Putrajaya Holdings, ASMA had participated in the green tech awareness program by demonstrating the Group's new product named "Wave Glider" which possess the state of the art technology to provide ocean data in a very green and cost effective manner compared to the conventional method.

STATEMENT ON CORPORATE GOVERNANCE

The Board is responsible in ensuring high standards of corporate governance are maintained in all activities undertaken by the Group, which are essential to protect and enhance shareholders' value. This report has been prepared in accordance to the principles and recommendations as set out in the Malaysian Code on Corporate Governance 2012 ("the Code").

The Board is pleased to provide the following statement, which outlines how the Group has applied the principles laid down in the Code. The Board believes that it has substantially complied with the recommendations set out in the Code.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Clear Functions of the Board and Management

The Board's principal role is overseeing the overall strategic direction, development and control of the Group in an effective and responsible manner. The role of Management is to run the general business operations and activities and manage the Group's financial matters in accordance with established delegated authority from the Board. In discharging its stewardship, the Board is constantly mindful of safeguarding the interests of all stakeholders.

Clear Roles and Responsibilities

The Board assumes the following responsibilities, amongst others:

- reviewing and adopting a strategic plan for the Company
- overseeing the conduct of the Company's business
- identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures
- succession planning
- reviewing the adequacy and integrity of management information and internal controls system of the Company
- establish and ensure the effective functioning of the various board committees.

Key matters reserved for the Board's deliberation and decision include the following:-

- approval of financial results
- dividend policy
- major investment or divestment of businesses
- provision of corporate guarantees or indemnities
- annual budget and business plan
- acquisition or disposal of material fixed assets

The Board has delegated certain responsibilities to several Board Committees such as the Audit Committee, Nominating Committee and Remuneration Committee which operate within clearly defined terms of reference.

Code of Ethics

The Directors shall be guided by the Code of Ethics for Directors issued by the Companies Commission of Malaysia. The Directors shall observe the Code of Ethics in performance of their duties.

Strategies Promoting Sustainability

The Board promotes good Corporate Governance in the application of sustainability practices throughout the Company, the benefits of which are believed to translate into better corporate performance. A detailed report on sustainability activities, demonstrating the Company's commitment to the global environment, social, governance and sustainability agenda, appears in the Statement of Corporate Social Responsibility of this Annual Report.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (cont'd)

Access to Information and Advice

The Directors are provided with timely and relevant information, which includes quarterly and annual financial statements, board papers recommending business and operational proposals and decisions, corporate and business development plans, status reports and minutes of meetings so that they can maintain full and effective control over the strategic, financial, operational and compliance issues.

All Directors have access to the Group's senior management and the advice and services of the company secretary. If required, the Directors, whether as a full Board or in their individual capacity may take independent professional advice in the furtherance of their duties at the Company's expense.

Company Secretary

The Company Secretary plays an advisory role to the Board in relation to the Company's constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations. The Company Secretary also ensures that deliberations at the Board meetings are recorded in the minutes.

Board Charter

The Board Charter is available on the Company's website, www.picorp.com.my.

2. STRENGTHEN COMPOSITION

Nominating Committee

The Board has established a Nominating Committee comprising the following members:-

Chairman:	Datuk Abdul Hamid bin Sawal
Members:	Hassan bin Hussain
	Dato' Hajjah Rosnani binti Ibarahim

Appointments to the Board

The Nominating Committee makes independent recommendations for appointments to the Board. In making these recommendations, the Nominating Committee assesses the suitability of candidates, taking into account the character, integrity, competence, time commitment and other qualities of the candidates, before recommending their appointment to the Board for approval.

Activities of the Nominating Committee

Since its establishment on 26 February 2013, the Nominating Committee has assisted the Board in undertaking an annual assessment of the independence of Independent Directors and carried out an assessment on the effectiveness of the Board as a whole, the Committees of the Board and contribution of each individual Director. The assessment considered the contribution and performance of Directors on their competency, time commitment, integrity and experience in meeting the needs of the Group. The evaluation process involved a peer and self-review assessment. The Board considered the recommendations on the re-election of Directors based on the assessments conducted.

The Company does not have a policy on boardroom diversity, including gender diversity. In its selection for Board representation, the Company believes that the appointment of any Director should be based on merit, qualification and experience.

2. STRENGTHEN COMPOSITION (cont'd)

Re-election of Directors and re-appointment of Directors who are over the age of 70

In accordance with the Company's Articles, all Directors who are appointed by the Board may only hold office until the next following Annual General Meeting ("AGM") subsequent to their appointment and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that AGM. The Articles also provide that one-third of the Directors, or if their number is not three or a multiple of three, then the number nearest to one-third, are subject to retirement by rotation at every AGM but are eligible for re-election provided always that all Directors shall retire from office at least once in every three years.

Pursuant to Section 129 of the Companies Act, 1965, the office of a director of or over the age of 70 years becomes vacant at every AGM unless he is reappointed by a resolution passed at such an AGM of which no shorter notice than that required for the AGM has been given and the majority by which such resolution is passed is not less than three-fourths of all members present and voting at such AGM.

Remuneration Policies

The Board has established a Remuneration Committee. Its members are:

Chairman: Lee Weng Chong
Member: Datuk Abdul Hamid bin Sawal
Dato' Hajjah Rosnani binti Ibarahim

The Remuneration Committee recommends to the Board the remuneration framework and remuneration packages of Executive Deputy Chairman and Group Chief Executive Officer. The level of remuneration reflects the experience and level of responsibilities undertaken by the Executive Director. The determination of the fees of Non-Executive Directors is decided by the Board as a whole.

The aggregate remuneration of the Directors during the financial year ended 31 December 2013 is categorized into the appropriate components as follows:-

Type of Remuneration	Executive Directors RM	Non Executive Directors RM	Total RM
Fees	24,000	132,000	156,000
Salaries, allowances & Other emoluments	930,000	326,800	1,256,800
Pension costs - defined contributions plans	172,900	-	172,900
Pension costs - defined benefit plans	133,590	-	133,590
Benefits in kind	75,464	-	75,464
Total	**1,335,954**	**458,800**	**1,794,754**

2. STRENGTHEN COMPOSITION (cont'd)

Remuneration Bands	Number of Directors		Total
	Executive	Non-Executive	
Below RM 50,000*		1	1
RM 50,001 - RM 100,000		3	3
RM 100,001 - RM 150,000		1	1
Above RM 1,000,000	1		1
Total	1	5	6

3. REINFORCE INDEPENDENCE

Annual Assessment of Independence

The Board shall assess the independence of the Independent Directors annually, taking into account the individual Director's ability to exercise independent judgment at all times and to contribute to the effective functioning of the Board.

The Independent Directors are not employees and they do not participate in the day-to-day management as well as the daily business of the Company. They bring an external perspective, constructively challenge and help develop proposals on strategy, scrutinize the performance of Management in meeting approved goals and objectives, and monitor risk profile of the Company's business and the reporting of monthly business performance.

The Board has assessed the independence of the Independent Directors and is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interest of the Company.

Tenure of Independent Directors and shareholders' approval for the re-appointment of Independent Directors who have served more than 9 years

The Code recommends that the tenure of an Independent Director should not exceed nine (9) years cumulatively. Upon completion of the nine (9) years, an Independent Director may continue to serve on the board subject to his re-designation as a Non-Independent Director. Notwithstanding that Mr. Lee Weng Chong has served on the Board for more than nine (9) years, the Board proposes to retain his status as an Independent Director. The Board holds the view that a Director's independence cannot be determined arbitrarily with reference to a set period of time. The Group benefits from long serving Directors, such as Mr. Lee Weng Chong, who has a strong understanding of the Group's corporate history and business, has devoted sufficient time and commitment to discharge his responsibilities as an Independent Director.

The Board has assessed Mr. Lee Weng Chong to be independent in character and judgment, independent of management and free from any relationships or circumstances which are likely to affect or could appear to affect his judgment. The Board will table a proposal to retain Mr. Lee Weng Chong as an Independent Director for shareholders' approval at the upcoming AGM of the Company.

3. REINFORCE INDEPENDENCE (cont'd)

Separation of Positions of the Chairman and Group Chief Executive Officer ("CEO")

The positions of Chairman and CEO are held by two different individuals. The Chairman is responsible for the leadership of the Board and ensures effectiveness of the Board while the CEO, guided by the Executive Deputy Chairman, manages the day-to-day business and operations and also implements the Board's directives, strategies and policies. The distinct and separate roles, with a clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making.

Composition of the Board

The Board is made up of the Independent Non-Executive Chairman, the Executive Deputy Chairman, two (2) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Directors.

The Board has appointed Datuk Abdul Hamid bin Sawal as the Senior Independent Non-Executive Director to whom queries pertaining to the Company may be conveyed by shareholders. Datuk may be reached at dhamid@picorp.com.my

4. FOSTER COMMITMENT

Time Commitment

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities. During the year, five (5) Board Meetings were held and the attendance of the Board members is reflected as follows:-

Name of Director	Status of Directorship	Attendance
Datuk Abdul Hamid bin Sawal	Independent Non-Executive Chairman	5/5
Zaid bin Abdullah	Executive Deputy Chairman	5/5
Zaidah binti Mohd Salleh	Non-Independent Non-Executive Director	5/5
Hassan bin Hussain	Non-Independent Non-Executive Director	5/5
Lee Weng Chong	Independent Non-Executive Director	5/5
Dato' Hajjah Rosnani binti Ibarahim	Independent Non-Executive Director	5/5

To facilitate the Directors' time planning, an annual meeting calendar is prepared and circulated to update to them before the meeting of every year. It provides the scheduled dates for meetings of the Board and Board Committees as well as the AGM.

Directors' Training

All Directors have attended the Mandatory Accreditation Programme. The Directors shall be committed to continuous education to equip themselves with the broad knowledge and understanding of various provisions, rules, regulations and the latest development in the industries to effectively discharge their duties and obligations.

Further, as an integral part of orientation and education programme for Directors, the Management provides them with a comprehensive understanding of the operations of the Group through briefings on its operations, financial control systems and site visits. The Directors attended the following training during the financial year:

4. FOSTER COMMITMENT (cont'd)

1) Advocacy Sessions on Corporate Disclosure for Directors, 20 June and 21 Aug 2013, Bursa Malaysia.

All Directors are encouraged to attend further training that may be required from time to time to keep them abreast with the current developments of the industry as well as the current changes in laws and regulations where appropriate.

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

Compliance and Applicable Financial Reporting Standards

It is the commitment of the Board to provide a balanced, clear and meaningful assessment of the Group's financial performance and prospects. As such, the Board ensures that the quarterly result announcements are made on a timely basis and that the annual financial statements of the Group are made out in accordance with the applicable approved accounting standards and the provisions of the Companies Act, 1965.

The Board is assisted by the Audit Committee in overseeing the Group's financial reporting process to ensure accuracy, adequacy of all relevant information of disclosure and quality of the financial reporting. The financial statements and quarterly results are reviewed by the Audit Committee and approved by the Board before releasing to Bursa Securities. The Board has taken due care and reasonable steps to ensure that the requirement of accounting standards and relevant regulation were fully complied.

Assessment of Suitability and Independence of External Auditors

The Board has maintained an appropriate and transparent relationship with the External Auditors through the Audit Committee. The Audit Committee has been explicitly accorded the power to communicate directly with both the External Auditors and Internal Auditors. Both the External Auditors and Internal Auditors are invited to attend the Audit Committee Meetings to facilitate the exchange of view on issues requiring attention.

A full Audit Committee report is set out on pages 38 to 39 of this Annual Report.

6. RECOGNISE AND MANAGE RISKS

Sound Framework to Manage Risk

The Board acknowledges that it is responsible for maintaining a sound system of internal control to safeguard shareholders' investment and the Group's assets as required by the Code. The Group adheres to Bursa Securities' Statement on Internal Control; Guideline for Directors of Listed Issuer, as guidance for compliance with these requirement.

The Group's Statement on Risk Management and Internal Control is set out on pages 40 to 41 of this Annual Report.

Internal Audit Function

The Board acknowledges the importance of the internal audit function and has outsourced to consultant, as part of its efforts in ensuring that the Group's systems of internal control are adequate and effective. The internal audit activities of the Group are carried out according to an annual audit plan approved by the Audit Committee.

The internal audit function was performed by an external consultant during the year to identify and assess the principal risks and to review the adequacy and effectiveness of the internal controls of the Group. Areas for improvement were highlighted and the implementation of recommendations was monitored. The results of the internal audit assessment are reported periodically to the Audit Committee.

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Corporate Disclosure Policies

The Company recognises the value of transparent, consistent and coherent communications with investment community consistent with commercial confidentiality and regulatory considerations. The Company aims to build long-term relationships with shareholders and potential investors through appropriate channels for the management and disclosure of information. These investors are provided with sufficient business, operations and financial information on the Group to enable them to make informed investment decision.

The Company is guided by the Corporate Disclosure Guide issued by Bursa Securities with the consultation of the Company Secretary, advisers and/or other service providers. However, the Board of Directors will review the necessity for formalising an internal corporate disclosure policies and procedures if required.

Leverage on Information Technology for Effective Dissemination of Information

The Company's website incorporates an Investor Relations section which provides all relevant information on the Company and is accessible by the public. This Investor Relations section enhances the Investor Relations function by including all announcements made by the Company. The announcement of the quarterly financial results is also made via Bursa Link immediately after the Board's approval. This is important in ensuring equal and fair access to information by the investing public.

8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

Encourage Shareholder Participation at General Meetings

The Company provides information to the shareholders with regard to, amongst others, details of the AGM, their entitlement to attend the AGM, the right to appoint a proxy and also the qualifications of a proxy.

To further promote participation of members through proxy(ies), which is in line with the insertion of Paragraph 7.21 of the Main Market Listing Requirements, the Company had amended its Articles of Association to include explicitly the right of proxies to speak at general meetings, to allow a member who is an exempt authorized nominee to appoint multiple proxies for each omnibus account it holds and expressly disallow and restriction on proxy's qualification.

Encourage Poll Voting

At the commencement of the AGM, the Chairman shall inform the shareholders the substantive resolutions put forth for shareholders' approval and encourage the voting of all substantive resolutions by polling pursuant to the Code. To assist the shareholders in exercising their rights, the Chairman shall read out the provisions of the Articles of Association on the shareholders' right to demand a poll vote.

Effective Communication and Proactive Engagement

The Board acknowledges the need of its shareholders and potential investors to be informed of the Group's performance and major developments. As such, the Company ensures that the quarterly announcements of the Group's financial results are made on timely basis to provide its shareholders with an overview of the Group's performance and operations. In addition, general announcements and press releases are made to update the shareholders on any significant developments.

General meetings convened by the Company remains the principal avenue for the opportunity to communicate with all shareholders and provide forums for discussion between the Directors and shareholders. Shareholders are encouraged to participate, seek clarification and make suggestions during the AGMs. The Company sends the Notice of AGM and Annual Report to shareholders at least twenty-one (21) days before the meeting.

Information on the Company and the Group's products and services is also available at the Company's website at www.picorp.com.my.

AUDIT COMMITTEE REPORT

The Audit Committee ("AC") was established to assist the Board in ensuring the effectiveness of the Group's system of internal control.

MEMBERS AND ATTENDANCE

The members of the AC, appointed by the Board, and the details of their attendance of meetings during the year are as follows:

• Lee Weng Chong (Chairman / Independent Non-Executive Director)	5/5
• Zaidah binti Mohd Salleh (a member of the Malaysian Institute of Accountants) (Non-Independent Non-Executive Director)	5/5
• Datuk Abdul Hamid bin Sawal (Independent Non-Executive Director)	5/5

There were five meetings held during the financial year. The Executive Deputy Chairman, Group Chief Executive Officer and representatives of the external auditors and internal auditors attended some of the meetings by invitation to brief the Committee on specific issues.

SUMMARY OF TERMS OF REFERENCE

The AC shall, in accordance with the procedures determined by the Board and at the cost of the Company:-

(a) have authority to investigate any matter within its Terms of Reference;
(b) have the resources which the AC requires to perform its duties;
(c) have full and unrestricted access to any information which the AC requires in the course of performing its duties;
(d) have direct communication channels with the external auditors and persons carrying out the internal audit function;
(e) be able to obtain independent professional or other advice in the performance of its duties at the cost of the Company; and
(f) be able to convene meetings with the external auditors, internal auditors or both without the attendance of other directors and employees of the Company, whenever deemed necessary.

The main duties and responsibilities of the AC, amongst others, are as below:-

(a) To review the nomination of external auditors and the external audit fee;
(b) With the external auditors, the audit scope and plan;
(c) With the external auditors, the evaluation of the systems of internal control;
(d) To review quarterly results and year-end financial statements of the Company, prior to approval by the Board, focusing particularly on:-
  - compliance with accounting standards and legal/regulatory requirements;
  - changes in or implementation of major accounting policies changes;
  - significant issues and unusual events.
(e) With the external auditors, the auditors' report;
(f) To review any management letter sent by the external auditors to the Company and Management's response to such letter;
(g) To discuss problems and reservations arising from the interim and final audits, and any matters the external auditors may wish to discuss;
(h) To review and monitor suitability and independence of the external auditors;
(i) To review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;

SUMMARY OF TERMS OF REFERENCE (cont'd)

(j) To review the internal audit programme and results of the internal audit process or investigation undertaken and whether or not appropriate action is taken on the recommendation of the internal audit function;

(k) To review on all areas of significant financial risk and the arrangements in place to contain those risks to acceptable levels;

(l) To review any appraisal or assessment of the performance of the internal auditors;

(m) To review any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;

(n) Assist the Board in identifying the principal risks in the achievement of the Company's objectives and ensuring the implementation of appropriate systems to manage these risks;

(o) To report to Bursa Securities on any matter reported by it to the Board of the Company which has not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Securities; and

The full Terms of Reference of the AC can be obtained from www.picorp.com.my.

SUMMARY OF ACTIVITIES OF THE AC

The activities of the AC during the financial year included the following:-

1. Reviewed the quarterly and annual financial statements and ensured that the financial reporting and disclosure requirements had been complied with before recommending them for the approval of the Board.

2. Met with the external auditors and discussed the nature and scope of the audit, considered any significant changes in accounting and auditing issues and reviewed pertinent issues resulting from the audit of the financial statements.

3. Reviewed the internal audit reports prepared by the external independent professional services firm, the findings and management action plan's status.

4. Reviewed and approved the minutes of the Committee meetings.

5. Reviewed the recurrent related party transactions of the Group.

INTERNAL AUDIT FUNCTION

The Company has outsourced its internal audit function to an external consultant. The internal audit review of the Company's operations encompasses an independent assessment of the Company's compliance with its internal controls and makes recommendations for improvements.

The outsourced internal audit function provides independent and objective advice on the effectiveness of the Group's internal control to the AC and thereafter to the management.

During the financial year, the outsourced internal audit functions conducted independent reviews and evaluated risk exposures relating to the major components' operations and information systems as follows:-

- Effectiveness and efficiency of operations;
- Reliability of financial and operational information; and
- Extent of compliance with the established policies, procedures, laws and regulations.

At the conclusion of the various audits carried out, the weaknesses, the recommended corrective action to be taken together with the management's response were highlighted to the AC. Subsequently, a follow-up reviews were conducted to ensure that corrective actions were accordingly implemented by the management. Total cost incurred to carry out the internal audit function in the financial year was RM76,393.00.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

This Statement on Risk Management and Internal Control is made pursuant to paragraph 15.26(b) of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") for the MAIN Market. The Board of Directors ("the Board") of Progressive Impact Corporation Berhad ("PICORP" or "the Company") is pleased to present below its Statement on Risk Management and Internal Control as a group for the financial year under review up to the date of this report, prepared in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines").

BOARD RESPONSIBILITY

The Board recognises the importance of good risk management practices and sound internal controls as a platform to good corporate governance. The Board acknowledges its overall responsibility for maintaining a sound system of risk management and internal control, and for reviewing its adequacy and integrity. Due to the inherent limitations in any risk management and internal control system, such system put into effect by Management is designed to manage rather than eliminate risks that may impede the achievement of the Group's business objectives. Therefore, the risk management and internal control system can only provide reasonable and not absolute assurance against material misstatement or loss.

Notwithstanding the above, the Board has also received assurance from the Group Chief Executive Officer and Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects.

KEY ELEMENTS OF INTERNAL CONTROL

Key elements of the Group's risk management and internal control system that have been established to facilitate the proper conduct of the Group's businesses are described below:-

1. Risk Management

The Board is dedicated to strengthening the Group's risk management framework to manage its key business risks within the Group and to implement appropriate risk management and internal control system to manage its significant risks. Significant risks that affect the Group's business objectives have been continually monitored and any new significant risk identified are subsequently evaluated and managed.

Whilst the Board maintains ultimate control over risk and control issues, it has been delegated to Executive Management the implementation of the system of risk management and internal control within an established parameters and framework. The responsibility for managing the risks of each department lies with the respective heads of subsidiaries and it is during the periodic management meetings, implemented risk management activities that manage the Group's significant risks are communicated to Executive Director and Senior Management.

Monthly Management Meetings are held to discuss significant risks and the appropriate risk mitigation measures. Significant risks affecting the Group's strategic and business plans are escalated to the Board at their scheduled meetings.

2. Internal Control System

- **Organisation Structure & Authorisation Procedures**
  The Group maintains a formal organisational structure that includes clear delegation of responsibilities and accountability. It sets out the roles and responsibilities, appropriate authority limits, review and approval procedures within the internal control system of the Group's various business units.

KEY ELEMENTS OF INTERNAL CONTROL (cont'd)

- **Periodical and/or Annual Budget**
  An annual budget is prepared by management and tabled to the Board for approval. Periodic monitoring is carried out to measure the actual performance against budget in order to identify any significant variances arising and to facilitate the formulation and implementation of remedial action plans.

- **Group Policies and Procedures**
  Documented policies and procedures are in place and regularly reviewed and updated so as to ensure that it maintains its effectiveness and continues to support the Group's business activities as the Group continues to grow.

- **Human Resource Policy**
  Comprehensive guidelines on employment and retention of employees are in place to ensure that the Group has a team of employees who are well trained and equipped with the necessary knowledge, skills and abilities to carry out their responsibilities effectively.

- **Information and Communication**
  Information critical to the achievement of the Group's business objectives are communicated through established reporting lines across the Group. This is to ensure that matters that require the Board and Senior Management's attention are highlighted for review, deliberation and decision on a timely basis.

- **Monitoring and Review**
  Scheduled operational and management meetings are held to discuss and review the business plans, budgets, financial and operational performances of the Group. Monthly management accounts containing key financial results, operational performances and comparison of actual performances against budgets are presented to the management team for monitoring and review. The quarterly financial statements are presented to the Board for their review and approval. The Board also plays an active role in deliberating and reviewing the business plans, strategies, performance and risks faced by the Group.

3. Internal Audit Function

The Group's internal audit function is outsourced to a professional services firm to assist the Board and Audit Committee in providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system.

During the financial year ended 31 December 2013, internal audit reviews were carried out in accordance with the approved risk based internal audit plan. Findings from the internal audit reviews, including the recommended corrective actions, were presented to the Audit Committee in their scheduled meetings. In addition, follow up reviews were also conducted to ensure that corrective actions have been implemented on a timely manner.

Based on the internal audit review conducted, none of the weaknesses noted have resulted in any material losses, contingencies or uncertainties that would require a separate disclosure in this annual report.

CONCLUSION

The Board is of the view that the Group's system of internal control is adequate to safeguard shareholders' investments and the Group's assets. However, the Board is also cognizant of the fact that the Group's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board will, when necessary, put in place appropriate action plans to further enhance the system of internal control and risk management framework.

This statement was approved by the Board of Directors on 21 April 2014.

STATEMENT OF THE DIRECTORS' RESPONSIBILITY

The Companies Act, 1965 ("Act") requires the Directors to prepare financial statements for each financial year which gives a true and fair view of the state of affairs of the Company and the Group for that period. As required by the Act and the Main Market Listing Requirements of Bursa Securities, the financial statements have been prepared in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Act.

In preparing the financial statements for the year ended 31 December 2013, the Directors have:-

- adopted suitable accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- ensured applicable accounting standards have been followed; and
- prepared the financial statements on a going concern basis.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at all times the financial position of the Group and of the Company and to enable them to ensure that the financial statements comply with the Act. The Directors are also responsible for safeguarding the assets of the Group and the Company and, hence, for taking reasonable steps in the prevention and detection of fraud and other irregularities.

ADDITIONAL COMPLIANCE INFORMATION

1. Utilisation of Proceeds

No proceeds were raised by the Company from any corporate proposal during the financial year ended 31 December 2013.

2. Share Buybacks

There were no share buybacks by the Company during the financial year.

3. Options, Warrant or Convertible Securities

There were no options, warrants or convertible securities issued by the Company during the financial year. The Company did not have an Employee Share Scheme in existence during the financial year.

4. Recurrent Related Party Transactions ("RRPT")

The breakdown of aggregate value of transactions conducted during the financial year is as follows:-

Company involved	Transacting Parties	Categories of Recurrent Transactions	Actual value transacted (RM)	Interested Directors / Major Shareholders and persons connected to them
Alam Sekitar Eco-Technology Sdn Bhd ("ASET")	Progressive Impact Technology Sdn Bhd ("PITECH")	Provision of engineering services to ASET	Nil	PITECH is a company in which Zaid Bin Abdullah ("Zaid") and Zaidah Binti Mohd Salleh ("Zaidah") are directors with shareholdings of 72% in PITECH held through Zaiyadal Keluarga Sdn Bhd ("ZKSB"), Hassan Bin Hussain ("Hassan") is a director with with shareholdings of 18% held by his family and Johar Bin Yusof ("Johar") is a director with 10% interest in PITECH.
Alam Sekitar Malaysia Sdn Bhd ("ASMA")	PITECH	Provision of engineering services to ASMA	Nil	
ASMA	PITECH	Provision of environment consulting services to PITECH	Nil	
ALS Technichem (M) Sdn Bhd	PITECH	Provision of lab testing services to PITECH	Nil	
Vertical Plus Sdn Bhd ("Vertical Plus")	PITECH	Rental of 4,922 sq. ft of office space in MERCU PICORP, Lot 10, Jalan Astaka U8/84, Bukit Jelutong, 40150 Shah Alam to PITECH	124,034	
ASET	Foxboro (M) Sdn Bhd ("Foxboro")	Provision of engineering services to ASET	Nil	Foxboro is a company in which Zaid, Zaidah, Hassan and Johar are Directors with shareholdings of 51% held through PITECH.
ASMA	Foxboro	Provision of engineering services to ASMA	Nil	
Vertical Plus	Foxboro	Rental of 18,693 sq. ft. of office space in MERCU PICORP, Lot. 10 Jalan Asaka U8/84, Bukit Jelutong, 40150 Shah Alam to Foxboro #	471,064	
Progressive Impact Corporation Berhad ("PICORP")	Untung Aquaculture Sdn Bhd ("Untung Aqua")	Rental of 22.5 acres of leasehold land located at Lot No. PT 7605, Mukim of Lumut, Manjung, Perak to Untung Aqua	22,800	Untung Aqua is a company in which Zaid and Zaidah are Directors with 100% interest in Untung Aqua held through ZKSB.

Company involved	Transacting Parties	Categories of Recurrent Transactions	Actual value transacted (RM)	Interested Directors / Major Shareholders and persons connected to them
Vertical Plus	Rohrback Cosasco Systems Sdn Bhd ("Rohrback")	Rental of 2,151 sq. ft of office space in MERCU PICORP, Lot 10, Jalan Astaka U8/84, Bukit Jelutong, 40150 Shah Alam to Rohrback	54,206	Rohrback is a company in which Zaid, Hassan and Johar are directors. Rohrback is a wholly-owned subsidiary of Progressive Advance Technology Sdn Bhd which in turn is wholly owned by PITECH
Progressive Uni San International Sdn Bhd ("PUI")	Uni San Pol Company Ltd ("Uni San")	Provision of waste water treatment solution by Uni San	Nil	Uni San holds 50% equity in PUI. Apichai Yaibuathes and Uthai Yaibuathes, Directors of PUI are major shareholders in Uni San.
ASET	Uni San	Provision of waste water treatment solution by Uni San	788,294	

5. Depository Receipt Programme

During the financial year ended 31 December 2013, the company did not sponsor any Depository Receipt programme.

6. Imposition of Sanctions / Penalties

There were no sanctions and/or penalties imposed on the company and its subsidiary, Directors or Management by the regulatory bodies.

7. Profit Guarantee

There were no profit guarantee given in respect of the Company for the financial year.

8. Material Contracts

There were no material contracts entered into by the Company or its subsidiaries involving Directors' and major shareholders' interest during the financial year during ended 31 December 2013.

9. Revaluation of Landed Properties

The Group has adopted a revaluation policy where it will revalue its landed properties once in every 5 years.

10. Non-Audit Fees

There were no non-audit fees incurred for services rendered to the Company and its subsidiaries during the financial year by the Company's auditors or a company affiliated to the auditor's firm.

11. Variation in Results

There was no material variation between the reported unaudited and audited financial results for the financial year ended 31 December 2013.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and the provision of management and administrative services to its subsidiaries.

The principal activities of the subsidiaries are described in Note 14(a) to the financial statements.

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

RESULTS

	Group RM	Company RM
Profit net of tax	23,763,500	6,444,244
Attributable to:		
Owners of the parent	15,845,878	6,444,244
Non-controlling interest	7,917,622	-
	23,763,500	6,444,244

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

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

DIVIDENDS

The amount of dividends paid by the Company since 31 December 2012 were as follows:

	RM
In respect of the financial year ended 31 December 2012 as reported in the directors' report of that year:	
Final dividend of 0.76 sen per share less 25% taxation, on 658,000,000 ordinary shares, approved by shareholders on 23 May 2013 and paid on 14 June 2013	3,750,600
In respect of the financial year ended 31 December 2013:	
Interim dividend of 0.60 sen per share less 25% taxation, on 658,000,000 ordinary shares, approved on 29 August 2013 and paid on 30 September 2013	2,961,000

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2013 of 0.65 sen per share on 658,000,000 ordinary shares amounting to a dividend payable of RM4,277,000 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the next financial year ending 31 December 2014.

DIRECTORS

The names of the Directors of the Company in office since the date of the last report and at the date of this report are:

Zaid bin Abdullah
Zaidah bt Mohd Salleh
Hassan bin Hussain
Lee Weng Chong
Datuk Abdul Hamid bin Sawal
Dato' Hajjah Rosnani bt Ibarahim

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefits (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors or

DIRECTORS' BENEFITS (CONT'D.)

the fixed salary of a full time employee of the Company as shown in Note 7 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member or with a company in which the Director has a substantial financial interest, except as disclosed in Note 32 to the financial statements.

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM0.10 each			
	1.1.2013	**Acquired**	**Sold**	**31.12.2013**
The Company				
Direct interest:				
Zaid bin Abdullah*	45,725,100	2,200,000	-	47,925,100
Zaidah bt Mohd Salleh*	8,668,000	-	-	8,668,000
Lee Weng Chong	1,050,000	-	-	1,050,000
Hassan bin Hussain	4,500,000	-	(500,000)	4,000,000
Indirect interest:				
Zaid bin Abdullah and Zaidah bt Mohd Salleh	308,903,000	-	(5,597,278)	303,305,722
Hassan bin Hussain	16,000,000	-	(16,000,000)	-

* Both of these Directors are in a spousal relationship

	Number of ordinary shares of RM0.10 each			
	1.1.2013	**Acquired**	**Sold**	**31.12.2013**
Subsidiary - ALS Technichem (M) Sdn. Bhd.				
Direct:				
Zaid bin Abdullah	9,000	-	-	9,000

All the Directors, by virtue of their interest in the shares of the Company, are deemed interested in the shares of all the Company's subsidiaries to the extent the Company has an interest.

OTHER STATUTORY INFORMATION

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

   (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and

   (ii) to ensure that any current assets which were unlikely to realise their value 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 which would render:

   (i) it necessary to write off any bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and

   (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the Directors are not aware of any circumstances 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.

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

(e) As at the date of this report, there does not exist:

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

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

(f) In the opinion of the Directors:

   (i) no contingent 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 when they fall due; and

   (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is 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.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 21 April 2014.

Zaid bin Abdullah

Hassan bin Hussain

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Zaid bin Abdullah and Hassan bin Hussain, being two of the Directors of Progressive Impact Corporation Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 53 to 125 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and 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 2013 and of their financial performance and cash flows for the year then ended.

The information set out in Note 36 to the financial statements on page 126 have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 21 April 2014.

Zaid bin Abdullah **Hassan bin Hussain**

STATUTORY DECLARATION

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

I, Nadzrah Hashim, being the officer primarily responsible for the financial management of Progressive Impact Corporation Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 53 to 126 are in my opinion, 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 Nadzrah Hashim
at Kuala Lumpur in Wilayah Persekutuan
on 21 April 2014.

Nadzrah Hashim

Before me,

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PROGRESSIVE IMPACT CORPORATION BERHAD (INCORPORATED IN MALAYSIA)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Progressive Impact Corporation Berhad, which comprise statements of financial position as at 31 December 2013 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 year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 53 to 125.

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2013 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International 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 subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 14(a) to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 36 on page 126 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

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

Ernst & Young
AF: 0039
Chartered Accountants

Muhammad Affan Bin Daud
No. 3063/02/16(J)
Chartered Accountant

Kuala Lumpur, Malaysia
21 April 2014

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	Group		Company	
		2013	2012	2013	2012
		RM	RM	RM	RM
Revenue	4	96,806,690	89,403,814	11,965,000	10,930,000
Other income	5	5,772,364	6,069,844	421,752	4,693,697
Staff costs	6	(22,241,930)	(21,256,298)	(4,038,000)	(3,930,667)
Raw materials and consumables used		(26,176,805)	(26,910,570)	-	-
Depreciation and amortisation		(5,352,826)	(5,234,523)	(179,144)	(317,266)
Other operating expenses		(15,421,359)	(19,863,090)	(1,999,021)	(3,079,659)
Profit from operations		33,386,134	22,209,177	6,170,587	8,296,105
Finance costs	8	(460,365)	(1,476,436)	(3,076)	(252)
Share of loss of an associate		-	(1,792,134)	-	-
Profit before tax	9	32,925,769	18,940,607	6,167,511	8,295,853
Taxation	10	(9,162,269)	(7,640,935)	276,733	(116,065)
Profit net of tax		23,763,500	11,299,672	6,444,244	8,179,788
Other comprehensive income:					
Foreign currency translation		(2,882,910)	881,361	-	-
Other comprehensive income for the year, net of tax		(2,882,910)	881,361	-	-
Total comprehensive income for the year		20,880,590	12,181,033	6,444,244	8,179,788
Profit attributable to:					
Owners of the parent		15,845,878	7,101,414	6,444,244	8,179,788
Non-controlling interest		7,917,622	4,198,258	-	-
		23,763,500	11,299,672	6,444,244	8,179,788
Total comprehensive income attributable to:					
Owners of the parent		14,083,739	7,813,702	6,444,244	8,179,788
Non-controlling interest		6,796,851	4,367,331	-	-
		20,880,590	12,181,033	6,444,244	8,179,788
Earnings per share (sen) attributable to owners of the parent					
Basic/Diluted	11	2.4	1.1		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
ASSETS					
Non current assets					
Property, plant and equipment	12	58,789,787	58,068,821	467,253	829,519
Investment properties	13	25,889,255	26,445,251	371,540	381,860
Investment in subsidiaries	14	-	-	3,296,524	3,153,524
Prepaid land lease payment	15	300,000	325,000	300,000	325,000
Intangible assets	16	13,583,526	13,583,526	-	-
Deferred tax assets	28	2,093,949	1,845,634	196,321	-
		100,656,517	100,268,232	4,631,638	4,689,903
Current assets					
Inventories	17	768,455	1,859,065	-	-
Trade and other receivables	18	38,228,758	36,979,797	72,838,293	71,666,170
Amount due from customer on contract	19	1,461,445	-	-	-
Tax recoverable		1,705,901	2,901,703	1,470,923	2,413,947
Investment in unit trusts	20	28,357	26,358	28,357	26,358
Cash and bank balances	21	16,903,830	28,452,925	2,300,124	2,218,966
		59,096,746	70,219,848	76,637,697	76,325,441
Total assets		159,753,263	170,488,080	81,269,335	81,015,344
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other payables	22	21,259,218	23,225,681	1,773,110	1,536,431
Amount due to customer on contract	19	-	166,597	-	-
Short term borrowings	23	3,027,609	22,100,471	466,318	233,769
Taxation		703,686	1,493,146	-	-
		24,990,513	46,985,895	2,239,428	1,770,200
Non current liabilities					
Retirement benefit obligation	24	739,302	579,030	391,962	258,370
Deferred tax liabilities	28	2,425,449	2,009,146	-	81,473
		3,164,751	2,588,176	391,962	339,843
Total liabilities		28,155,264	49,574,071	2,631,390	2,110,043

		Group		Company	
	Note	2013	2012	2013	2012
		RM	RM	RM	RM
EQUITY AND LIABILITIES (cont'd.)					
Equity attributable to owners of the parent					
Share capital	25	65,800,000	65,800,000	65,800,000	65,800,000
Share premium		170,290	170,290	170,290	170,290
Other reserves	26	(1,110,395)	651,744	-	-
Retained earnings	27	45,393,588	36,554,186	12,667,655	12,935,011
		110,253,483	103,176,220	78,637,945	78,905,301
Non-controlling interest		21,344,516	17,737,789	-	-
Total equity		131,597,999	120,914,009	78,637,945	78,905,301
Total equity and liabilities		159,753,263	170,488,080	81,269,335	81,015,344

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013

Group	Note	Attributable to equity holders of the Company — Non-distributable: Share capital RM (Note 25)	Non-distributable: Share premium RM	Non-distributable: Other reserves RM (Note 26)	Distributable: Retained earnings RM (Note 27)	Total RM	Non-controlling interest RM	Total equity RM
At 1 January 2013		65,800,000	170,290	651,744	36,554,186	103,176,220	17,737,789	120,914,009
Total comprehensive income		-	-	(1,762,139)	15,845,878	14,083,739	6,796,851	20,880,590
Transactions with owners								
Acquistion of non-controlling interests		-	-	-	(294,876)	(294,876)	294,876	-
Dividends paid to non-controlling interest		-	-	-	-	-	(3,485,000)	(3,485,000)
Dividends	29	-	-	-	(6,711,600)	(6,711,600)	-	(6,711,600)
At 31 December 2013		65,800,000	170,290	(1,110,395)	45,393,588	110,253,483	21,344,516	131,597,999
At 1 January 2012		65,800,000	170,290	(239,158)	32,631,377	98,362,509	16,240,457	114,602,966
Total comprehensive income		-	-	712,288	7,101,414	7,813,702	4,367,331	12,181,033
Transfer		-	-	178,614	(178,614)	-	-	-
Transactions with owners						-		
Dividends paid to non-controlling interest		-	-	-	-	-	(2,869,999)	(2,869,999)
Dividends	29	-	-	-	(2,999,991)	(2,999,991)	-	(2,999,991)
At 31 December 2012		65,800,000	170,290	651,744	36,554,186	103,176,220	17,737,789	120,914,009

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013

Company	Note	Share capital RM (Note 25)	Non Distributable Share premium RM	Distributable Retained earnings RM (Note 27)	Total equity RM
At 1 January 2013		65,800,000	170,290	12,935,011	78,905,301
Total comprehensive income		-	-	6,444,244	6,444,244
Transaction with owners					
Dividends	29	-	-	(6,711,600)	(6,711,600)
At 31 December 2013		65,800,000	170,290	12,667,655	78,637,945
At 1 January 2012		65,800,000	170,290	7,755,214	73,725,504
Total comprehensive income		-	-	8,179,788	8,179,788
Transaction with owners					
Dividends	29	-	-	(2,999,991)	(2,999,991)
At 31 December 2012		65,800,000	170,290	12,935,011	78,905,301

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Cash flows from operating activities					
Profit before taxation		32,925,769	18,940,607	6,170,587	8,295,853
Adjustments for:					
Depreciation		5,327,826	5,209,523	154,144	292,266
Property, plant and equipment written off		111,894	-	111,894	-
Share of loss of associate		-	1,792,134	-	-
Amortisation of prepaid lease rental		25,000	25,000	25,000	25,000
Provision for retirement benefit obligations		160,272	454,251	133,591	133,591
(Gain)/loss on disposal of property, plant and equipment, net		(3,011,168)	82,907	423	(686,523)
Gain on disposal of investment in associate		-	(4,983,806)	-	(3,473,806)
Impairment of trade receivables		1,031,713	634,567	-	185,617
Reversal of impairment of trade receivables		(1,191,466)	-	(146,185)	-
Foreign exchange (gain)/loss		(319,234)	2,264,650	(245,417)	1,335,302
Finance cost		460,365	1,476,436	3,076	252
Gross dividends received		-	-	(11,965,000)	(10,930,000)
Profit income from deposits		(393,449)	(828,654)	(115,531)	(78,451)
Impairment of goodwill		-	401,496	-	-
Impairment in investment of subsidiary		-	-	457,000	-
Operating profit/(loss) before working capital changes		35,127,522	25,469,111	(5,416,418)	(4,900,899)
Working capital changes:					
Increase in receivables		(1,228,216)	(19,453,281)	(299,987)	(25,951,114)
Decrease/(increase) in inventories and work-in-progress		1,090,610	(263,775)	-	-
(Decrease)/increase in payables		(2,087,399)	(7,929,567)	836,034	3,057,713
Cash generated from/(used in) operations (carried forward)		32,902,517	(2,177,512)	(4,880,371)	(27,794,300)

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Cash flows from operating activities (cont'd.)					
Cash generated from/(used in) operations (brought forward)		32,902,517	(2,177,512)	(4,880,371)	(27,794,300)
Financing cost paid		(460,365)	(1,476,436)	(3,076)	(252)
Taxation paid		(2,471,687)	(3,595,235)	-	-
Net cash generated from/ (used in) operating activities		29,970,465	(7,249,183)	(4,883,447)	(27,794,552)
Cash flows from investing activities					
Proceeds from disposal of property, plant and equipment		6,400,602	13,183,315	164,500	4,148,603
Purchase of property, plant and equipment		(7,799,428)	(43,931,892)	(58,375)	(39,489)
Addition of investment in a subsidiary		-	-	(143,000)	-
Proceeds from disposal of investment properties		-	-	-	8,851,397
Proceeds from disposal of an associate		-	4,983,806	-	4,983,806
Acquisition of non-controlling interests		-	-	(600,000)	-
Net dividend received		-	-	11,965,000	7,000,000
Profits received from deposits		393,449	828,654	115,531	78,451
Net cash (used in)/generated from investing activities		(1,005,377)	(24,936,117)	11,443,656	25,022,768
Cash flows from financing activities					
Repayment of borrowings		(11,919,971)	(1,826)	-	-
Dividend paid		(6,711,600)	(2,999,991)	(6,711,600)	(2,999,991)
Dividend to non-controlling interest		(3,485,000)	(2,869,999)	-	-
Net cash used in financing activities		(22,116,571)	(5,871,816)	(6,711,600)	(2,999,991)

STATEMENTS OF CASH FLOWS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Note	Group		Company	
		2013	2012	2013	2012
		RM	RM	RM	RM
Net increase/(decrease) in cash and cash equivalents		6,848,517	(38,057,116)	(151,391)	(5,771,775)
Cash and cash equivalents at beginning of the year		7,290,193	45,347,309	1,985,197	7,756,972
Cash and cash equivalents at end of the year		14,138,710	7,290,193	1,833,806	1,985,197
Cash and cash equivalents:					
Cash and bank balances	21	16,903,830	28,452,925	2,300,124	2,218,966
Overdraft	23	(2,765,120)	(21,162,732)	(466,318)	(233,769)
		14,138,710	7,290,193	1,833,806	1,985,197

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Suite 5.02, Mercu PICORP, Lot 10, Jalan Astaka U8/84, Bukit Jelutong Business and Technology Centre, 40150 Shah Alam, Selangor Darul Ehsan.

The principal activities of the Company are that of investment holding and the provision of management and administrative services to its subsidiaries.

The principal activities of the subsidiaries are described in Note 14(a).

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

The financial statements were authorised for issue by the Board of Directors in accordance with the resolution of the Directors on 21 April 2014.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The financial statements of the Group and the Company have been prepared under the historical basis, unless otherwise disclosed in the significant accounting policies.

The financial statements are presented in Ringgit Malaysia (RM).

As of 1 January 2013, the Group and the Company had adopted new, amendments and revised MFRS (collectively referred to as "pronouncements") that have been issued by the Malaysian Accounting Standard Board ("MASB") as described fully in Note 2.3.

2.2 Summary of significant accounting policies

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at and for the year ended 31 December of each year.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are all entities (including structured entities) over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee by way of existing rights that give it the current ability to direct the relevant activities of the investee;

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (cont'd.)

(a) Basis of consolidation (cont'd.)

- Exposure, or rights, to variable returns from its involvement with the investee, and

- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including but not limited to:

- The contractual arrangement with the other vote holders of the investee.

- Rights arising from other contractual arrangements.

- The Group's voting rights and potential voting rights.

The Group re-assessed whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Non-controlling interest at the reporting period, being the portion of the net assets of the subsidiaries attributable to equity interest that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated statements of financial position and statement of changes in equity within equity, separately from equity attributable to the equity shareholders of the Company. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Acquisitions of subsidiaries are accounted for using the acquisition method of accounting. The identifiable assets acquired and the liabilities assumed are measured at their fair values at the acquisition date. Acquisition costs incurred are expensed and included in administrative expenses. The difference between these fair values and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition. The accounting policy for goodwill is set out in Note 2.2 (e). Discount on acquisition which represents negative goodwill is recognised immediately as income in profit or loss.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (cont'd.)

(a) Basis of consolidation (cont'd.)

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

Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their respective interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in shareholders' equity.

If the Group loses control over a subsidiary, at the date the Group loses control, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their respective carrying amounts.
- Derecognises the carrying amount of any non-controlling interest.
- Derecognises the cumulative translation differences recorded in equity.
- Recognises the fair value of the consideration or distribution received.
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in profit or loss.
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any impairment charges. Dividends received from subsidiaries are recorded as a component of revenue in the Company's separate profit or loss.

(b) Foreign currencies

(i) Functional and presentation currency

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (cont'd.)

(b) Foreign currencies (cont'd.)

(ii) Foreign currency transactions

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (cont'd.)

(b) Foreign currencies (cont'd.)

(ii) Foreign currency transactions (Cont'd.)

The principal exchange rates used for each respective unit of foreign currency ruling at the reporting date are as follows:

	2013 RM	2012 RM
United States Dollar	3.28	3.06
Saudi Riyal	0.87	0.82
Australian Dollar	2.93	3.18
Singapore Dollar	2.59	2.50
Indonesia Rupiah	0.03	0.03

(iii) Foreign operations

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

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

(c) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (cont'd.)

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

Subsequent to recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. Freehold 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 to ensure that the carrying amount does not differ materially from the fair value of the freehold land and buildings at the reporting date.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	2%-10%
Renovation	20%
Plant and machinery	12.5% - 20%
Motor vehicles	20%
Office equipment	20%
Furniture and fittings	20%

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

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

(d) Investment properties

Investment properties are measured at cost, including transaction costs, less accumulated depreciation and accumulated impairment losses, if any, consistent with the accounting policy for property, plant and equipment as stated in Note 2.2(c)

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (cont'd.)

(d) Investment properties (cont'd.)

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year 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. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.2(c) up to the date of change in use.

(e) Intangible assets

Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

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

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

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

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.2(b)(ii).

Goodwill and fair value adjustments which arose on acquisitions of foreign operation before 1 January 2006 are deemed to be assets and liabilities of the Company and are recorded in RM at the rates prevailing at the date of acquisition.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (cont'd.)

(f) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss. An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

(g) Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Group and the Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determines the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

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

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (cont'd.)

(g) Financial assets (cont'd.)

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

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss as part of other losses or other income.

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

The Group and the Company designate its investment in unit trusts as financial assets at fair value through profit or loss.

(ii) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

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

The Group and the Company designate trade and other receivables, amount due from customer on contract and cash and bank balances as loans and receivables.

(iii) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (cont'd.)

(g) Financial assets (cont'd.)

(iii) Held-to-maturity investments (cont'd.)

The Group and the Company did not have any held-to-maturity investments during the year ended 31 December 2013.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

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 assets 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 on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investment in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

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

The Group and the Company did not have any available-for-sale financial assets during the year ended 31 December 2013.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

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

(h) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (cont'd.)

(h) Impairment of financial assets (cont'd.)

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

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

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

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

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

(ii) Unquoted equity securities carried at cost

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (cont'd.)

(h) Impairment of financial assets (cont'd.)

(iii) Available-for-sale financial assets

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

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

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

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

(j) Construction contracts

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (cont'd.)

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a first-in first-out basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

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

(l) Provisions

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

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

(m) Financial liabilities

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

Financial liabilities, within the scope of MFRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

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

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (cont'd.)

(m) Financial liabilities (cont'd.)

(ii) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables, amount due to customer on contract 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.

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.

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

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

(n) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

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

(o) Share capital

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (cont'd.)

(p) Employee benefits

(i) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(ii) Defined benefit plan

The Group operates an unfunded, defined benefit Retirement Benefit Scheme ("the Scheme") for its eligible employees. The Group's obligations under the Scheme are determined based on the estimated amount of benefit that employees have earned in return for their service in the current and prior years. The benefit is discounted using the Projected Unit Credit Method in order to determine its present value.

Actuarial gains and losses arises mainly from changes in actuarial assumptions and differences between actuarial assumptions and what has actually occurred. Such gains and losses are credited or charged to the profit or loss over the expected average remaining working lives of the eligible employees participating in the Scheme.

(q) Leases

(i) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the 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 charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (cont'd.)

(q) Leases (cont'd.)

(i) As lessee (cont'd.)

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(ii) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

(r) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(i) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Rendering of services

Revenue from the installation of fire prevention equipment is recognised by reference to the stage of completion at the reporting date. Stage of completion is determined by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. Where the contract outcome cannot be measured reliably, revenue is recognised to the extent of the expenses recognised that are recoverable.

(iii) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.2(j).

(iv) Interest income

Interest income is recognised using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (cont'd.)

(r) Revenue (cont'd.)

(v) Management fees

Management fees are recognised when services are rendered.

(vi) Dividend income

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

(vii) Rental income

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

(s) Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the profit or loss except to the extent it relates to items recognised directly in equity, in which case it is recognised in equity.

(i) Current tax

Current tax expense is the expected tax payable on the taxable income for the period, using the statutory tax rate at the reporting date, and any adjustment to tax payable in respect of previous years.

(ii) Deferred tax

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

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

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (cont'd.)

(s) Taxation (cont'd.)

(ii) Deferred tax (cont'd.)

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

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

(iii) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (cont'd.)

(s) Taxation (cont'd.)

(iii) Sales tax (cont'd.)

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

(t) Financial guarantee contracts

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

(u) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 34, including the factors used to identify the reportable segments and the measurement basis of segment information.

(v) Contingencies

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

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

2.3 Changes in accounting policies and effects arising from adoption of new and revised MFRSs

As of 1 January 2013, the Group and the Company have adopted the following new and revised MFRSs and IC Interpretation, Amendments to MFRSs and IC Interpretation that have been issued by the Malaysia Accounting Standards Board ("MASB"):

MFRS and Amendments to MFRSs	Effective for annual periods beginning on or after
Amendments to MFRS 101 Presentation of Items of Other Comprehensive Income	1 July 2012
MFRS 3 Business Combinations (revised)	1 January 2013
MFRS 10 Consolidated Financial Statements	1 January 2013
MFRS 11 Joint Arrangements	1 January 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Changes in accounting policies and effects arising from adoption of new and revised MFRSs (cont'd.)

MFRS and Amendments to MFRSs	Effective for annual periods beginning on or after
MFRS 12 Disclosure of Interests in Other Entities	1 January 2013
MFRS 13 Fair Value Measurement	1 January 2013
MFRS 119 Employee Benefits	1 January 2013
MFRS 127 Separate Financial Statements	1 January 2013
MFRS 128 Investments in Associates and Joint Ventures	1 January 2013
MFRS 127 Consolidated and Separate Financial Statements (revised)	1 January 2013
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Annual Improvements 2009-2011 Cycle	1 January 2013
Amendments to MFRS 1 Government Loans	1 January 2013
Amendments to MFRS 10 Consolidated Financial Statements: Transition Guidance	1 January 2013
Amendments to MFRS 11 Joint Arrangements: Transition Guidance	1 January 2013
Amendments to MFRS 12 Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013

The adoption of the above MFRSs, Amendments to MFRSs and IC Interpretation did not have any significant financial impact to the Group and of the Company except for:

(i) MFRS 12: Disclosures of Interest in Other Entities

MFRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

(ii) MFRS 13 Fair Value Measurement

MFRS 13 replaces and expands the disclosure requirements about fair value measurements in other MFRS, including MFRS 7: Financial Instruments: Disclosures. MFRS 13: Fair Value Measurement establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other MFRS. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Upon adoption of MFRS 13 Fair Value Measurement, the Group and the Company had included additional disclosures about fair value measurement.

In accordance with the transitional provisions of MFRS 13: Fair Value Measurement, the Group and the Company has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 New and revised pronoucements yet in effect

The following new and revised MFRSs, amendments and IC interpretations (collectively referred to as "pronouncements") that have been issued by the Malaysian Accounting Standards Board will become effective in future financial reporting periods and have not been adopted by the Group and/or the Company:

MFRS and Amendments to MFRSs	Effective for annual periods beginning on or after
Amendments to MFRS 132 Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 10, MFRS 12 and MFRS 127 Investment Entities	1 January 2014
Amendments to MFRS 136 Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139 Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 Levies	1 January 2014
Amendments to MFRS 119 Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2010-2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011-2013 Cycle	1 July 2014
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009)	To be announced
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in October 2010)	To be announced
MFRS 9 Financial Instruments: Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139	To be announced

The adoption of the above pronouncements is not expected to have material impact on the financial statements of the Group and of the Company in the period of initial application.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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.

3.1 Judgements made in applying accounting policies

In the process of applying Group's accounting policies, management does not make any significant judgements which may have significant effort on the amount recognised in the financial statements.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D.)

3.2 Key sources of estimation uncertainty (cont'd.)

(i) Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value in use of the cash-generating units to which goodwill are allocated.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in the assumptions are given in Note 16.

(ii) Construction contracts

The Group recognises construction contracts revenue and expenses in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that construction costs incurred for work performed to date bear to the estimated total construction costs.

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

(iii) Impairment of loans and receivables

The Group and the Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. The carrying amount of the Group and the Company's loans and receivable at the reporting date is disclosed in Note 18.

(iv) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement and estimate is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These are dependant on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

The carrying amounts of the Group's recognised and unrecognised deferred tax assets are disclosed in Note 28.

4. REVENUE

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Provision of services	86,471,859	82,583,128	-	-
Construction contracts	6,834,614	4,436,191	-	-
Rental income	3,500,217	2,384,495	-	-
Dividend income from subsidiaries	-	-	11,965,000	10,930,000
	96,806,690	89,403,814	11,965,000	10,930,000

5. OTHER INCOME

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Rental income from investment properties	58,800	232,242	58,800	372,552
Net gains from disposal of investment in an associate	-	4,983,806	-	3,473,806
Profits received from deposits	393,449	828,654	115,531	78,451
Reversal of impairment of receivables	1,191,466	-	146,185	-
Gain on disposal of property, plant and equipment	3,011,168	-	-	686,523
Others	1,117,481	25,142	101,236	82,365
	5,772,364	6,069,844	421,752	4,693,697

6. STAFF COSTS

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Salaries, bonus and other emoluments	17,918,226	17,223,295	2,928,156	2,809,280
Social security costs	137,785	118,614	13,346	12,904
Pension costs:				
- defined contribution plan	1,721,836	1,699,762	430,915	506,154
- defined benefit plan	160,272	454,251	133,591	133,591
Other staff related expenses	2,303,811	1,760,376	531,992	468,738
	22,241,930	21,256,298	4,038,000	3,930,667

Included in staff costs of the Group and of the Company are Executive Directors' and Non-Executive Directors' remuneration amounting to RM1,832,583 (2012: RM2,001,131) and RM1,776,583 (2012: RM1,965,131) respectively as further disclosed in Note 7.

7. DIRECTORS' REMUNERATION

The details of remuneration receivable by Directors of the Company during the year are as follows:

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Executive:				
Salaries and other emoluments	840,000	856,000	840,000	856,000
Pension costs:				
- defined contribution plan	172,900	192,850	172,900	192,850
- defined benefit plan	133,591	133,591	133,591	133,591
Fees	36,000	30,667	24,000	18,667
Bonus	70,000	175,000	70,000	175,000
Benefits-in-kind	63,292	56,463	63,292	56,463
Other remuneration	20,000	16,000	20,000	16,000
	1,335,783	1,460,571	1,323,783	1,448,571
Non-executive:				
Fees	156,000	147,494	132,000	123,494
Other remuneration	340,800	393,066	320,800	393,066
	496,800	540,560	452,800	516,560
Total	1,832,583	2,001,131	1,776,583	1,965,131

7. DIRECTORS' REMUNERATION (CONT'D.)

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

	Number of Directors	
	2013	2012
Executive Directors:		
Above RM1,000,000	1	1
Non-Executive Directors:		
Below RM50,000	1	3
RM50,001 - RM100,000	3	2
RM100,001 - RM150,000	1	1
	6	7

8. FINANCE COSTS

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Profit charges on:				
Overdraft	460,365	1,476,436	3,076	252

9. PROFIT BEFORE TAX

Profit before tax is stated after charging/(crediting):

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Auditors' remuneration				
Statutory audits				
- Company's auditors	196,750	195,000	36,000	36,000
- Other auditors	91,418	42,177	28,378	-
Other services				
- Company's auditors	16,250	6,000	10,000	6,000
(Gain)/loss on disposal of property, plant and equipment	(3,011,168)	82,907	423	(686,523)
Foreign exchange (gain)/loss				
- realised	167,110	-	-	-
- unrealised	(319,234)	2,264,650	(245,417)	1,335,302
Lease rentals	61,449	-	-	-
Impairment of receivables	1,031,713	634,567	-	50,325
Reversal of impairment of receivables	(1,191,466)	-	(146,185)	-
Provision for retirement benefit obligations	160,272	454,251	133,591	133,591
Depreciation	5,327,826	5,209,523	154,144	292,266
Property, plant and equipment written off	111,894	-	111,894	-
Amortisation of prepaid lease payment	25,000	25,000	25,000	25,000
Gain on disposal of an associate	-	(4,983,806)	-	(3,473,806)
Rental of premises	623,929	-	270,572	-
Gain on disposal of investment properties	-	-	-	(765,292)
Impairment on goodwill	-	401,496	-	-
Impairment of investment in a subsidiary	-	-	457,000	-
Fair value (gain)/loss of investment in unit trusts	(1,999)	2,821	(1,999)	2,821

10. TAXATION

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Income tax:				
Malaysian income tax	7,353,924	6,750,639	-	34,971
Foreign income tax	1,607,869	1,740,990	-	-
	8,961,793	8,491,629	-	34,971
Under provision in prior years:				
Malaysian income tax	32,488	54,242	1,061	-
	8,994,281	8,545,871	1,061	34,971
Deferred tax (Note 28):				
Relating to origination and reversal of temporary differences	(42,836)	(204,771)	(89,708)	(10,868)
Under/(over) provision in prior years	210,824	(700,165)	(188,086)	91,962
	167,988	(904,936)	(277,794)	81,094
Income tax expense/ (benefit) recognised in profit or loss	9,162,269	7,640,935	(276,733)	116,065

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

Taxation for foreign subsidiaries are calculated at the current rates prevailing in each respective countries.

Domestic current income tax is calculated at the statutory tax rate of 25% (2012: 25%) of the estimated assessable profit for the financial year. The domestic statutory rate will be reduced to 24% from the current year's rate of 25%, effective year assessment 2016.

10. TAXATION (CONT'D)

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

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Profit before tax	32,925,769	18,940,607	6,167,511	8,295,853
Taxation at Malaysian statutory tax rate of 25% (2012: 25%)	8,376,256	4,735,152	1,536,692	2,073,963
Effect of different tax rate in other countries	111,179	86,070	-	-
Effect of income not subject to tax	(1,037,537)	-	(2,991,251)	(2,732,500)
Effect of expenses not deductible for tax purposes	164,035	3,342,105	59,827	682,640
Under provision of income tax in prior years	32,488	54,242	1,061	-
Under/(over) provision of deferred taxation	210,824	(700,165)	(188,086)	91,962
Deferred tax asset not recognised during the year	1,305,024	123,531	1,305,024	-
Income tax expense/(benefit) recognised in profit or loss	9,162,269	7,640,935	(276,733)	116,065

11. EARNINGS PER SHARE

(a) Basic

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the number of ordinary shares in issue held by the Company as at the date of the financial statement.

	2013	2012
Profit attributable to ordinary equity holders of the Company (RM)	15,845,878	7,101,414
Number of ordinary shares in issue ('000)	658,000	658,000
Basic earnings per share (sen)	2.4	1.1

(b) Diluted

For the current year, there are no shares in issuance which will have a dilutive effect to the earnings per share of the Group.

12. PROPERTY, PLANT AND EQUIPMENT

Group	Land and buildings RM (Note a)	Plant and machinery RM	Motor vehicles RM	Office equipment and furniture and fittings RM	Work in progress RM	Total RM
2013						
Cost						
At 1.1.2013	35,844,644	50,561,419	5,272,384	12,415,057	8,132,385	112,225,889
Additions	-	1,767,037	235,329	3,459,956	2,337,106	7,799,428
Disposals	(3,785,589)	(20,863)	(505,599)	(78,432)	-	(4,390,483)
Reclassification	-	-	-	5,974,142	(5,974,142)	-
Written off	(148,858)	-	-	-	-	(148,858)
Exchange differences	949,054	189,419	266,102	208,566	-	1,613,141
At 31.12.2013	32,859,251	52,497,012	5,268,216	21,979,289	4,495,349	117,099,117
Accumulated depreciation						
At 1.1.2013	1,009,817	32,973,959	3,867,309	16,305,983	-	54,157,068
Charge for the year	493,347	981,253	527,894	2,769,336	-	4,771,830
Disposals	(620,823)	(12,334)	(339,003)	(28,889)	-	(1,001,049)
Written off	(36,964)	-	-	-	-	(36,964)
Exchange differences	168,176	61,960	88,852	99,457	-	418,445
At 31.12.2013	1,013,553	34,004,838	4,145,052	19,145,887	-	58,309,330
Net carrying amount						
At 31.12.2013	31,845,698	18,492,174	1,123,164	2,833,402	4,495,349	58,789,787

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

Group (cont'd.)	Land and buildings RM (Note a)	Plant and machinery RM	Motor vehicles RM	Office equipment and furniture and fittings RM	Work in progress RM	Total RM
2012						
Cost						
At 1.1.2012	13,553,005	50,346,516	5,402,331	11,768,281	-	81,070,133
Additions	29,273,090	1,423,182	343,598	4,759,637	8,132,385	43,931,892
Disposals	(6,886,261)	(193,359)	(427,391)	(1,789,498)	-	(9,296,509)
Written off	-	(873,401)	-	(2,293,556)	-	(3,166,957)
Exchange differences	(95,190)	(141,519)	(46,154)	(29,807)	-	(312,670)
At 31.12.2012	35,844,644	50,561,419	5,272,384	12,415,057	8,132,385	112,225,889
Accumulated depreciation						
At 1.1.2012	1,713,894	39,238,634	3,525,265	10,451,450	-	54,929,243
Charge for the year	308,658	1,100,946	993,739	2,404,663	-	4,808,006
Disposals	(1,010,300)	-	(630,108)	(1,666,386)	-	(3,306,794)
Written off	-	(871,868)	-	(2,291,896)	-	(3,163,764)
Exchange differences	(2,435)	144,763	(21,587)	769,636	-	890,377
At 31.12.2012	1,009,817	39,612,475	3,867,309	9,667,467	-	54,157,068
Net carrying amount						
At 31.12.2012	34,834,827	10,948,944	1,405,075	2,747,590	8,132,385	58,068,821

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

Company	Land	Buildings	Motor vehicles	Office equipment and furniture and fittings	Total
	RM	RM	RM	RM	RM
2013					
Cost					
At 1.1.2013	-	547,975	1,222,645	127,581	1,898,201
Additions	-	-	-	58,375	58,375
Disposal	-	-	(379,604)	(4,300)	(383,904)
Written off	-	(148,858)	-	-	(148,858)
At 31.12.2013	-	399,117	843,041	181,656	1,423,814
Accumulated depreciation					
At 1.1.2013	-	113,035	880,522	75,125	1,068,682
Charge for the year	-	10,958	112,186	20,680	143,824
Disposal	-	-	(215,110)	(3,871)	(218,981)
Written off	-	(36,964)	-	-	(36,964)
At 31.12.2013	-	87,029	777,598	91,934	956,561
Net carrying amount					
At 31.12.2013	-	312,088	65,443	89,722	467,253
2012					
Cost					
At 1.1.2012	506,291	3,990,503	1,222,645	1,828,258	7,547,697
Additions	-	-	-	39,489	39,489
Disposal	(506,291)	(3,442,528)	-	(1,740,166)	(5,688,985)
At 31.12.2012	-	547,975	1,222,645	127,581	1,898,201
Accumulated depreciation					
At 1.1.2012	-	612,514	692,414	1,698,392	3,003,320
Charge for the year	-	55,708	188,108	38,130	281,946
Disposal	-	(555,187)	-	(1,661,397)	(2,216,584)
At 31.12.2012	-	113,035	880,522	75,125	1,068,682
Net carrying amount					
At 31.12.2012	-	434,940	342,123	52,456	829,519

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

(a) Group - Land and buildings

	Freehold land RM	Building RM	Total RM
2013			
Cost			
At 1.1.2013	17,801,124	18,043,520	35,844,644
Disposal	-	(3,785,589)	(3,785,589)
Write off	-	(148,858)	(148,858)
Exchange differences	-	949,054	949,054
At 31.12.2013	17,801,124	15,058,127	32,859,251
Accumulated depreciation			
At 1.1.2013	-	1,009,817	1,009,817
Charge for the year	-	493,347	493,347
Disposal	-	(620,823)	(620,823)
Write off	-	(36,964)	(36,964)
Exchange differences	-	168,176	168,176
At 31.12.2013	-	1,013,553	1,013,553
Net carrying amount			
At 31.12.2013	17,801,124	14,044,574	31,845,698
2012			
At 1.1.2012	1,499,778	12,053,227	13,553,005
Addition	16,807,640	12,465,450	29,273,090
Disposal	(506,294)	(6,379,967)	(6,886,261)
Exchange differences	-	(95,190)	(95,190)
At 31.12.2012	17,801,124	18,043,520	35,844,644
Accumulated depreciation			
At 1.1.2012	-	1,713,894	1,713,894
Charge for the year	-	308,658	308,658
Disposal	-	(1,010,300)	(1,010,300)
Exchange differences	-	(2,435)	(2,435)
At 31.12.2012	-	1,009,817	1,009,817
Net carrying amount			
At 31.12.2012	17,801,124	17,033,703	34,834,827

13. INVESTMENT PROPERTIES

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Cost				
At 1 January	26,932,257	5,272,259	477,669	9,015,830
Addition	-	26,767,826	-	-
Disposal	-	(5,107,828)	-	(8,538,161)
At 31 December	26,932,257	26,932,257	477,669	477,669
Accumulated depreciation				
At 1 January	487,006	85,489	95,809	85,489
Addition	555,996	401,517	10,320	10,320
At 31 December	1,043,002	487,006	106,129	95,809
Net book value	25,889,255	26,445,251	371,540	381,860

Included in the investment properties are:

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Buildings	25,889,255	26,445,251	371,540	381,860

The investment property is in relation to Mercu PICORP which contributes 95% of the total fair value was valued by Khong & Jaafar Sdn Bhd., an independent professional valuer.

As at 31 December 2013, the fair value of the investment property was estimated to be RM42,247,300 (2012: RM42,194,500).

13. INVESTMENT PROPERTIES (CONT'D.)

Fair value disclosed in the financial statements is categorised within the Level 3 fair value hierarchy which is described as inputs for the asset or liability that are based on unobservable market data.

Investment property	Valuation technique	Range	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Mercu PICORP, Lot 10 Jalan Astaka U8/84 Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan	Income Approach		Office & Warehouse	The estimated fair value would increase / (decrease) if:
		1.27 - 2.40	Market rental rate (RM/psf/month)	- expected market rental growth were higher / (lower)
		0.25 - 0.30	Outgoings (RM/psf/month)	- expected outgoings rate were (higher) / lower
		6.5 - 7.0	Term Yield (%)	- term yield rate were (higher) / lower
		10	Void Rate (%)	- void rate were lower/(higher)
		9.0 - 26.0	Reversionary yield (%)	- reversionary yield were (higher) / lower
	Comparison Approach		Freehold Land	
		106.26- 147.25	Transaction land price (RM psf)	- Transacted price were higher/(lower)
		150 - 180	Building Costs (RM psf)	- building costs were (higher) / lower
No. 18 Jalan Liku 8/B Section 8, 40000 Shah Alam Selangor Darul Ehsan	Comparison Approach		Shop lot (leasehold)	
		121 - 156	Building costs (RM psf)	- Transacted price were higher/(lower)
H.S. (D) 9844, PT 7605 Mukim of Lumut, District of Manjung, State of Perak	Comparison Approach		Agricultural Land (leasehold)	
		77 - 150	Transaction land price (RM'000 per acre)	- Transacted price were higher/(lower)

Comparison method to value the land

Entails analysing recent transactions of similar properties in and around the locality for comparison purposes to derive the market value with adjustments made for differences in time, shape, size and condition and location to arrive at the market value.

The investment property is at its highest and current best use.

14. INVESTMENT IN SUBSIDIARIES

	Company 2013 RM	Company 2012 RM
Unquoted shares, at cost		
At 1 January	3,153,524	3,153,524
Additions	600,000	-
Less: Impairment in investment	(457,000)	-
At 31 December	3,296,524	3,153,524

During the year, the Company increased its interest in Premiere Leap ("PLSB") and Alam Sekitar Eco-Technology Sdn Bhd ("ASET") by 27% and 33% respectively via subscription of new shares issued to the Company for cash consideration of RM100,000 and RM500,000 respectively. This has increased the Company's interest in PLSB and ASET to 100% and 90% respectively.

The acquisition of additional interest in ASET and PLSB above has resulted in the following:

	ASET RM	PLSB RM	Total RM
Carrying value of additional interest recognised in retained earnings within equity	(317,212)	22,337	(294,875)

14. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(a) The details of the subsidiaries are as follows:

Name of subsidiaries	Effective interest held 2013 %	Effective interest held 2012 %	Principal activities
(i) Incorporated in Malaysia:			
Held by the Company:			
Alam Sekitar Malaysia Sdn. Bhd.	100	100	Provision of environmental consultancy and monitoring services
ALS Technichem (M) Sdn. Bhd.	59	59	Laboratory analysis and reports and consulting services
Quantum Up Returns Sdn. Bhd.*	100	100	Investment holding company
ASMA International Sdn. Bhd.	100	100	Investment holding company
PI Enviro Technologies Sdn. Bhd.*	100	100	Provision of ocean data monitoring services
Perunding Good Earth Sdn. Bhd.*	100	100	Environment, safety and health consulting and training
Premier Leap Sdn. Bhd.*	100	73	Dormant
Vertical Plus Sdn. Bhd.*	100	100	Property investment holding company
Held through subsidiaries:			
ASMA Environmental Consultancy Sdn. Bhd.*	100	100	Environmental consulting services
Alam Sekitar Eco- Technology Sdn. Bhd.	90	55	Provision of waste management, consultancy and services

14. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(a) The details of the subsidiaries are as follows: (cont'd.)

Name of subsidiaries	Effective interest held 2013 %	Effective interest held 2012 %	Principal activities
(ii) Incorporated outside Malaysia			
Held through subsidiaries:			
Incorporated in Indonesia:			
PT ALS Indonesia * ("PT ALS")	80	80	Laboratory analysis and reports and consulting services
Incorporated in the Kingdom of Saudi Arabia:			
Saudi ASMA Environmental Solution LLC*	70	70	Provision of environmental consultancy and monitoring services

* Audited by firms other than Ernst & Young

Non-controlling interests ("NCI")

2013	ALS RM 41%	SAES RM 30%	ASET RM 10%	Total RM
NCI percentage of ownership interest and voting interest				
Carrying amount of NCI	20,160,269	881,420	302,827	21,344,516
Profit allocated to NCI	7,305,513	604,158	7,951	7,917,622
2012				
NCI percentage of ownership interest and voting interest				
Carrying amount of NCI	17,690,955	277,263	(230,429)	17,737,789
Profit/(loss) allocated to NCI	4,794,844	(452,891)	(143,695)	4,198,258

The summarised financial information of these subsidiaries are provided below. This information is based on amounts before inter-company eliminations.

14. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(a) The details of the subsidiaries are as follows: (cont'd.)

Summarised statement of profit or loss for 2013:

	ALS RM	SAES RM	ASET RM	Total RM
Revenue	35,536,538	19,743,923	6,834,614	62,115,075
Profit for the year, representing total comprehensive income	17,818,324	2,013,860	79,512	19,911,696

Summarised statement of profit or loss for 2012:

	ALS RM	SAES RM	ASET RM	Total RM
Revenue	31,480,634	18,631,832	4,384,828	54,497,294
Profit/(loss) for the year, representing total comprehensive income	11,694,741	(1,509,636)	(1,436,952)	8,748,153

Summarised statement of financial position as at 31 December 2013:

	ALS RM	SAES RM	ASET RM	Total RM
Non-current assets	33,469,497	4,645,911	565,262	38,680,670
Current assets	22,197,256	14,445,141	4,431,599	41,073,996
Non-current liabilities	(619,822)	-	-	(619,822)
Current liabilities	(13,460,882)	(14,932,166)	(5,761,831)	(34,154,879)
Net assets/(liabilities)	41,586,049	4,158,886	(764,970)	44,979,965

Summarised statement of financial position as at 31 December 2012:

	ALS RM	SAES RM	ASET RM	Total RM
Non-current assets	33,718,001	3,992,666	538,483	38,249,150
Current assets	24,027,243	13,289,661	3,752,048	41,068,952
Non-current liabilities	(386,528)	-	-	(386,528)
Current liabilities	(21,263,207)	(15,348,741)	(5,653,485)	(42,265,433)
Net assets/(liabilities)	36,095,509	1,933,586	(1,362,954)	36,666,141

Summarised statement of cash flows for 2013:

	ALS RM	SAES RM	ASET RM	Total RM
Cash flows from operating operating activities	3,824	2,381,922	(3,207,364)	(821,618)
Cash flows from investing activities	(5,698)	(379,123)	(186,357)	(571,178)
Cash flows from financing activities	1,645	(1,040,456)	-	(1,038,811)
Net increase in cash and cash equivalents	(229)	962,344	(3,393,721)	(2,431,607)
Dividend paid to NCI	(3,485,000)	-	-	(3,485,000)

14. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(a) The details of the subsidiaries are as follows: (cont'd.)

	ALS RM	SAES RM	ASET RM	Total RM
Summarised statement of cash flows for 2012:				
Cash flows from operating operating activities	3,479	(4,217,149)	2,227,493	(1,986,177)
Cash flows from investing activities	(4,155)	(1,081,448)	(20,122)	(1,105,725)
Cash flows from financing activities	1,281	833,222	500,000	1,334,503
Net increase in cash and cash equivalents	605	(4,465,376)	2,707,371	(1,757,399)
Dividend paid to NCI	(2,869,999)	-	-	(2,869,999)

15. PREPAID LAND LEASE PAYMENT

	Group/Company 2013 RM	2012 RM
Cost		
At 1 January/31 December	500,000	500,000
Amortisation		
At 1 January	175,000	150,000
Amortisation during the year	25,000	25,000
At 31 December	200,000	175,000
Carrying amount	300,000	325,000
Analysed as:		
Long term leasehold land	275,000	300,000
Short term leasehold land	25,000	25,000
	300,000	325,000

16. INTANGIBLE ASSETS

	Group	
	2013	2012
	RM	RM
Goodwill		
At 1 January	13,583,526	13,985,022
Impairment	-	(401,496)
At 31 December	13,583,526	13,583,526

(a) Impairment tests for goodwill

Goodwill has been allocated to the Group's Cash Generating Units ("CGU") identified by business segment and country as follows:

	Malaysia	Indonesia	Total
	RM	RM	RM
At 31 December 2013			
Environmental Consultancy Services	12,438,554	-	12,438,554
Lab Testing Services	-	860,972	860,972
Waste Management	284,000	-	284,000
	12,722,554	860,972	13,583,526
At 31 December 2012			
Environmental Consultancy Services	12,438,554	-	12,438,554
Lab Testing Services	-	860,972	860,972
Waste Management	284,000	-	284,000
	12,722,554	860,972	13,583,526

Key assumptions amount used in value-in-use calculations

The recoverable amount of a CGU is determined based on value-in-use calculation using cash flow projection based on financial budgets approved by management. The key assumptions used for value-in-use calculations are:

	Profit before tax margin rate		Discount rate	
	2013	2012	2013	2012
Environmental Consultancy Services	31%	35%	12%	7%
Lab Testing Services	45%	45%	12%	7%
Waste Management Engineering	14%	6%	8%	7%

16. INTANGIBLE ASSETS (CONT'D)

(a) Impairment tests for goodwill (cont'd)

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

(i) Profit before tax margin rate

The basis used to determine the value assigned to the budgeted profit before tax margin rates is the average profit before tax margin achieved immediately before the budgeted year, adjusted for expected efficiency improvement.

(ii) Discount rate

The discount rate used is based on the risk specific to the CGU.

Sensitivity to changes in assumptions

With regard to the assessment of value in use of the subsidiaries, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the units to materially exceed their recoverable amounts

17. INVENTORIES

	Group	
	2013	**2012**
	RM	**RM**
Cost		
Spares	768,455	1,007,081
Work-in-progress	-	851,984
	768,455	1,859,065

18. TRADE AND OTHER RECEIVABLES

	Group	
	2013	**2012**
	RM	**RM**
Trade receivables:		
Third parties (Note (b))	37,211,019	29,922,288
Less: Allowance for impairment	(4,404,784)	(3,373,071)
Net trade receivables	32,806,235	26,549,217

18. TRADE AND OTHER RECEIVABLES (CONT'D.)

	Group 2013 RM	Group 2012 RM
Other receivables:		
Amount due from related parties		
- related companies	1,108,946	2,137,378
Deposits	455,615	438,078
Prepayments	855,365	1,350,483
Sundry receivables	3,863,603	8,557,113
	6,283,529	12,483,052
Less: Allowance for impairment		
- related companies	(657,298)	(828,272)
- sundry receivables	(203,708)	(1,224,200)
	5,422,523	10,430,580
	38,228,758	36,979,797
Total trade and other receivables	38,228,758	36,979,797
Add: Cash and bank balances (Note 21)	16,903,830	28,452,925
Less: Deposits and prepayments	(1,310,980)	(1,788,561)
Total loans and receivables	53,821,608	63,644,161

	Company 2013 RM	Company 2012 RM
Trade receivables:		
Third parties (Note (b))	88,797	88,797
Less: Allowance for impairment	(88,797)	(88,797)
Net trade receivables	-	-
Other receivables:		
Amount due from related parties:		
- subsidiaries	61,982,275	50,468,064
- related companies	678,043	931,182
Deposits	1,710	1,710
Prepayments	1,651	13,663
Dividend receivable	10,785,000	15,670,000
Sundry receivables	250,620	5,588,742
	73,699,299	72,673,361

18. TRADE AND OTHER RECEIVABLES (CONT'D.)

	Company 2013 RM	Company 2012 RM
Other receivables: (cont'd.)		
Less: Allowance for impairment		
- related companies	(657,298)	(657,298)
- sundry receivables	(203,708)	(349,893)
	72,838,293	71,666,170
	72,838,293	71,666,170
Total trade and other receivables	72,838,293	71,666,170
Add: Cash and bank balances (Note 21)	2,300,124	2,218,966
Less: Deposits and prepayments	(3,361)	(15,373)
Total loans and receivables	75,135,056	73,869,763

(a) Trade receivables

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally for a period of one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a Credit Control Department to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest bearing.

The Group has significant concentration of credit risk from a single customer, the Department of Environment, with whom the Company has entered into a 20 year concession agreement to install, operate and maintain a network of air and water quality monitoring stations throughout Malaysia. Included in trade receivables is an amount owing from the Department of Environment amounting to RM4,512,735 (2012: RM2,846,288).

<u>Ageing analysis of trade receivables</u>

	Group 2013 RM	Group 2012 RM
Neither pass due nor impaired	13,469,799	8,250,182
1 to 30 days past due not impaired	5,035,214	2,433,690
31 to 60 days past due not impaired	3,132,560	1,664,919
61 to 90 days past due not impaired	2,103,790	626,674
91 to 120 days past due not impaired	782,682	803,251
More than 121 days past due not impaired	8,282,190	12,770,501
	32,806,235	26,549,217
Impaired	4,404,784	3,373,071
	37,211,019	29,922,288

18. TRADE AND OTHER RECEIVABLES (CONT'D.)

(a) Trade receivables (cont'd)

Company

All receivables of the Company have been fully impaired since prior year.

(b) Third parties

Receivables that are neither past due nor impaired

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

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM19,336,436 (2012: RM18,299,035) that are past due at the reporting date but not impaired and are unsecured in nature.

Receivables that are impaired

The Group's and the Company's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group Individually impaired		Company Individually impaired	
	2013	2012	2013	2012
	RM	RM	RM	RM
Trade receivables-nominal amount	4,404,784	3,373,071	88,797	88,797
Less: Allowance for impairment	(4,404,784)	(3,373,071)	(88,797)	(88,797)
	-	-	-	-

Movement in allowance accounts

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
At 1 January	3,373,071	2,738,504	88,797	88,797
Charge/(reversal) for the year	1,031,713	634,567	-	-
At 31 December	4,404,784	3,373,071	88,797	88,797

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

18. TRADE AND OTHER RECEIVABLES (CONT'D.)

(c) Amount due from related parties

Amount due from all related parties are non-interest bearing and are repayable on demand. All related party receivables are unsecured and are to be settled in cash.

Further details on related party transactions are disclosed in Note 32.

Other information on financial risks of other receivables are disclosed in Note 33.

19. AMOUNT DUE (TO)/FROM CUSTOMER ON CONTRACT

	Group	
	2013	2012
	RM	RM
Construction contract costs incurred to date	15,931,792	10,622,773
Add: Attributable profits	1,901,730	376,135
	17,833,522	10,998,908
Less: Progress billings	(16,372,077)	(11,165,505)
	1,461,445	(166,597)
Presented as:		
Gross amount due from customers for contract work	1,518,320	97,528
Gross amount due to customers for contract work	(56,875)	(264,125)
	1,461,445	(166,597)

20. INVESTMENT IN UNIT TRUSTS

	Group/Company	
	2013	2012
	RM	RM
As at 1 January	26,358	29,179
Fair value movement during the year	1,999	(2,821)
As at 31 December	28,357	26,358

21. CASH AND BANK BALANCES

	2013 RM	2012 RM
Group		
Cash on hand and at banks	13,230,248	18,813,853
Deposits with:		
Licensed banks	-	4,911,382
Investment banks	3,673,582	4,727,690
	16,903,830	28,452,925
Company		
Cash on hand and at banks	114,031	128,067
Deposits with:		
Licensed banks	-	2,034,045
Investment banks	2,186,093	56,854
	2,300,124	2,218,966

(a) The weighted average effective profit rates of the deposits at the reporting date were as follows:

	2013 %	2012 %
Group		
Licensed banks	-	2.65
Investment banks	2.73	2.45
Company		
Licensed banks	-	2.65
Investment banks	2.73	2.45

(b) The average maturities of deposits as at the end of the financial year were as follows:

	2013 Days	2012 Days
Group		
Licensed banks	-	30
Investment banks	30	30
Company		
Licensed banks	-	30
Investment banks	30	30

22. TRADE AND OTHER PAYABLES

	Group 2013 RM	Group 2012 RM
Current		
Trade payables		
Third parties	3,395,707	3,400,639
Other payables		
Amount due to related parties:		
- Related companies	615,478	388,348
- Corporate shareholder of a subsidiary	23,500	10,500
Accruals and provision	6,595,216	6,069,262
Dividend payable	3,785,150	6,150,000
Sundry payables	6,844,167	7,206,932
	17,863,511	19,825,042
Total trade and other payables	21,259,218	23,225,681
Add: Borrowings (Note 23)	3,027,609	22,100,471
Less: Provisions	(447,951)	(824,219)
Total financial liabilities carried at amortised costs	23,838,876	44,501,933

	Company 2013 RM	Company 2012 RM
Current		
Other payables		
Amount due to related parties:		
- Related companies	126,049	-
- Subsidiary companies	444,193	374,775
Accruals and provision	663,812	326,622
Sundry payables	539,056	835,034
	1,773,110	1,536,431
Total trade and other payables	1,773,110	1,536,431
Add: Borrowings (Note 23)	466,318	233,769
Total financial liabilities carried at amortised costs	1,773,110	1,536,431

22. TRADE AND OTHER PAYABLES (CONT'D.)

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted by the Group range from 30 days to 90 days (2012: 30 days to 90 days).

(b) Amount due to related parties

Amount due to all related parties are non-interest bearing and are repayable on demand. These amounts are unsecured and are to be settled in cash.

Further details on related party transactions are disclosed in Note 32.

Other information on financial risks of other payables are disclosed in Note 33.

23. BORROWINGS

	2013 RM	2012 RM
Group		
Current		
Secured:		
Overdraft	2,765,120	21,162,732
Term loan (Note a)	262,489	937,739
Total	3,027,609	22,100,471
Company		
Current		
Secured:		
Overdraft	466,318	233,769

The weighted average effective profit rate at the reporting date of the borrowings were as follows:

	2013 %	2012 %
Group		
Overdraft	7.17	6.70
Term loan	3.95	3.95
Company		
Overdraft	6.8	6.80

Relates to short term loan of a subsidiary in relation to project in the Kingdom of Saudi Arabia. The term loan is secured and guaranteed by a corporate shareholder.

24. RETIREMENT BENEFIT OBLIGATION

The amount recognised in the statement of financial position are determined as follows:

	Group	
	2013	2012
	RM	RM
Present value of obligation/Net liability	739,302	579,030
Movement in net liability was as follows:		
At 1 January	579,030	124,779
Provision during the year (Note 6)	160,272	454,251
As at 31 December	739,302	579,030
The amount recognised in the statements of comprehensive income:		
Current service cost	160,272	454,251
Analysed as:		
Current	-	-
Non-current	160,272	454,251
	160,272	454,251

	Company	
	2013	2012
	RM	RM
Present value of obligation/Net liability	391,962	258,370
Movement in net liability was as follows:		
At 1 January	258,371	124,779
Provision during the year (Note 6)	133,591	133,591
As at 31 December	391,962	258,370
The amount recognised in the statements of comprehensive income:		
Current service cost	133,591	133,591
Analysed as:		
Current	-	-
Non-current	133,591	133,591
	133,591	133,591

25. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2013	2012	2013 RM	2012 RM
Authorised share capital				
Ordinary shares of RM0.10 each:				
At 1 January/At 31 December	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Issued and fully paid				
Ordinary shares of RM0.10 each:				
At 1 January/At 31 December	65,800,000	65,800,000	65,800,000	65,800,000

26. OTHER RESERVES

	Group	
	2013 RM	2012 RM
At 1 January	651,744	(239,158)
(Decrease)/increase during the year	(1,762,139)	890,902
At 31 December	(1,110,395)	651,744
Foreign exchange reserve	(1,289,009)	473,130
Statutory reserve	178,614	178,614
	(1,110,395)	651,744
Foreign exchange reserve		
At 1 January	473,130	(239,158)
Arising in the year	(1,762,139)	712,288
At 31 December	(1,289,009)	473,130
Statutory reserve		
At 1 January	178,614	-
Arising in the year	-	178,614
At 31 December	178,614	178,614

26. OTHER RESERVES (CONT'D.)

The nature and purpose of each category of reserve are as follows:

(a) Foreign exchange reserve

The foreign exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries.

(b) Statutory reserve

This relates to reserve required by state regulator of a subsidiary.

27. RETAINED EARNINGS

The Company may distribute dividends out of its entire retained earnings as at 31 December 2013 under the single tier system.

28. DEFERRED TAXATION

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
At 1 January	163,512	1,361,082	81,473	379
Recognised in profit or loss (Note 10)	167,988	(904,936)	(277,794)	81,094
Recognised in equity	-	(292,634)	-	-
At 31 December	331,500	163,512	(196,321)	81,473
Presented after appropriate offsetting as follows:				
Deferred tax liabilities	2,425,449	2,009,146	38,050	81,473
Deferred tax assets	(2,093,949)	(1,845,634)	(234,371)	-
	331,500	163,512	(196,321)	81,473

28. DEFERRED TAXATION (CONT'D.)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group:

	Provisions RM	Unabsorbed capital allowances RM	Total RM
At 1.1.2013	(1,842,103)	(3,531)	(1,845,634)
Recognised in profit or loss	(266,636)	18,321	(248,315)
At 31.12.2013	(2,108,739)	14,790	(2,093,949)
At 1.1.2012	(1,096,897)	-	(1,096,897)
Recognised in profit or loss	(745,206)	(3,531)	(748,737)
At 31.12.2012	(1,842,103)	(3,531)	(1,845,634)

Deferred tax assets of the Company:

	Provisions RM
At 31.12.2012/1.1.2013	-
Recognised in profit or loss	(234,371)
At 31.12.2013	(234,371)

Deferred tax liabilities of the Group:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Property, plant and equipment				
At 1 January	2,009,146	2,457,979	81,473	379
Recognised in profit and loss	416,303	(156,199)	(43,423)	81,094
Recognised in equity	-	(292,634)	-	-
At 31 December	2,425,449	2,009,146	38,050	81,473

Deferred tax recognised in equity relates to deferred tax liability provided on revaluation surplus of investment properties.

29. DIVIDENDS

	Net ordinary shares		Amount	
	2013	2012	2013	2012
			RM	RM
Recognised during the year:				
In respect of the financial year ended 31.12.2011				
Final				
0.61 sen less 25% taxation, on 658,000,000 ordinary shares declared on 23 May 2012 and paid on 30 July 2012	-	-	-	2,999,991
In respect of the financial year ended 31.12.2012				
Final				
0.76 sen less 25% taxation, on 658,000,000 ordinary shares declared on 23 May 2013 and paid on 14 June 2013	-	-	3,750,600	-
In respect of the financial year ended 31.12.2013				
Interim				
0.60 sen less 25% taxation, on 658,000,000 ordinary shares declared on 29 August 2013 and paid on 30 September 2013	-	-	2,961,000	-
	-	-	6,711,600	2,999,991

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2013 of 0.65 sen per share on 658,000,000 ordinary shares amounting to a dividend payable of RM4,277,000 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the next financial year ending 31 December 2014.

30. COMMITMENTS

(a) Capital commitments

	Group 2013 RM	Group 2012 RM
Property, plant and equipment Approved but not contracted for	1,372,407	2,392,501

(b) Non-cancellable operating lease commitments - company as lessee

	Group 2013 RM	Group 2012 RM
Future minimum rentals payable:		
Not later than 1 year	61,449	84,339

Operating lease payments represent rental payable by a subsidiary of the Company for use of motor vehicles. Leases are negotiated for an average term of five years.

31. FINANCIAL GUARANTEE

	Company 2013 RM	Company 2012 RM
Unsecured		
Corporate guarantees given in respect of banking facilities obtained by the subsidiaries	12,000,000	16,000,000

No fair value adjustment required as no liability is expected to arise.

32. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	2013 RM	2012 RM
Group		
Revenue from environmental service provided to a subsidiary of a corporate shareholder; Zaiyadal Keluarga Sdn. Bhd: Progressive Impact Technology Sdn. Bhd.	-	(467,400)

32. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

	2013 RM	2012 RM
Rental income from Zaiyadal Keluarga Sdn. Bhd.	(5,040)	(3,213)
Rental income from subsidiaries of Zaiyadal Keluarga Sdn. Bhd.		
- Foxboro (Malaysia) Sdn. Bhd.	(471,064)	(226,625)
- Progressive Impact Technology Sdn. Bhd.	(124,034)	(89,169)
- Rohrback Cosasco System Sdn. Bhd.	(54,205)	(34,489)
- Untung Aquaculture Sdn. Bhd.	(22,800)	(22,800)
Company		
Rental income from subsidiaries:		
- Alam Sekitar Malaysia Sdn. Bhd.	-	(140,310)
Rental income from subsidiaries of Zaiyadal Keluarga Sdn. Bhd.		
- Foxboro (Malaysia) Sdn. Bhd.	-	(168,942)
- Rohrback Cosasco System Sdn. Bhd.	-	(4,500)
- Untung Aquaculture Sdn. Bhd.	(22,800)	(22,800)

The Directors are of the opinion that the transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

(b) Compensation to key management personnel

Key management personnel are defined as persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company directly or indirectly, including any Director of the Group and the Company. The remuneration and compensation of Directors and other members of key management during the year was as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Salaries, bonus and other emoluments	2,964,964	3,065,509	1,753,964	1,847,603
Social security costs	1,859	1,550	620	310
Pension costs:				
- defined contribution plan	371,310	393,963	285,990	306,975
- defined benefit plan	133,591	133,591	133,591	133,591
	3,471,724	3,594,613	2,174,165	2,288,479

32. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

(b) Compensation to key management personnel (cont'd)

Included in the total key management personnel are:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Executive directors' remuneration	1,335,783	1,460,571	1,323,783	1,448,571

33. FINANCIAL INSTRUMENTS

(i) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its profit rate, liquidity and credit 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 transaction.

(ii) Profit rate risk

The Group's primary profit rate risk relates to profit-bearing debt; the Group had no substantial long term profit-bearing assets as at 31 December 2013. The investments in financial assets are mainly deposits held with licensed banks which are short term in nature and are not held for speculative purposes.

The information on maturity dates and effective profit rates of the financial assets and liabilities are disclosed in their respective notes.

(iii) Liquidity risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements.

(iv) Credit risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored by strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

33. FINANCIAL INSTRUMENTS (CONT'D)

(v) Foreign currency risk

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily , United States Dollar (USD), Australian Dollar (AUD), European Euro (EURO), Singaporean Dollar (SGD) and Indonesian Rupiah (IDR). Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The net unhedged financial assets and financial liabilities of the Group that are not denominated in their functional currencies are as follows:

Functional currency of Group/Company	Ringgit Malaysia RM	Indonesian Rupiah RM	Total RM
As at 31.12.2013:			
United States Dollar	731,869	1,986,832	2,718,701
Australian Dollar	70,478	-	70,478
European Euro	(24,661)	-	(24,661)
Singapore Dollar	232,465	-	232,465
	1,010,151	1,986,832	2,996,983
As at 31.12.2012:			
United States Dollar	1,100,632	-	1,100,632
Australian Dollar	22,729	1,648,582	1,671,311
European Euro	(1,977)	-	(1,977)
Singapore Dollar	126,631	-	126,631
	1,248,015	1,648,582	2,896,597

With all other variables held constant, the following table demonstrates the sensitivity of the Group's profit before taxation to a reasonably possible change in those exchange rates against the functional currency of the Group:

33. FINANCIAL INSTRUMENTS (CONT'D)

(v) Foreign currency risk (cont'd)

		Group Profit before tax	
		2013 RM	2012 RM
USD/RM	- strenghthen 3%	(21,956)	(1,133,651)
	- weaken 3%	21,956	1,133,651
AUD/RM	- strenghthen 3%	(2,114)	(682)
	- weaken 3%	2,114	(682)
EURO/RM	- strenghthen 3%	(740)	(59)
	- weaken 3%	740	59
SGD/RM	- strenghthen 3%	(6,974)	(3,799)
	- weaken 3%	6,974	3,799

(vi) Fair value

The fair value of financial assets and financial liabilities approximate their respective carrying values on the statement of financial position of the Group and the Company.

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(i) Cash and cash equivalents, receivables, payables and short term borrowings.

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

(ii) Investment in unit trusts

Investments in unit trusts that are quoted and determined by reference to fair value provided by the bank at the close of the business on the reporting date. The investments is classified as level 2 in the fair value hierarchy.

Determination of fair value hierarchy

The financial Instruments of the Group and the Company are carried at fair value by level of the following fair value measurement hierarchy:

(i) Level 1 - Unadjusted quoted prices in active market for identical financial instruments
(ii) Level 2 - Inputs other than quoted prices that are observable market data
(iii) Level 3 - Inputs that are not based on observable market data

34. SEGMENTAL INFORMATION

(a) Business segments

The Group is organised into 3 major business segments:

(i) Environmental Consultancy Services - providing environmental related services.

(ii) Laboratory Testing Services - chemical testing, consultancy service and other services of similar nature.

(iii) Waste management engineering - provision of sewerage and solid waste management systems.

Other business segments include the results of the Company and an investment holding subsidiary.

34. SEGMENTAL INFORMATION

(a) Business segments

2013	Environmental consultancy services RM	Laboratory testing services RM	Waste management RM	Others RM	Elimination RM	Consolidated RM
Revenue						
External sales	54,415,062	32,056,798	6,834,614	3,500,216	-	96,806,690
Inter-segment sales	-	3,479,741	-	14,610,399	(18,090,140)	-
Total revenue	54,415,062	35,536,539	6,834,614	18,110,615	(18,090,140)	96,806,690
Results						
Segment results/profit from operations	15,436,832	21,971,325	191,486	9,381,916	(13,595,425)	33,386,134
Finance costs	-	-	-	(797,790)	337,425	(460,365)
Taxation	(3,349,609)	(5,558,919)	(111,974)	(141,767)	-	(9,162,269)
Profit after taxation						23,763,500
Assets						
Segment assets	47,487,630	55,379,975	4,996,861	145,413,870	(107,186,783)	146,091,553
Unallocated corporate assets						13,661,710
Consolidated total assets						159,753,263
Liabilities						
Segment liabilities	24,266,660	13,876,147	5,761,831	66,863,842	(82,613,216)	28,155,264
Other Information						
Capital expenditure	1,424,998	11,153,367	186,357	1,727,049	-	14,491,771
Depreciation and amortisation	1,579,107	2,272,426	56,783	1,444,510	-	5,352,826

34. SEGMENTAL INFORMATION (CONT'D.)

(a) Business segments (cont'd.)

2012	Environmental consultancy services RM	Laboratory testing services RM	Waste management RM	Others RM	Elimination RM	Consolidated RM
Revenue						
External sales	51,153,857	31,480,634	4,384,828	2,384,495	-	89,403,814
Inter-segment sales	-	3,144,011	-	13,118,103	(16,262,114)	-
Total revenue	51,153,857	34,624,645	4,384,828	15,502,598	(16,262,114)	89,403,814
Results						
Segment results/profit from operations	8,084,031	17,445,916	(1,879,710)	8,628,593	(10,069,653)	22,209,177
Finance costs	-	-	-	(1,476,436)	-	(1,476,436)
Share of loss of an associate	-	-	-	(1,792,134)	-	(1,792,134)
Taxation	(2,265,671)	(5,418,608)	442,758	1,057,408	(1,456,822)	(7,640,935)
Profit after taxation						11,299,672
Assets						
Segment assets	44,278,126	57,745,244	4,290,531	143,735,937	(93,145,284)	156,904,554
Unallocated corporate assets						13,583,526
Consolidated total assets						170,488,080
Liabilities						
Segment liabilities	26,355,825	21,649,735	5,653,485	66,374,426	(70,459,400)	49,574,071
Other Information						
Capital expenditure	2,212,755	2,014,295	21,082	2,278,235	-	6,526,367
Depreciation and amortisation	2,207,950	1,954,771	19,132	1,052,670	-	5,234,523

34. SEGMENTAL INFORMATION (CONT'D.)

(b) Geographical segments

The Group's geographical segments are for its subsidiaries that are involved in laboratory testing services, environmental consultancy and monitoring services which operates in three geographical areas:

(i) Malaysia
(ii) Indonesia
(iii) Saudi Arabia

The directors are of the opinion that the inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

	Total revenue from external customers RM	Segment assets RM	Capital expenditure RM
2013			
Malaysia	65,771,596	113,082,613	13,299,725
Indonesia	11,291,170	13,917,890	1,070,274
Saudi Arabia	19,743,924	19,091,050	121,772
	96,806,690	146,091,553	14,491,771
2012			
Malaysia	59,950,865	126,579,176	4,716,952
Indonesia	10,821,117	13,043,051	1,070,274
Saudi Arabia	18,631,832	17,282,327	739,141
	89,403,814	156,904,554	6,526,367

35. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, borrowings, hire purchase payables, trade and other payables, less cash and bank balances. Capital represents the total equity.

35. CAPITAL MANAGEMENT (CONT'D.)

The debt to equity ratio as at 31 December 2013 and 2012 are as follows:

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Borrowings (Note 23)	3,027,609	22,100,471	466,318	233,769
Trade and other payables (Note 22)	21,259,218	23,225,681	1,773,110	1,536,431
Less: Cash and bank balances (Note 21)	(16,903,830)	(28,452,925)	(2,300,124)	(2,218,966)
Net debt	7,382,997	16,873,227	(60,696)	(448,767)
Total equity	65,800,000	65,800,000	65,800,000	65,800,000
Capital and net debt	73,182,997	82,673,227	65,739,304	65,351,233
Gearing ratio	0.10	0.20	(0.00)	(0.01)

36. SUPPLEMENTARY INFORMATION - BREAKDOWN OF RETAINED PROFITS INTO REALISED AND UNREALISED

The breakdown of the retained profits of the Group and the Company as at 31 December 2013 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2011 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Total retained profits of the Company and its subsidiaries				
- Realised	70,809,999	56,870,142	14,519,568	12,853,538
- Unrealised	(151,246)	1,359,714	(1,851,913)	81,473
	70,658,753	58,229,856	12,667,655	12,935,011
Less: Consolidation adjustments	25,265,165	21,675,670	-	-
Retained profits as per financial statements	45,393,588	36,554,186	12,667,655	12,935,011

SHARE CAPITAL

Authorised share capital	:	RM 100,000,000.00
Issued and paid-up share capital	:	RM 65,800,000.00
Class of shares	:	Ordinary shares of RM 0.10 each
Voting rights	:	One (1) vote per ordinary share
Number of shareholders	:	2,176

ANALYSIS OF SHAREHOLDINGS

Size of holdings	No. of shareholders	%	Shareholdings	%
Less than 100	3	0.137	175	0.000
100 to 1,000	483	22.196	329,850	0.050
1,001 to 10,000	641	29.457	4,300,550	0.653
10,001 to 100,000	845	38.832	32,322,900	4.912
100,001 to 32,899,999 *	200	9.191	164,140,703	24.945
32,900,000 and above **	4	0.183	456,905,822	69.438
Total	2,176	100.00	658,000,000	100.00

Remark : * less than 5% of issued shares
** 5% and above of issued shares"

SUBSTANTIAL SHAREHOLDERS

	Shareholdings			
Name	Direct	%	Indirect	%
Zaiyadal Keluarga Sdn Bhd	303,305,722	46.10	-	-
Lembaga Tabung Haji	65,000,000	9.88	-	-
Zaid bin Abdullah	47,925,100	7.28	312,267,222*	47.46
Zaidah binti Mohd Salleh	8,678,000	1.32	351,514,322*	53.42
Stardom East Holdings Limited	43,340,000	6.59	-	-

Note:-

* Deemed interest by virtue of his/her substantial shareholdings in Zaiyadal Keluarga Sdn Bhd and his/her spouse and children's shareholdings in the Company.

DIRECTORS' INTEREST IN SHARES

As per the Register of Directors' Shareholdings

Name	Direct	%	Indirect	%
Zaid bin Abdullah	47,925,100	7.28	312,267,222*	47.46
Zaidah Binti Mohd Salleh	8,678,000	1.32	351,514,322*	53.42
Hassan bin Hussain	4,000,000	0.61	-	-
Lee Weng Chong	1,050,000	0.16	-	-
Datuk Abdul Hamid bin Sawal	-	-	-	-
Dato' Hajjah Rosnani binti Ibarahim	-	-	-	-

Note:-

* Deemed interest by virtue of his/her substantial shareholdings in Zaiyadal Keluarga Sdn Bhd and his/her spouse and children's shareholdings in the Company.

THIRTY LARGEST SHAREHOLDERS

NO.	Name	Holdings	%
1	Zaiyadal Keluarga Sdn Bhd	300,640,722	45.690
2	Lembaga Tabung Haji	65,000,000	9.878
3	Zaid Bin Abdullah	47,925,100	7.283
4	CIMSEC Nominees (Asing) Sdn Bhd Bank Of Singapore Limited For Stardom East Holdings Limited	43,340,000	6.586
5	Kal-Yadaiin Sdn Bhd	28,813,078	4.378
6	CIMSEC Nominees (Asing) Sdn Bhd Bank Of Singapore Limited For Citrine Holdings Ltd	10,400,000	1.580
7	Khalijah Binti Mohd Salleh	8,261,900	1.255
8	Zaidah Binti Mohd Salleh	6,972,000	1.059
9	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ab Ghaus Bin Ismail (551010)	6,079,600	0.923
10	Public Invest Nominees (Asing) Sdn Bhd Exempt AN For Phillip Securities Pte Ltd (Clients)	5,004,800	0.760
11	Raja Mohd Nazri Bin Raja Abd Malek	4,950,000	0.752
12	Ahmad Ridzwan Bin Mohd Salleh	4,689,175	0.712
13	Hassan Bin Hussain	4,000,000	0.607
14	Rasal Keluarga Sdn Bhd	3,992,150	0.606
15	Azman Bin Hussin	3,350,000	0.509
16	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Seng Hong	3,350,000	0.509
17	Zaiyadal Keluarga Sdn Bhd	2,665,000	0.405

THIRTY LARGEST SHAREHOLDERS (CONT'D)

No.	Name	No. of shares	%
18	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank For Mohammed Amin Bin Mahmud (MM1004)	2,570,000	0.390
19	AIBB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Batu Bara Resources Corporation Sdn Bhd	1,900,000	0.288
20	Zaidah Binti Mohd Salleh	1,696,000	0.257
21	Ahmad Rafa'i Bin Abdullah	1,689,520	0.256
22	Wong Kim Choong	1,435,000	0.218
23	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Rossana Annizah Binti Ahmad Rashid @ Mohd Rashidi (CEB)	1,415,000	0.215
24	Shireen Mardziah Hashim	1,387,800	0.210
25	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tang Sing Ling	1,366,300	0.207
26	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Md Sham Bin Masrom	1,279,000	0.194
27	HSBC Nominees (Asing) Sdn Bhd Exempt AN For Credit Suisse (Sg Br-Tst-Asing)	1,249,200	0.189
28	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Hafiza Aini Binti Hassan	1,170,000	0.177
29	Jessica Kan Pui Yee	1,152,000	0.175
30	AIBB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Choon Yean	1,150,000	0.174

LIST OF PROPERTIES
AS AT 31 DECEMBER 2013

Title / Location	Description / existing use	Tenure	Total Land area	Built up area of building	Age of building / land (years)	NBV as at 31-12-2013 RM	Date of revaluation
H.S. (D) 142757 Lot PT. No. 17702 known as No. 19 Jalan Astaka U8/84 Bukit Jelutong Business & Technology Centre, 40150 Shah Alam, Selangor Darul Ehsan	1 unit of 3 storey semi-D factory building / Office / area warehouse.	Freehold	1,575.05 square metres	1,432.70 square metres	14	13,074,473.00	05.12.2011
H.S. (D) 142756 Lot PT. No. 17701 known as No. 21 Jalan Astaka U8/84 Bukit Jelutong Business & Technology Centre, 40150 Shah Alam, Selangor Darul Ehsan	1 unit of 3 storey semi-D factory building / Office area / warehouse.	Freehold	2,215.43 square metres	1,954.80 square metres			
H.S. (D) 120004 Lot PT. No. 1322 Seksyen 8 known as No. 18 Jalan Liku 8/B, Section 8 40000 Shah Alam, Selangor Darul Ehsan	1 unit double storey shop house / Shop house.	Leasehold for a period of 99 years expiring on 06.09.2097	153.29 square metres	306.58 square metres	14	371,539.00	27.04.2009
PN 9529 Lot 42270 known as No. 19 Jalan Kencana Mas 1/1, Tebrau Business Park, Taman Daya, 81100 Johor Bahru, Johor Darul Takzim	1 unit 3 storey shop office / Shop office / Laboratory.	Freehold	153 square metres	451.91 square metres	14	312,090.00	27.04.2009
H.S. (D) 9844, PT 7605, Mukim of Lumut, District of Manjung, State of Perak	Agricultural land / Prawn breeding	Leasehold for a period of 30 years expiring 02.12.2026	22.5 acres	-	-	300,000.00	27.04.2009
GRN 58820 Lot No. 64234 known as Mercu PICORP, Lot 10 Jalan Astaka U8/84, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan	1 unit of 6 storey warehouse cum office building / basement car park / guard house.	Freehold	5,951 square metres	22,069.77	16	40,559,432.31	30.09.2011

PROGRESSIVE IMPACT CORPORATION BERHAD (203352-V)
(Incorporated in Malaysia)

No. of shares held	CDS Account No.
	- -

FORM OF PROXY

*I/We ______________________________ Tel: ______________________
[Full name in block, NRIC/Company No.]
of ____

____
being member(s) of **Progressive Impact Corporation Berhad,** hereby appoint:-

Full Name *(in Block)*	**NRIC / Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

*and / or (delete as appropriate)

Full Name *(in Block)*	**NRIC / Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

or failing him, the Chairman of the Meeting as *my/our proxy(ies) to attend and vote for *me/us and on *my/our behalf at the 22nd Annual General Meeting of the Company to be held at Competitive Room, Ground Floor, MERCU PICORP, Lot 10, Jalan Astaka U8/84, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan on Tuesday, 27 May 2014, at 9.00 a.m. and at any adjournment thereof, and to vote as indicated below:-

RESOLUTION		**FOR**	**AGAINST**
1	Financial Statements for the year ended 31 December 2013		
2	Payment of Final Dividend		
3	Re-election of Zaidah Binti Mohd Salleh		
4	Re-election of Dato' Hajjah Rosnani Binti Ibarahim		
5	Directors' Remuneration		
6	Re-appointment of Messrs Ernst & Young as Auditors		
7	Proposed Renewal of the Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
8	Authority to Issue Shares		
9	Lee Wee Cheong to continue in office as Independent Non-Executive Director		

Please indicate with an "X" in the space provided whether you wish your votes to be cast "for" or "against" the resolutions. In the absence of specific direction, your proxy will vote or abstain as he thinks fit.

Signed this ____________ day of ____________________, 2014

* Delete whichever is not applicable

____
Signature of Shareholder/Common Seal

NOTES:-

i) A member entitled to attend and vote is entitled to appoint up to 2 proxies to attend, vote and speak instead of him. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply.

ii) A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, can appoint not more than 2 proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

iii) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

iv) Where a member or authorized nominee or an exempt authorized nominee appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

v) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

vi) The instrument appointing a proxy and the power of attorney or other authority, if any under which it is signed or notarially certified copy of that power of authority shall be deposited at the office of the Company's Share Registrar at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, not less than 48 hours before the time appointed for holding the Meeting or adjourned meeting.

vii) For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 20 May 2014. Only a Member whose name appears on this Record of Depositors shall be entitled to attend this meeting or appoint a proxy to attend, vote and speak on his/her behalf.

fold here

Stamp

The Share Registrar
Tricor Investor Services Sdn Bhd
Level 17 The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

fold here

PROGRESSIVE IMPACT

www.picorp.com.my

PROGRESSIVE IMPACT CORPORATION BERHAD

(Company No.: 203352-V)
(Incorporated in Malaysia under the Companies Act. 1965)