PROGRESSIVE

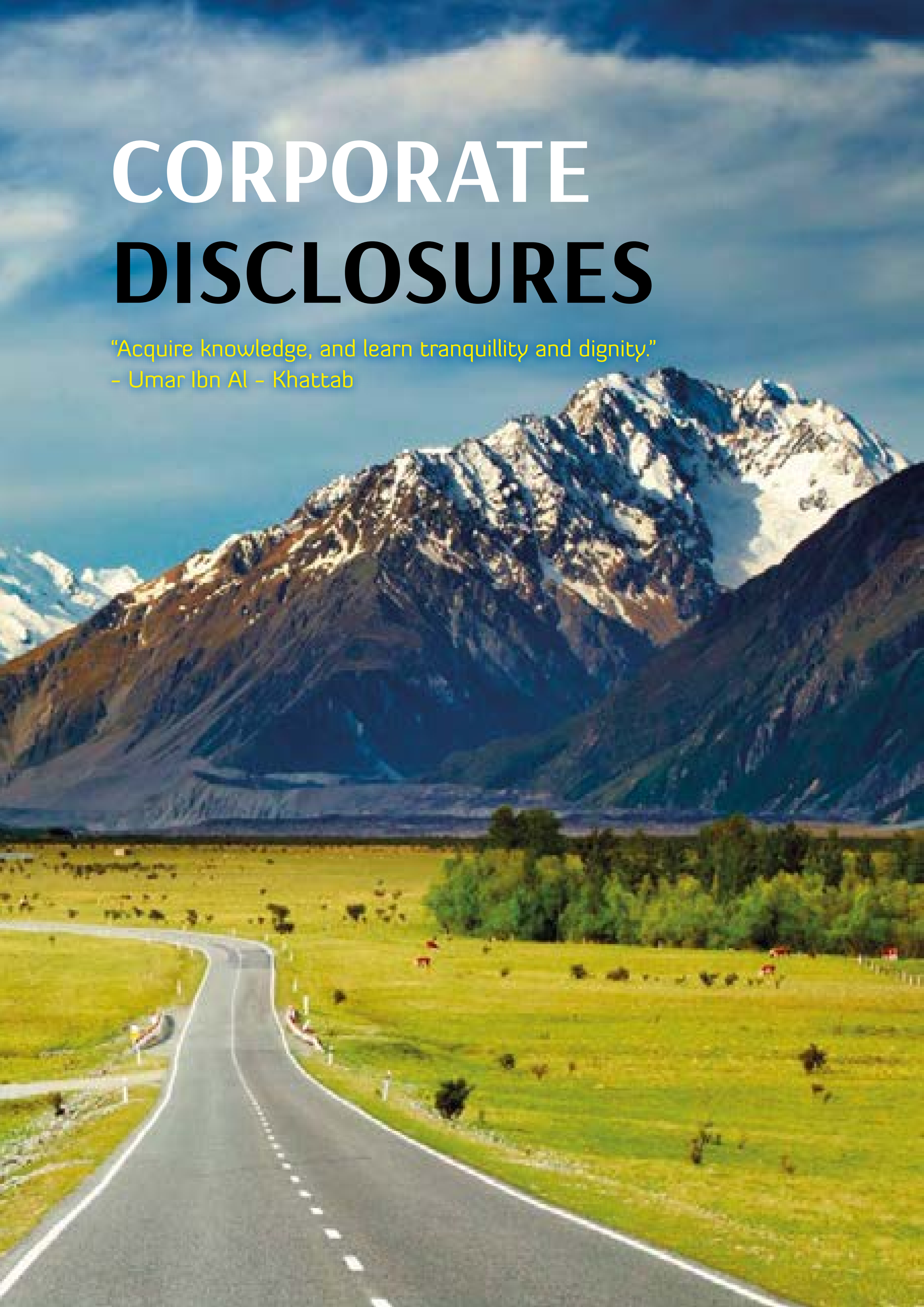
SERVING ALLAH, RESPECT FOR THE PEOPLE AND THE ENVIRONMENT

PROGRESSIVE IMPACT CORPORATION BERHAD (203352-V)

WHAT'S INSIDE

CORPORATE DISCLOSURES

"Acquire knowledge, and learn tranquillity and dignity."
– Umar Ibn Al – Khattab



OUR VISION

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

OUR 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

OUR PRODUCTS & SERVICES

Environmental Monitoring

Air Quality Management
CEMS and PEMS
Stack Monitoring
Water Resource Management
Ocean data monitoring (Wave Glider)

Environmental Data Management & GIS

Advance statistical analysis & modelling
Data mining
Dispersion model
Trend analysis & forecasting
GIS- based modelling of environmental phenomena

Analytical Chemistry & Testing Services

Environmental
Food
Safety & health
Tribology
Minerals coals

Wastewater Treatment & Solution

Bi-Act Super Dissolve Oxygen (SDO)

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	30 May 2014
2nd Quarter	26 August 2014
3rd Quarter	24 November 2014
4th Quarter	27 February 2015
Notice of Annual General Meeting	29 May 2015
Annual General Meeting	30 June 2015

CORPORATE INFORMATION

BOARD OF DIRECTORS

DATUK ABDUL HAMID BIN SAWAL
Chairman/Senior Independent Non-Executive Director

ZAID BIN ABDULLAH
Executive Deputy Chairman

ZAIDAH BINTI MOHD SALLEH
Non-Independent Non-Executive Director

FATIMAH ZAHRAH BINTI ZAID
Alternate Director to Zaidah binti Mohd Salleh

LEE WENG CHONG
Independent Non-Executive Director

DATO' HAJJAH ROSNANI BINTI IBARAHIM
Independent Non-Executive Director

USAMAH BIN ZAID
Executive Director

DATO' DR. LUKMAN BIN IBRAHIM
Independent Non-Executive Director

AUDIT COMMITTEE

LEE WENG CHONG
Chairman

DATO' DR. LUKMAN BIN IBRAHIM
Deputy 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

DATO' HAJJAH ROSNANI BINTI IBARAHIM

LEE WENG CHONG

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 23rd 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, 30 June 2015, 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 2014 together with the Directors' and Auditors' Reports thereon. **(Please refer to Note 1 of the Explanatory Notes)**

2. To re-elect Datuk Abdul Hamid Bin Sawal who shall retire pursuant to Article 83 of the Company's Articles of Association. **RESOLUTION 1**

3. To re-elect Zaid Bin Abdullah who shall retire pursuant to Article 83 of the Company's Articles of Association. **RESOLUTION 2**

4. To re-elect Usamah Bin Zaid who shall retire pursuant to Article 90 of the Company's Articles of Association. **RESOLUTION 3**

5. To re-elect Dato' Dr Lukman Bin Ibrahim who shall retire pursuant to Article 90 of the Company's Articles of Association. **RESOLUTION 4**

6. To approve the Directors' Remuneration of RM322,865 for the year ended 31 December 2014. **RESOLUTION 5**

7. 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:-

8. **ORDINARY RESOLUTION I**

PROPOSED RENEWAL OF THE EXISTING SHAREHOLDERS' MANDATE AND PROPOSED NEW 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:- **RESOLUTION 7**

a. 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 29 May 2015; and

b. a New Shareholders' Mandate be and is hereby granted for the Company and/or its subsidiaries to enter into additional recurrent related party 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 29 May 2015

provided that such transactions are:-

(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").

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

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."

9. **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**

10. **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 to act as an Independent Non-Executive Director of the Company." **RESOLUTION 9**

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

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

29 May 2015

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

NOTES:-

i) A member entitled to attend and vote is entitled to appoint up to 2 proxies to attend and vote 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 two (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 22 June 2015. 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 Notes on Ordinary Business

1. *Agenda item no. 1 is meant for discussion only as the provision of Section 169(1) of the Companies Act 1965 does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is not put forward for voting.*
2. *Datuk Abdul Hamid Bin Sawal and Dato' Dr. Lukman Bin Ibrahim are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 23rd Annual General Meeting. The Board has conducted an assessment on their independence and is satisfied that they have 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 29 May 2015 enclosed together with the Company's Annual Report 2014.

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 27 May 2014 and the mandate will lapse at the conclusion of the 23rd 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 more than 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

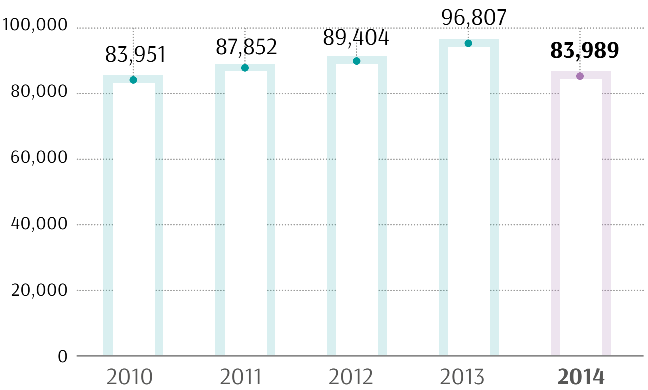
(Company No.: 203352-V)
(Incorporated in Malaysia under the Companies Act. 1965)

- 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
- 75% Alam Sekitar Malaysia Sdn Bhd
  - 100% Asma Environmental Consultancy Sdn Bhd
- 100% Quantum Up Returns Sdn Bhd
  - 25% Alam Sekitar Malaysia Sdn Bhd
- 100% Perunding Good Earth Sdn Bhd

5 YEARS' GROUP FINANCIAL HIGHLIGHTS

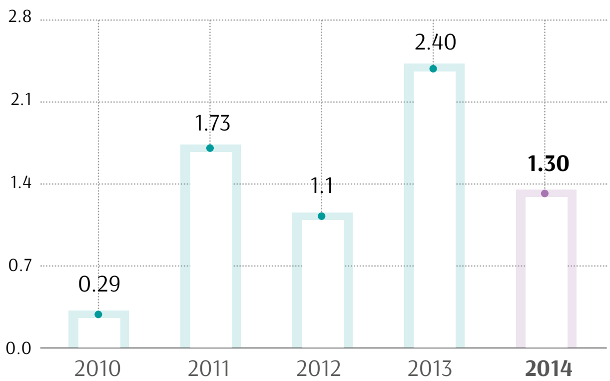
FOR THE YEAR ENDED 31 DECEMBER

RM ('000)	2010	2011	2012	2013	2014
Revenue	83,951	87,852	89,404	96,807	**83,989**
Profit before taxation	7,245	24,868	18,941	32,926	**22,359**
Net EPS (Sen)	0.29	1.73	1.10	2.40	**1.30**



REVENUE
RM ('000)

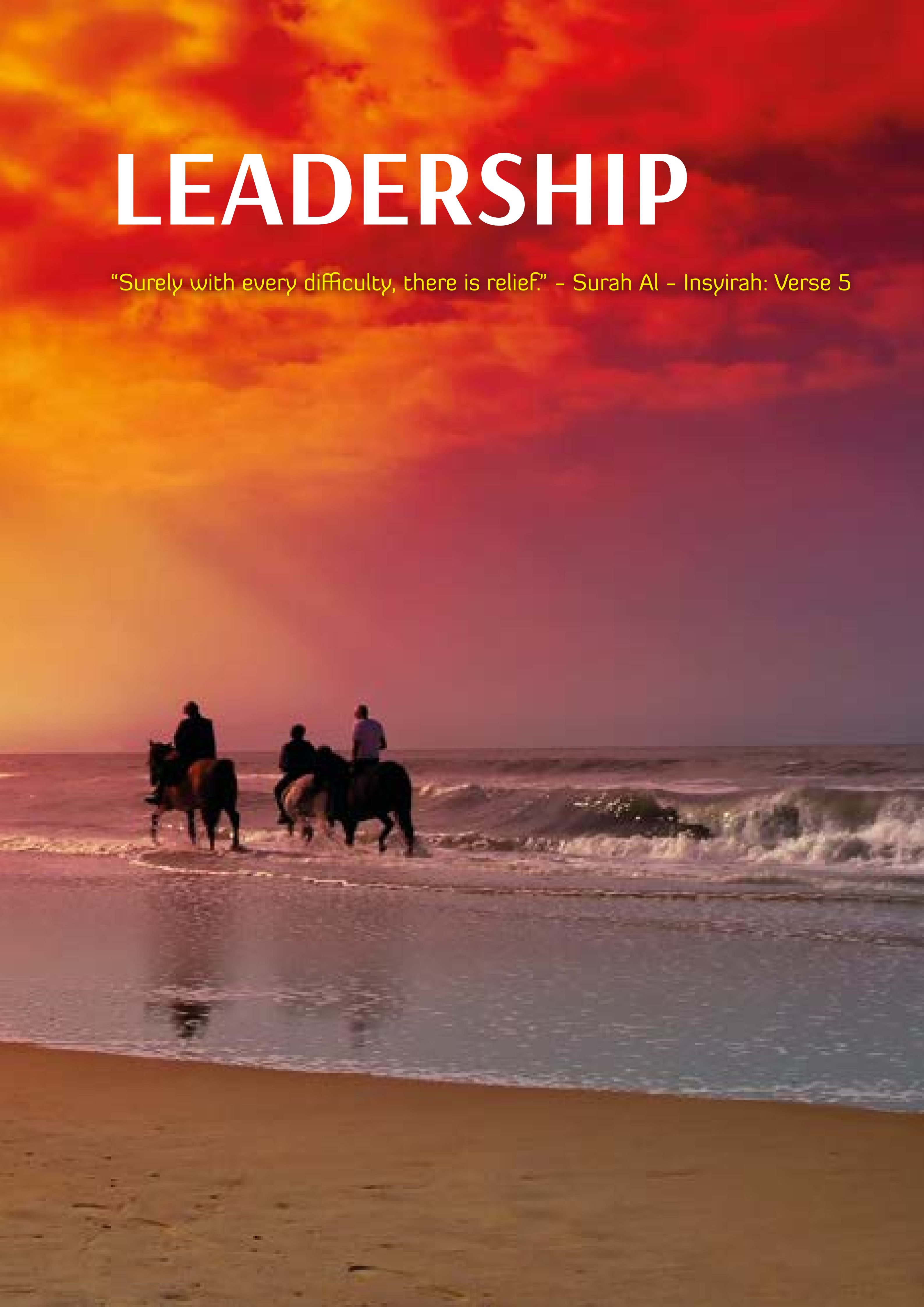
PROFIT BEFORE TAXATION
RM ('000)



NET EPS (Sen)

LEADERSHIP

"Surely with every difficulty, there is relief." - Surah Al - Insyirah: Verse 5



CHAIRMAN'S STATEMENT

Dear Shareholders,

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" or the "Group") for the financial year ended 31 December 2014.

DATUK ABDUL HAMID BIN SAWAL

Chairman

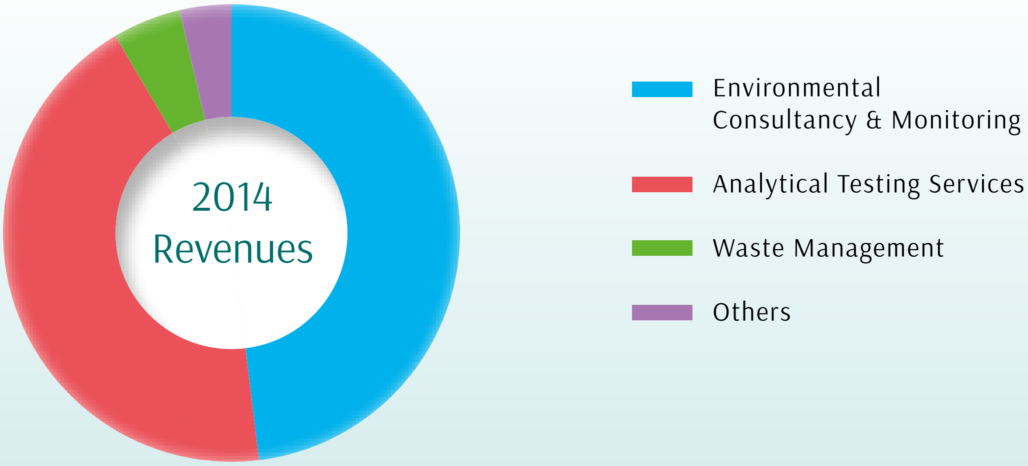
CHAIRMAN'S STATEMENT (CONT'D)

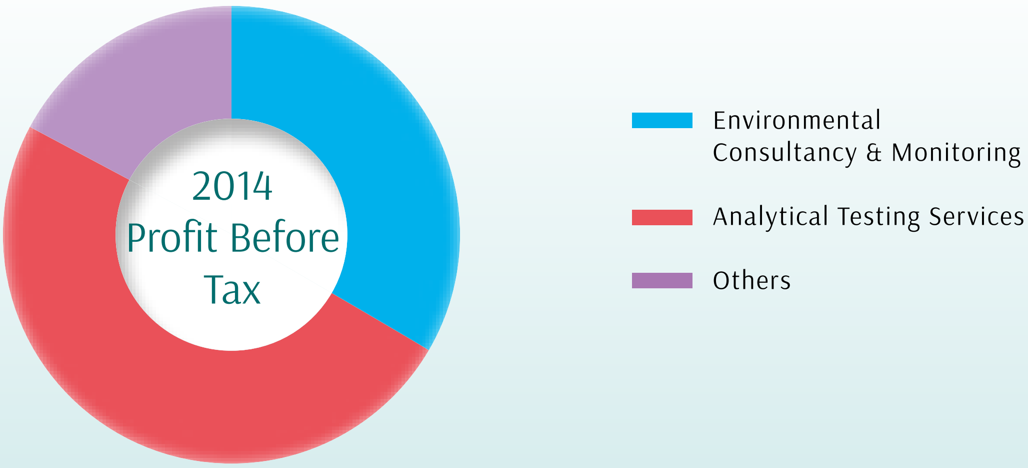
BUSINESS PERFORMANCE & FINANCIAL HIGHLIGHTS

PICORP Group continue to sustain its income for financial year 2014 from its core business sources mainly from the environmental monitoring services provided to the Department of Environment through the concession contract and the analytical testing services provided to the general industries.

The Group recorded revenue of RM 83.99 Million for financial year 2014, a decreased by 13% from the preceding year primarily as a result of lower income generated by the Saudi Arabia operation as it completes most of the projects in hand.

The profit before tax attained by the Group for financial year 2014 is RM 22.3 Million, 33% lower from financial year 2013 attributed mainly by the net losses incurred in the waste management operation due to lower margin from higher costs of construction. The financial performance was also affected by the depreciation costs incurred on the investment made for its new ocean monitoring technologies. While we incur the depreciation costs, this is expected to be offset once the technologies started to generate income in the near future. The management continuously putting initiatives to accelerate the securing of the contracts that are in the pipeline for the new technologies in waste management as well as for the ocean monitoring technologies.





CHAIRMAN'S STATEMENT (CONT'D)

STRATEGY

The Group continues to devote a lot of energy and creativity to create products and services which could improvise the customers' operational efficiency through innovative technologies. The Group's innovative technologies offer strategic competitive advantage such as low carbon foot print, real time data, forecasting and modelling capabilities. All these are to assist our customers to meet their aim to contribute to a sustainable environment and at the same time able to make faster decision based on validated and quality data. We continue to focus on improving the experience for the customers with continued investment in customizing our products and services according to their requirements.

While the Group still has existing business issues that need to be addressed, its focus moving forward is to drive the business for future growth and value. We remain focused on the present but we are starting to quicken our pace into the future, among the initiatives presently undertaken are by participating in a mid-tier development program organized by Malaysia External Trade Development Corporation (MATRADE) and McKinsey & Company. The Group look forward to break into the global market in the future with the assistance of these international management consultants in a strategic manner.

FUTURE PROSPECTS

Strategic change requires investment. Our task is to allocate resources to compete effectively in today's market while giving priority to ensuring that we emerge as winners in the environmental services industry. The Board is extremely focused on the need to manage this balance between current and future returns with great care, optimizing both without imperiling either.

There is tremendous potential for environmental business growth in Malaysia, especially within the energy, oil & gas, petrochemicals, water resources management and construction industries which the Group is focusing. 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.

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
Chairman

LEADERSHIP

BOARD OF DIRECTORS

PROGRESSIVE IMPACT CORPORATION BERHAD

EXCELLENCE

From left

- Datuk Abdul Hamid Bin Sawal • Dato' Hajjah Rosnani Binti Ibarahim
- Zaidah Binti Mohd Salleh • Zaid Bin Abdullah • Lee Weng Chong
- Fatimah Zahrah Binti Zaid • Usamah Bin Zaid • Dato' Dr. Lukman Bin Ibrahim

Datuk Abdul Hamid bin Sawal was appointed to the Board on 23 May 2011.

He graduated with Bachelor of Economics from the University of Malaya and MBA in Agribusiness from University of Santa Clara, California, USA. He joined the Malaysian Civil Service in 1971 and initially served in the Ministry of Finance (Treasury) and later was transferred to the Accountant General's Department. In 1974, he joined the Ministry of Primary Industries and in 1989, he was transferred to the Economic Planning Unit in the Prime Minister's Department as Head of Privatisation Task Force. In 1997, he was appointed as Deputy Director General (Sectoral) in the Economic Planning Unit. In June 1999, he was transferred back to the Ministry of Primary Industries as Deputy Secretary General and was seconded to the Malaysian Rubber Board as the Director General in January 2000 and served until his retirement from the public service in January 2006.

Datuk Abdul Hamid bin Sawal was re-designated as Independent Non-Executive Chairman of PICORP on 19 November 2012. He has no family relationship with any Director and / or substantial shareholder of the Company. He is not a director of any other public company. He does not have any conflict of interest with the Company and has no convictions for offences within the past 10 years.

DATUK ABDUL HAMID BIN SAWAL

Age 66, Malaysian

- Chairman
- Senior Independent Non-Executive Director
- Chairman of Nominating Committee
- Member of Audit Committee
- Member of Remuneration Committee

PROFILE OF DIRECTORS

ZAIDAH BINTI MOHD SALLEH

Age 60, Malaysian

- Non-Independent Non-Executive Director
- Member of Audit Committee

Zaidah binti Mohd Salleh was appointed to the Board on 1 November 1990.

She is a Chartered Accountant and a member of the Malaysian Institute of Accountants (MIA). She graduated from the University of Malaya with Bachelor of Economics (Accounting) in 1977 and Advance Diploma in Accounting in 1978. She started her career in 1978 as an Accountant in Jabatan Telekom and was promoted to Financial Controller ("G") in 1981. In 1984, she was entrusted to head the Regional Accounts Division as the Regional Accountant of Telekom Malaysia. In 1989, she was promoted to the position of a Senior Accountant (Operations), a position she upheld until she left in 1993 to join PICORP. She was initially the Group Financial Controller who oversees all financial related matters in the Group. She has been directly involved in obtaining the financial assistance from the relevant financial institutions, PUNB and PNS to facilitate the setting up of the Group and was promoted to the Group Executive Director position in year 2003.

Zaidah binti Mohd Salleh was re-designated as Non-Independent Non-Executive Director of PICORP on 30 January 2009. She is the spouse of Zaid bin Abdullah, mother of Usamah bin Zaid and Fatimah Zahrah binti Zaid and a major shareholder of PICORP. She is not a director of any other public company. She does not have any conflict of interest with the Company and has no convictions for offences within the past 10 years.

Zaid bin Abdullah was appointed to the Board on 1 November 1990.

He is the founder of PICORP Group and holds directorships in all the subsidiary companies of the Company. He graduated with a Bachelor of Economics (Accounting) and Advance Diploma in Accounting from the University of Malaya and is a Chartered Accountant by profession. Prior to the setting up of the PICORP Group in 1992, he held the position of Director of Finance in Shapadu Corporation from 1978 to 1982 and was then promoted to Group Executive Director of Shapadu Group of Companies, a position he upheld until he left in 1992 to develop PICORP Group. He set up ASMA in 1993 and was the initial Managing Director for ASMA. He was directly involved in managing all the works related to the setting up of ASMA that includes but not limited to the finalizing of the Concession Agreement with the Government, setting up of the Continuous Air Quality Monitoring (CAQM) and Continuous Water Quality Monitoring stations as well as the Environmental Data Centre. He was also involved in the formulation of the training program for the CAQM specialists / technicians with the Alberta Institute of Technology, Calgary, Canada. The acquiring of a majority stake in ALS through the joint venture agreement with Australian Laboratory Services Pty Ltd was also initiated by him and he has successfully turned around the company. With his vast experience in the corporate business world, he had contributed much to the success and growth of PICORP Group.

Zaid bin Abdullah was re-designated as Executive Deputy Chairman of PICORP on 19 November 2012. He is the spouse of Zaidah binti Mohd Salleh, father of Usamah bin Zaid and Fatimah Zahrah binti Zaid and a major shareholder of PICORP. He is not a director of any other public company. He does not have any conflict of interest with the Company and has no convictions for offences within the past 10 years.

ZAID BIN ABDULLAH
Age 63, Malaysian
• Executive Deputy Chairman

PROFILE OF DIRECTORS

DATO' HAJJAH ROSNANI BINTI IBARAHIM
Age 61, Malaysian
• Independent Non-Executive Director
• Member of Nominating Committee
• Member of Remuneration Committee
• Chairman of Risk Management Committee

Dato' Hajjah Rosnani binti Ibarahim was appointed to the Board on 14 May 2012.

She graduated from the University of Leeds, United Kingdom with a Bachelor of Science Degree in Chemical Engineering. She held the post of the Director-General of the Department of Environment Malaysia from year 1998 to 2011 and fully retired on 21 October 2011. She joined the Department of Environment in 1977 immediately after graduation and worked in different sections of the Department in gaining experience in various environmental management programmes. She was one of the pioneers to set up the country's programmes on managing toxic and hazardous wastes. She was extensively involved in the development of Malaysia's policy, strategy and programmes on pollution control and monitoring/surveillance programmes including for air, noise, water and marine pollution. She has on many occasions represented Malaysia in the regional/international forum/meetings pertaining to environmental management issues. She was awarded the AECEN Award for Excellence for Environmental Governance in Malaysia in year 2011 by an international NGO known as the Asia Environmental Compliance and Enforcement Network.

Dato' Hajjah Rosnani binti Ibarahim has no family relationship with any Director and / or substantial shareholder of the Company. She is not a director of any other public company. She does not have any conflict of interest with the Company and has no convictions for offences within the past 10 years.

Lee Weng Chong was appointed to the Board on 19 July 2004.

He graduated from the University of Aston, United Kingdom with a Bachelor of Science Degree in Chemical Engineering and obtained his professional qualification as a Chartered Chemical Engineer from the Institute of Chemical Engineers, United Kingdom. He started his career with Alfa Laval in United Kingdom, a global process equipment supplier and subsequently continued to serve the company in Singapore. He then joined Invensys Software Systems (S) Pte Ltd and was operationally responsible for a number of businesses from Industrial Automation to Process Equipment to ERP Systems, covering the Asia Pacific region. He is currently the President for Asia Pacific region at Trelleborg Sealing Solutions based in Singapore, a company that provides speciality polymer seals and sealing solutions.

He is not a director of any other public company. He has no family relationship with any Director and / or substantial shareholder of the Company. He does not have any conflict of interest with the Company and has no convictions for offences within the past 10 years.

LEE WENG CHONG
Age 57, Singaporean
- Independent Non-Executive Director
- Chairman of Audit Committee
- Chairman of Remuneration Committee

PROFILE OF DIRECTORS

USAMAH BIN ZAID
Age 31, Malaysian
- Executive Director

Usamah bin Zaid was appointed to the Board on 9 October 2014.

He graduated in General Islamic Studies from Darul Uloom Zakariya Islamic University, South Africa in 2010. He joined Progressive Impact Corporation Berhad in July 2010 and served as Syariah Advisor to the Group. He was then seconded to a subsidiary company, i.e. PJBumi Berhad (subsequently divested in 2011) as Business Development Executive and was later transferred to Alam Sekitar Eco-Technology Sdn Bhd. He actively involves in business development of Alam Sekitar Eco-Technology Sdn Bhd and contributed to several successful project awards of the company.

Usamah is the son of Zaid bin Abdullah and Zaidah binti Mohd Salleh and brother of Fatimah Zahrah binti Zaid. He is not a director of any other public company. He does not have any conflict of interest with the Company and has no convictions for offences within the past 10 years.

DATO' DR. LUKMAN BIN IBRAHIM
Age 49, Malaysian
- Independent Non-Executive Director
- Deputy Chairman of Audit Committee
- Member of Risk Management Committee

Dato' Dr. Lukman bin Ibrahim was appointed to the Board on 9 January 2015.

He is a Member of Association of Chartered Certified Accountants (ACCA) United Kingdom, Malaysian Institute of Certified Public Accountant (CPA) and Malaysian Institute of Accountants (MIA). Dato' Dr. Lukman obtained his PhD in Accountancy from MARA University of Technology in 2014. He graduated from the Temple University, Philadelphia, USA with a Master of Business Administration Degree in 1990. Prior to obtaining his MBA, Dato' Dr. Lukman graduated Magna Cum Laude and acquired his Bachelor of Business Administration (BBA) Degree majoring in Accounting and Finance from the same institution. He graduated from Association of Certified Chartered Accountants ACCA, United Kingdom in 2001.

Dato' Dr. Lukman started his career with Sun Refining and Marketing, Philadelphia, U.S.A. in 1989 prior to joining Automotive Corporation (Malaysia) Sdn. Bhd. in 1990. He joined Proton Berhad in 1991 and built his career in automotive industry with Proton for 17 years. During his tenure with Proton, he was seconded to Proton Part Centre Sdn Bhd in 1993 for two years. He was then seconded to PHN Industry Sdn Bhd with his last position was as the Managing Director. In 2008, he joined DRB-HICOM Berhad as Group Chief Financial Officer. He was later promoted to Group Chief Operating Officer in 2011. In 2012, Dato' Dr. Lukman was entrusted the position of Deputy Chief Executive Officer of Proton Holdings Berhad, a position which he held until 2014.

Dato' Dr. Lukman bin Ibrahim has no family relationship with any Director and / or substantial shareholder of the Company. He is not a director of any other public company. He does not have any conflict of interest with the Company and has no convictions for offences within the past 10 years.

PROFILE OF DIRECTORS

Fatimah Zahrah binti Zaid was appointed as Alternate Director to Zaidah binti Mohd Salleh on 9 April 2015.

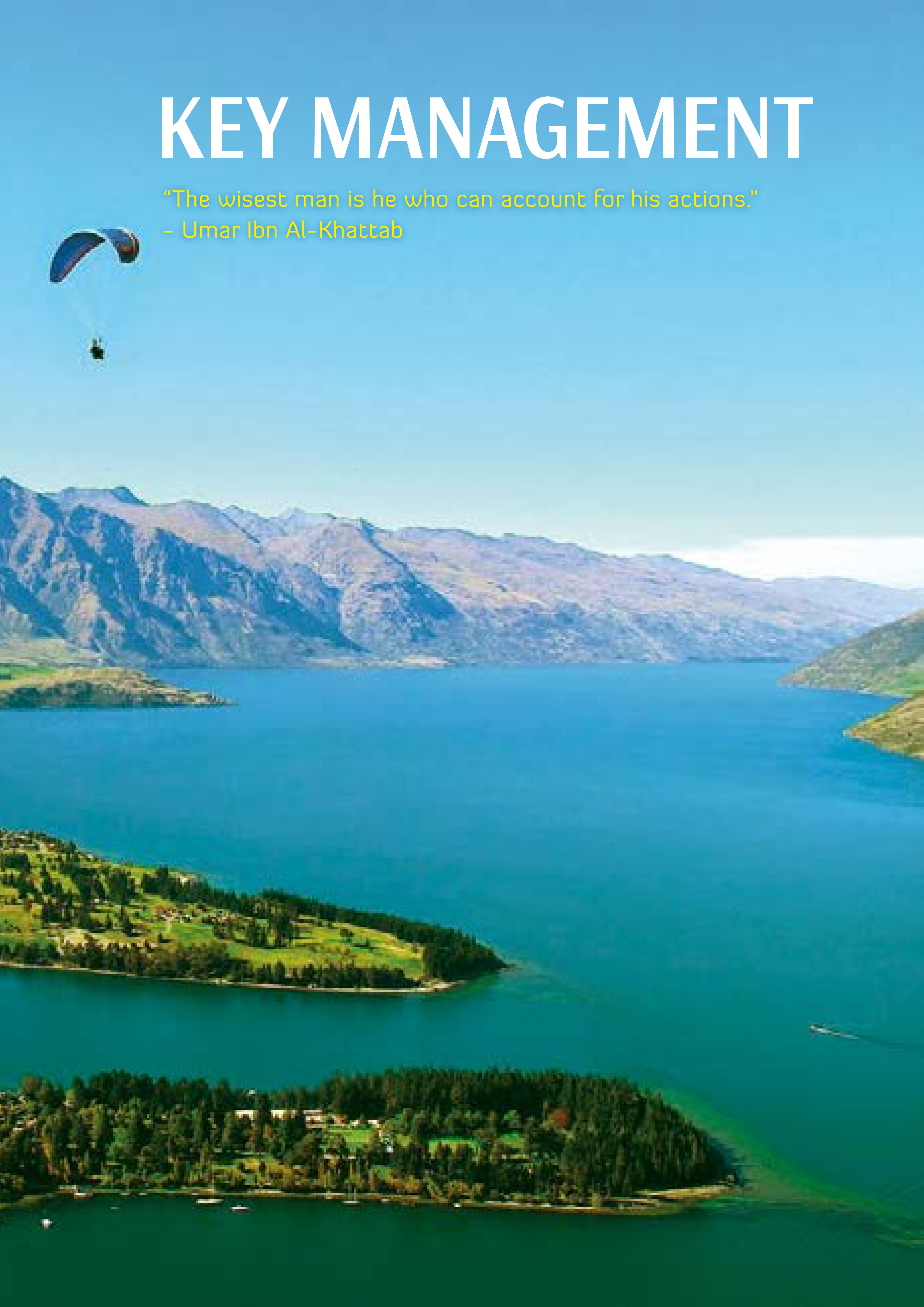
She holds a Bachelor Degree in Engineering (Chemical) from the University of Malaya. She started her career with Foxboro (Malaysia) Sdn Bhd, an oil and gas company, in 2007 as a Project Engineer and was promoted to Proposal Engineer in 2010. In 2013, she left Foxboro (Malaysia) Sdn Bhd to pursue her Master in Business Administration. She is now actively involved in business activities of the Zaiyadal Group of Companies.

Fatimah Zahrah is the daughter of Zaid bin Abdullah and Zaidah binti Mohd Salleh and sister of Usamah bin Zaid. She is not a director of any other public company. She does not have any conflict of interest with the Company and has no convictions for offences within the past 10 years.

FATIMAH ZAHRAH BINTI ZAID
Age 30, Malaysian
- Alternate Director to Zaidah binti Mohd Salleh

KEY MANAGEMENT

"The wisest man is he who can account for his actions."
- Umar Ibn Al-Khattab



PROFILE OF **GROUP CEO**

Johar bin Yusof was appointed as Group Chief Executive Officer of the Company on 14 January 2011. He graduated with a Bachelor in Electrical Engineering from University of Miami, Florida, USA and Master in Business Administration (Finance) from International Islamic University of Malaysia.

He started his career with Texas Instruments (M) Sdn Bhd as Project Engineer and Training Coordinator. He joined Invensys Software System (S) Pte. Ltd. in 1999 as the Sales Account Manager for Chemical, Oil & Gas Industry. He has vast experience in oil & gas industry especially in project management and business development.

He then joined Foxboro (Malaysia) Sdn Bhd in 2003 as the General Manager before he was promoted as the Managing Director of Progressive Impact Technology Sdn Bhd in 2006. He was also the Group Managing Director of PJBumi Berhad from 2008 till 2011.

Johar has direct shareholding of 1,523,000 (0.23%) ordinary shares in the Company. He has no family relationship with any Director and/or major shareholder of the Company.

He does not have conflict of interest with the Company and has no convictions for offences within the past 10 years.

JOHAR BIN YUSOF
Group Chief Executive Officer
Age 50, Malaysian

A Competitive Team

PICORP Group : at a glance

410
No. of employees

♂ 60.7% | ♀ 39.3%

56%
Malay

5%
Chinese

3%
Indian

36%
International Operation

5%
›50 years old

14%
›40 years old

28%
›30 years old

53%
›20 years old

JOHAR BIN YUSOF

Group Chief Executive Officer,
Progressive Impact Corporation Berhad

SHAMUDDIN BIN SULAIMAN

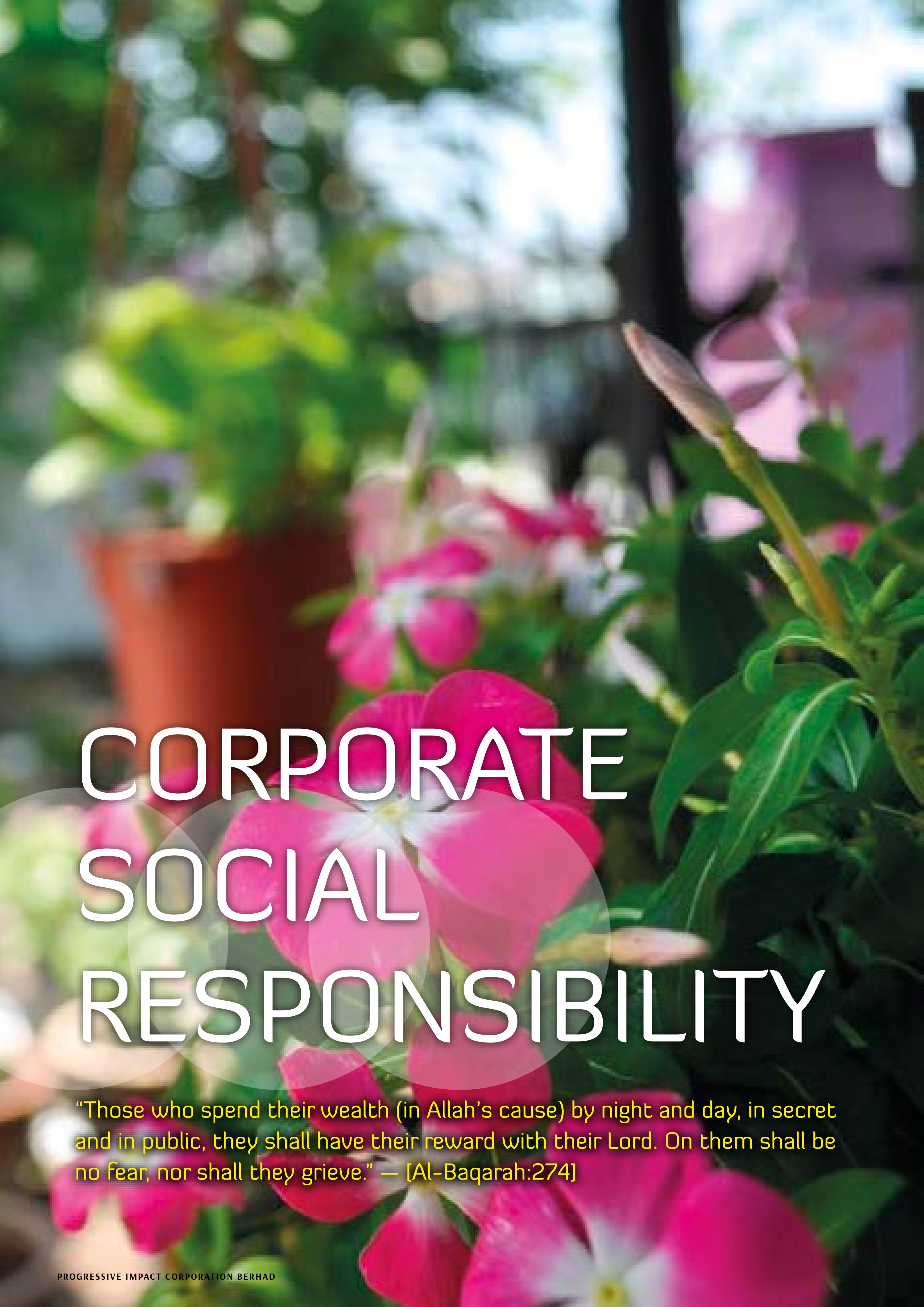
Chief Operating Officer,
Alam Sekitar Malaysia Sdn. Bhd.

General Manager,
ALS Technichem (M) Sdn. Bhd.

DR. CHIN TEEN TEEN

NADZRAH BINTI HASHIM

Chief Financial Officer,
Progressive Impact Corporation Berhad



CORPORATE SOCIAL RESPONSIBILITY

"Those who spend their wealth (in Allah's cause) by night and day, in secret and in public, they shall have their reward with their Lord. On them shall be no fear, nor shall they grieve." — [Al-Baqarah:274]

MAY

Alam Sekitar Malaysia Sdn. Bhd contributed 4 units of Air Pollution Control to the Faculty of Engineering and Built Environment, Universiti Kebangsaan Malaysia during Majlis Serahan Alatan Air Pollution Control. Prof. Dato Ir. Dr. Abdul Wahab Mohammad, the Dean of the Faculty was pleased to receive the equipment which would benefit the learners for research purpose and act as a teaching aid during the lectures.

19 May: Majlis Serahan Alatan Air Pollution Control (“APC”)

SEPTEMBER

Along with the initiative on ‘Cameron Highlands Dream’ programme, Ministry of Natural Resources and Environment organised tree planting programme to improve the areas which has been badly affected. Alam Sekitar Malaysia Sdn. Bhd supported this programme for the betterment of the future generation. This memorable event was officiated by Minister of NRE, YB Datuk Seri G. Palanivel at Kompt 4, Hutan Simpan Teria, Mukim Telom, Cameron Highlands, Pahang.

30 September: Program Kerjasama Strategik Penanaman Pokok Di Cameron Highlands, Pahang

NOVEMBER

Program Jelajah Jejak Mesra Rakan Alam Sekitar is one of the activities under Program Rakan Alam Sekitar with the aim to give the exposure on the outdoor activities related to community and environment to increase environmental awareness among the community. Alam Sekitar Malaysia Sdn. Bhd participated in planting mangroves at Taman Negara Tanjung Piai, Johor organized by the Department of Environment with the collaboration of Malakoff Corporation Berhad.

27 November: Program Penanaman Pokok Bakau di Taman Negara Tanjung Piai

DECEMBER

In the month of November 2014, ALS Technichem (Malaysia) Sdn. Bhd organised a charity donation for orphanage home where all staff were encouraged to donate at least 1 food item and 1 non-food item to be donated to Rumah Kanak-Kanak Ini Disayangi (RUMAH K.I.D.S.). Two (2) RUMAH K.I.D.S were selected, Subang and Klang and all the donation items were delivered to those selected homes on 20th December 2014 with the hope to alleviate their affliction and for the unfortunate ones to feel appreciated by other people.

20 December: Charity Donation Rumah Kanak-Kanak Ini Disayangi (RUMAH K.I.D.S.).

PT ALS Indonesia, a subsidiary under ALS Technichem (Malaysia) Sdn Bhd, paid a visit to Panti Asuhan Al Huda in Sumatera, Indonesia and presented their zakat to the orphanage to support them with the necessities of life.

January 2015: Visit to Panti Asuhan Al Huda

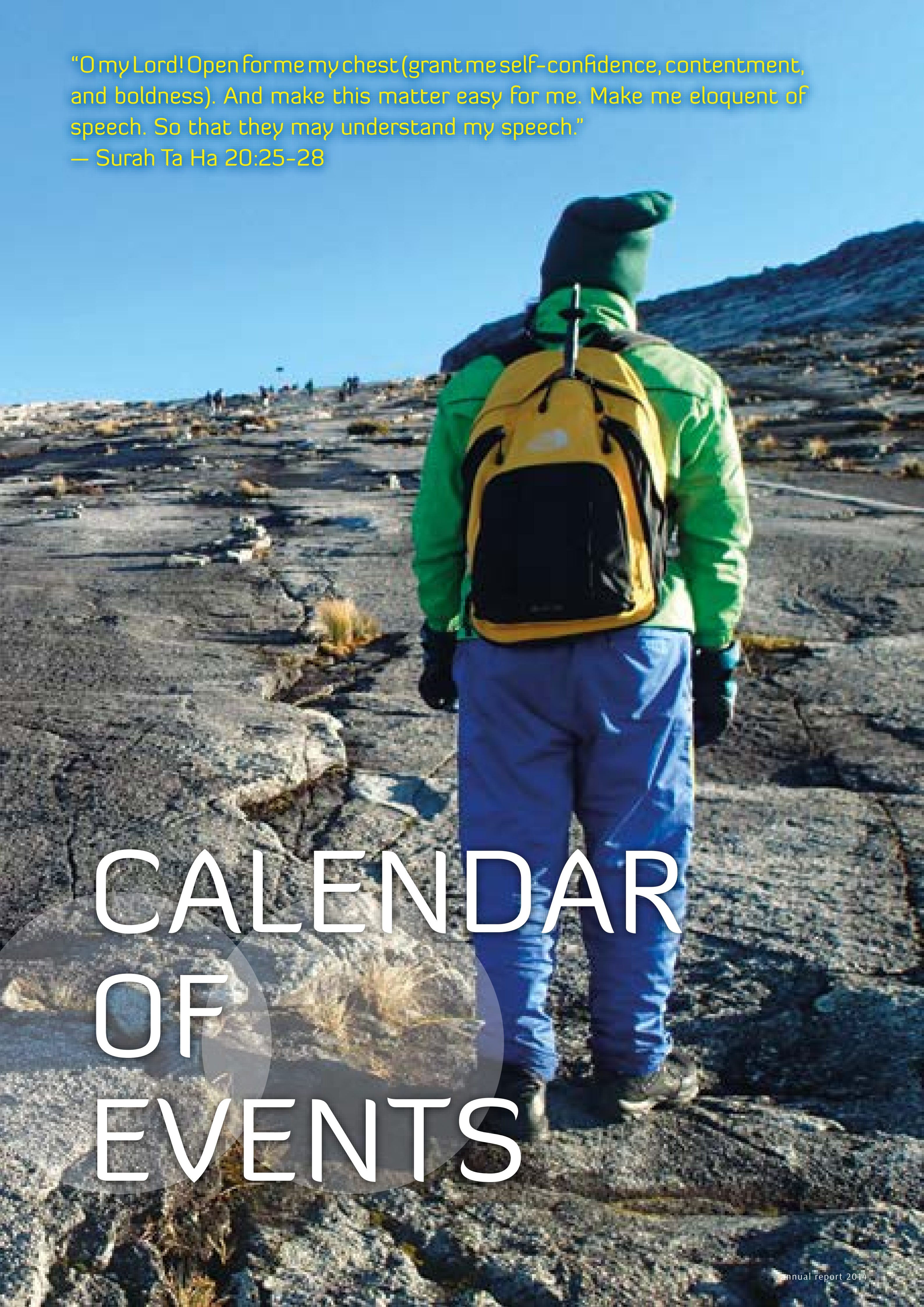
PICORP Group took part in flood relief efforts organized by the Ministry of Natural Resources and Environment to help the flood victims in the disaster-stricken villages, particularly in Kuala Lipis, Pahang. The catastrophic incident has caused severe damage to the houses and PICORP Group donated a number of water jets, stove, generator set to ease the suffering of the affected victims in restructuring their homes after the tragic incident.

7 January 2015: Helping the needy- Misi Bantuan Mangsa Banjir at Kuala Lipis Pahang

APRIL 2015

2015 PICORP CSR Program 1 was held on 18th April 2015 at Pusat Jagaan Titian OKU Nur Rawang, Selangor. Prior to the programme, a donation box was placed at the office premise for staff who wish to donate their items and cash. Pusat Jagaan Titian OKU Nur is indeed in need of generous support and sincere contribution due to their recent relocation from Kuala Lumpur to Rawang. We have supported the residents of Pusat Jagaan Titian OKU Nur by refurbishing their home- house & fence painting, cleaning and gardening. At the end of the programme, we presented the collected cash donation and items from staff and company to Pusat Jagaan Titian OKU Nur. We were blessed to see their happy faces having a clean and newly painted home for them to stay comfortably.

18 April 2015: 2015 PICORP CSR Program 1



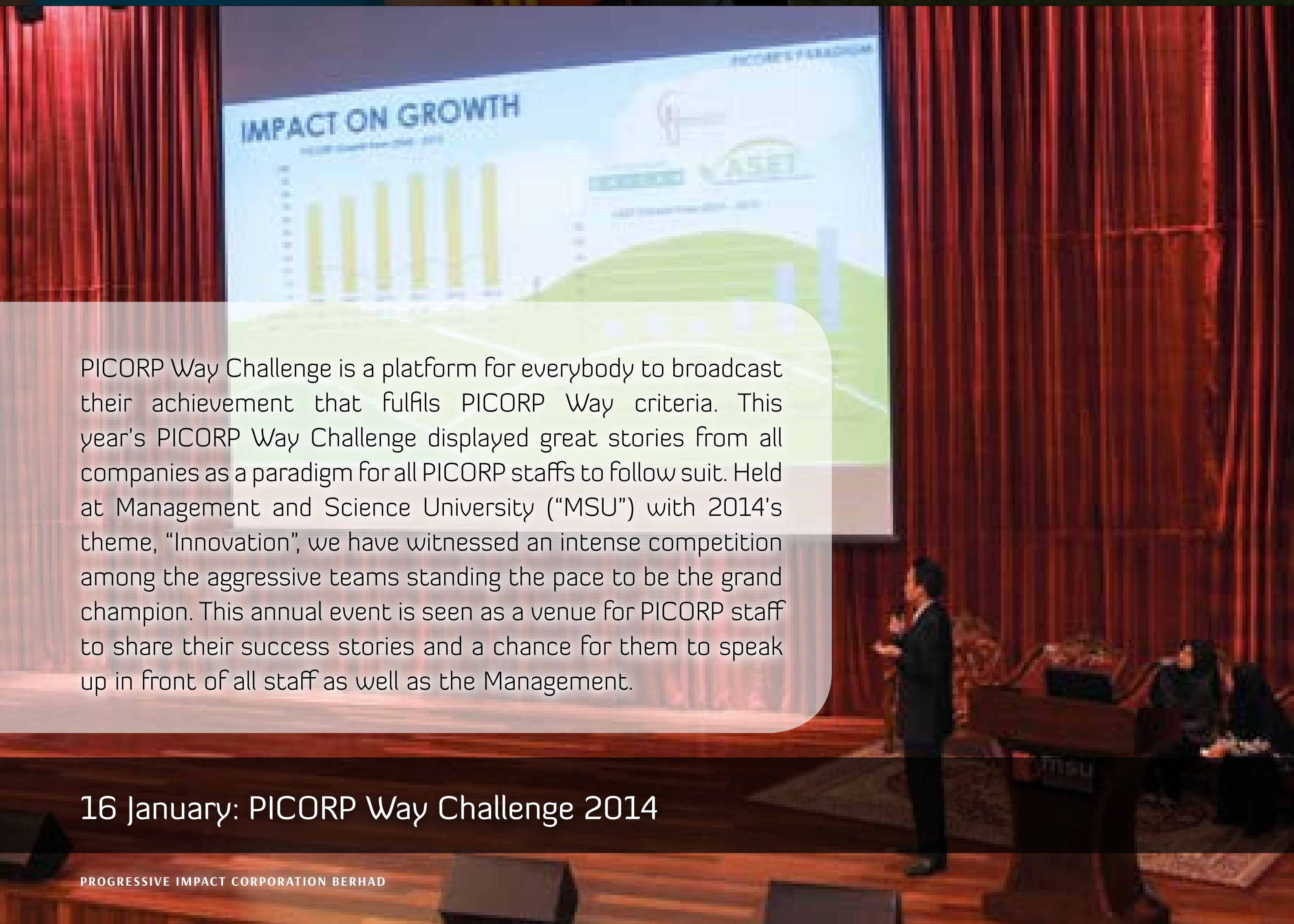
"O my Lord! Open for me my chest (grant me self-confidence, contentment, and boldness). And make this matter easy for me. Make me eloquent of speech. So that they may understand my speech."
— Surah Ta Ha 20:25-28

CALENDAR OF EVENTS

JANUARY

To kick off the year 2014, PICORP Sales Conference 2014 was organised for the sales team of each company as an incentive to boost the spirit and motivate each salesperson in coping with the upcoming challenges. Business Development is the essence of growth of the company thus this particular program was specifically designed to develop creative and critical thinking skills in every salesperson which are highly essential to improve their selling skills.

9 – 10 January: PICORP Sales Conference 2014



PICORP Way Challenge is a platform for everybody to broadcast their achievement that fulfils PICORP Way criteria. This year's PICORP Way Challenge displayed great stories from all companies as a paradigm for all PICORP staffs to follow suit. Held at Management and Science University ("MSU") with 2014's theme, "Innovation", we have witnessed an intense competition among the aggressive teams standing the pace to be the grand champion. This annual event is seen as a venue for PICORP staff to share their success stories and a chance for them to speak up in front of all staff as well as the Management.

16 January: PICORP Way Challenge 2014

MARCH & APRIL

To express appreciation and gratitude for the effort and hard works the staff have conveyed throughout the year, Alam Sekitar Malaysia Sdn. Bhd and Progressive Impact Corporation Berhad celebrated this occasion not only to the employees but also to their spouses and family members. ASMA held this bonding session with adrenaline-charged activities at Hulu Langat on 1st March while PICORP had theirs at Pantai Morib on 5th April. The spirit of togetherness and teamwork can be seen while they are competing among one another as well as having fun at the same time.

PICORP Group Family Day 2014

JUNE

SMIDEX 2014, organised by SME Corp. Malaysia is an annual showcase designed to display the capabilities and capacities of Malaysian SMEs in producing products, services and technologies for the global market. Held at Kuala Lumpur Convention Centre, Alam Sekitar Eco-Technology Sdn. Bhd participated in this exhibition to present its products and services. The latest wastewater technology, Bi-Act Super Dissolve Oxygen is the hub of ASET and it received voluminous attention and interests from the visitors.

4 - 6 June: SMIDEX 2014

Reaching for the peak

KINABALU CHALLENGE 2014

Peak Performance, one of the key values being inculcated in every PICORP staff was the epitome of success in conquering the Mount Kinabalu, the highest mountain in Malaysia. Reflecting their commitment in accomplishing the goal, the staff proved that they can do it! Regardless of rough challenges they encountered, it did not get in their way to seize the summit and raise the PICORP emblem on top of the mountain. Mount Kinabalu- checked. So, what's next?

JUNE

In conjunction with World Ocean Week organized by University Malaysia Terengganu with the theme "Together We Have the Power to Protect the Ocean". ASMA took this opportunity to officially launch its automated marine robot, Wave Glider on this remarkable event.

12 June: Wave Glider Official Launching during World Ocean Week

AUGUST

This 3 days 2 nights- programme was participated by 93 students from 5 selected schools in Selangor, Wilayah Persekutuan Kuala Lumpur and Wilayah Persekutuan Putrajaya. The programme was officiated by YBhg Tan Sri Dato' Seri (Dr.) Aseh bin Hj Che Mat, President of Perbadanan Putrajaya. This programme gave the emphasis on water management through 11 technical modules along with various water sports activities such as water confident and lake crossing at Wetland Putrajaya. Water experts from ASMA were part of the moderators during the programme.

19 – 21 August: Kem Pemimpin Muda Prihatin Air Kebangsaan 2014

SEPTEMBER

KL Converge 2014, known as a prominent digital media and communications hub in the region, Alam Sekitar Malaysia Sdn. Bhd was invited to take part in this event held at Kuala Lumpur Convention Centre as a platform for us to display our latest maritime technology, Wave Glider. Officiated by Deputy Prime Minister Tan Sri Muhyiddin Yassin, we were thrilled to have him visiting our booth!

17 – 19 September: Exhibition @ KL Converge 2014

OCTOBER

PT ALS Indonesia officiated their new building located at Kawasan Industri Sentul, Bogor, Indonesia during its Grand Opening. The new building is now equipped with advance facilities and technology to enhance the laboratory process and analysis.

14 October: PT ALS Indonesia Grand Opening

OCTOBER

In conjunction with Majlis Sambutan Minggu Alam Sekitar Malaysia 2014 Peringkat Kebangsaan, Alam Sekitar Malaysia Sdn. Bhd was invited for Sesi Pelancaran Media at Taman Tasik Darul Aman, Jitr, Kedah. This event was held to extensively promote Minggu Alam Sekitar Malaysia 2014 Peringkat Kebangsaan to be held on 1st November 2014.

9 October: Sesi Ramah Mesra dan Pelancaran Media Sambutan Minggu Alam Sekitar Malaysia 2014 Peringkat Kebangsaan

16 – 19 October: IGEM 2014

Alam Sekitar Eco-Technology Sdn. Bhd took part in the 5th International Greentech & Eco Products Exhibition 2014 with the theme "Creating Green Wealth" held at Kuala Lumpur Convention Centre. This event was an anticipated event as this is the region's largest green exhibition where like-minded industry players and professionals gather together to seize the green opportunities. ASET showcased its Wave Glider and Bi-Act SDO during the exhibition.

16 – 19 October: 5th International Greentech & Eco Products Exhibition 2014

NOVEMBER

In conjunction with Majlis Sambutan Minggu Alam Sekitar Malaysia 2014 Peringkat Kebangsaan, Alam Sekitar Malaysia Sdn. Bhd participated in the exhibition organised by Department of Environment Malaysia at Taman Tasik Darulaman, Jitra, Kedah. With the emphasis of "Ya! Teruskan Gaya Hidup Lestari", the remarkable event was attended by YB Datuk Seri G. Palanivel, Minister of Natural Resources and Environment and officiated by YAB Dato' Seri Mukhriz Tun Mahathir, Kedah Chief Minister.

1 November: Exhibition @Minggu Alam Sekitar Malaysia, Jitra, Kedah

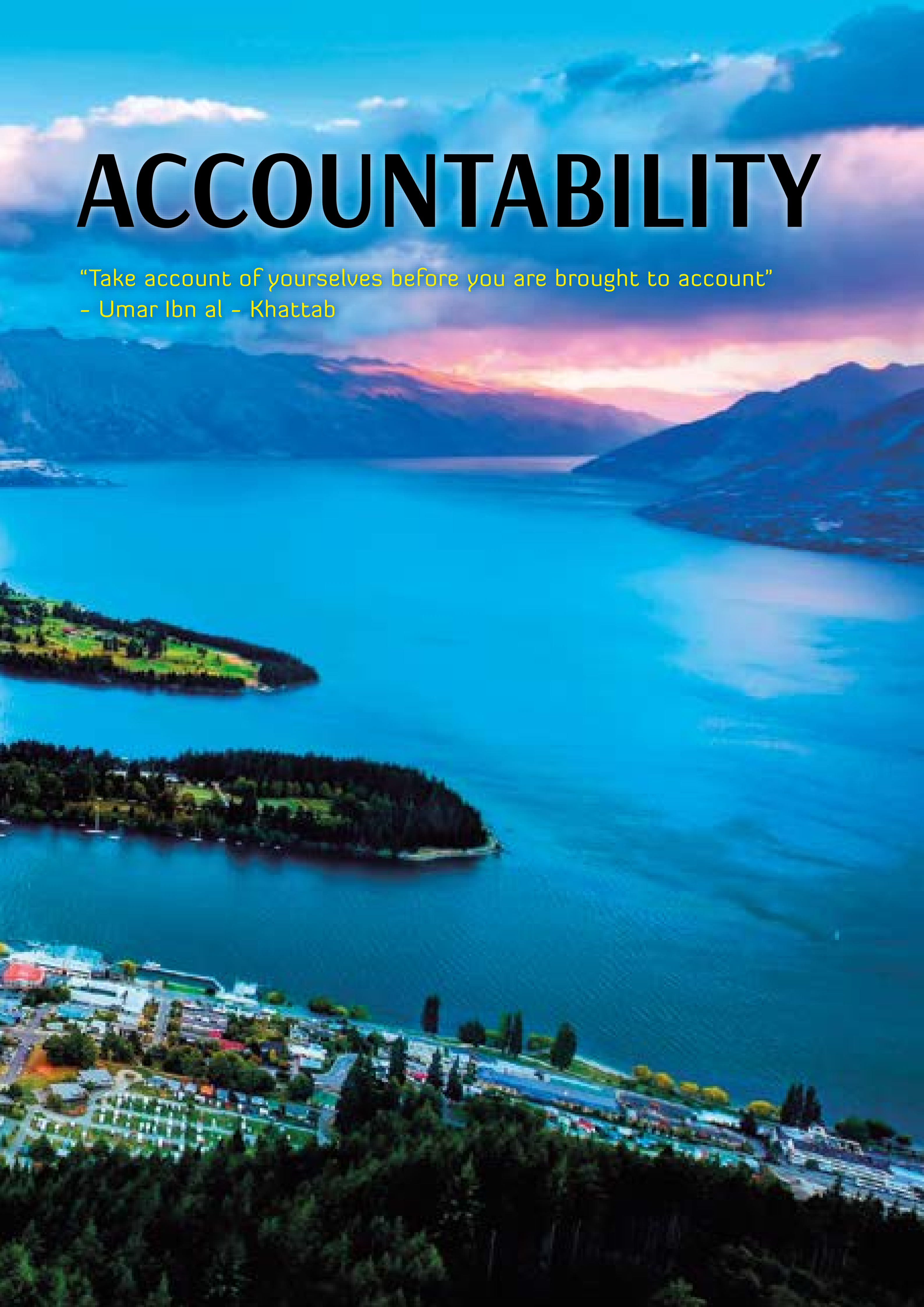
DECEMBER

Perbadanan Putrajaya hosted Putrajaya Lake & Wetland Explorace 2014 in collaboration with Alam Sekitar Malaysia Sdn. Bhd. This adventurous yet educational race was held in the vicinity of Putrajaya Lake & Wetland and have attracted quite a number of audacious participants.

13 December: Putrajaya Lake & Wetland Explorace 2014

ACCOUNTABILITY

"Take account of yourselves before you are brought to account"
- Umar Ibn al - Khattab



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 Nominating Committee which was established on 26 February 2013, currently has 3 members. The members of the Nominating Committee and the details of their attendance of meetings during the year are as follows:

• Datuk Abdul Hamid bin Sawal (Chairman / Senior Independent Non-Executive Director)	3/3
• Dato' Hajjah Rosnani binti Ibarahim (Independent Non-Executive Director)	3/3
• Hassan bin Hussain [resigned on 10 October 2014] (Non-Independent Non-Executive Director)	2/2
• Lee Weng Chong [appointed on 23 February 2015] (Independent Non-Executive Director)	N/A

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.

2. STRENGTHEN COMPOSITION (cont'd)

Activities of the Nominating Committee

During the financial year, the following activities were undertaken by the Nominating Committee:-

- 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;
- assessed the independence of the Independent Non-Executive Directors and reported the same to the Board;
- reviewed and made recommendations to the Board on the re-election of Directors based on the assessments conducted; and
- reviewed the qualifications, character, integrity, competence, professionalism, time commitment and experience of the nominated Executive Director and proposed his appointment to the Board.

Embracing Equal Opportunities, Diversity and Inclusiveness

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

Nevertheless, the Company is committed to the positive promotion of equality, diversity and inclusion in its workforce throughout the group. The Company is an equal opportunity employer and does not practice discrimination of any form, whether based on age, gender, race and religion, throughout the organization. Below sets the summary on gender, ethnicity and age mix of the workforce:-

GENDER

Category	Total Headcount	Male Employees		Female Employees	
		Headcount	%	Headcount	%
All staff (below managerial level)	360	220	53.7%	140	34.2%
Management staff (Manager & above)	50	29	7.0%	21	5.1%
Total	**410**	**249**	**60.7%**	**161**	**39.3%**

ETHNICITY

Category	Total Headcount	Malay		Chinese		Indian		International Operation	
		Headcount	%	Headcount	%	Headcount	%	Headcount	%
All staff (below managerial level)	360	195	47.6%	19	4.6%	14	3.4%	132	32.2%
Management staff (Manager & above)	50	33	8.0%	3	0.7%	0	0.0%	14	3.5%
Total	**410**	**228**	**55.6%**	**22**	**5.3%**	**14**	**3.4%**	**146**	**35.7%**

2. STRENGTHEN COMPOSITION (cont'd)

AGE

Category	Total Headcount	60 to 69		50 to 59		40 to 49		30 to 39		20 to 29	
		Headcount	%	Headcount	%	Headcount	%	Headcount	%	Headcount	%
All staff (below managerial level)	360	2	0.5%	9	2.2%	38	9.4%	96	23.4%	215	52.4%
Management staff (Manager & above)	50	1	0.2%	10	2.4%	19	4.6%	18	4.4%	2	0.5%
Total	**410**	**3**	**0.7%**	**19**	**4.6%**	**57**	**14.0%**	**114**	**27.8%**	**217**	**52.9%**

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 meeting was held on 24 November 2014 and was fully attended by all members. The Remuneration Committee recommends to the Board the remuneration framework and remuneration packages of Executive Directors and Group Chief Executive Officer. The level of remuneration reflects the experience and level of responsibilities undertaken by the Executive Directors. 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 2014 is categorized into the appropriate components as follows:-

Type of Remuneration	Executive Directors RM	Non-Executive Directors RM	Total RM
Fees	24,000	132,065	156,065
Salaries, allowance & other emoluments	1,070,000	350,800	1,420,800
Pension costs - defined contributions plans	178,566	-	178,566
Pension costs – defined benefit plans	133,590	-	133,590
Benefits in kind	66,061	-	66,061
Total	**1,472,217**	**482,865**	**1,955,082**

2. STRENGTHEN COMPOSITION (cont'd)

Remuneration Bands	Number of Directors		Total
	Executive	Non-Executive	
Below RM 50,000*	1	1	**2**
RM 50,001 - RM 100,000		3	**3**
RM 150,001 - RM 200,000		1	**1**
RM 1,450,000 - RM 1,500,000	1		**1**
Total	**2**	**5**	**7**

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.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

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 one (1) Independent Non-Executive Chairman, one (1) Executive Deputy Chairman, three (3) Independent Non-Executive Directors, one (1) Executive Director and one (1) Non-Independent Non-Executive Director.

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 financial year, six (6) board meetings were held and the attendance of the Board members is reflected as follows:-

Name of Director	Designation	Attendance
Datuk Abdul Hamid bin Sawal	Chairman/Senior Independent Non-Executive Director	6/6
Zaid bin Abdullah	Executive Deputy Chairman	5/6
Zaidah binti Mohd Salleh	Non-Independent Non-Executive Director	6/6
Lee Weng Chong	Independent Non-Executive Director	6/6
Dato' Hajjah Rosnani binti Ibarahim	Independent Non-Executive Director	6/6
Hassan bin Hussain	Non-Independent Non-Executive Director	5/5*
Usamah bin Zaid	Executive Director	2/2∞
Dato' Dr. Lukman bin Ibrahim	Independent Non-Executive Director	N/A#

* *Resigned on 10 October 2014*
∞ *Appointed on 9 October 2014*
\# *Appointed on 9 January 2015*

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.

4. FOSTER COMMITMENT (cont'd)

Directors' Training

All Directors have attended the Mandatory Accreditation Programme. The Directors shall be committed to continuous education to equip themselves with the board 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 trainings during the financial year:

1) Workshop on ASEAN Corporate Governance Scorecard, 29 September and 7 October 2014, Bursa Malaysia and Minority Shareholder Watchdog Group.

2) Executive Briefing Session on "Business Succession and Legacy Planning", 4 November 2014, Azmi & Associates.

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.

The Audit Committee has obtained assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. The Audit Committee is satisfied with the competency and independence of the External Auditors and has recommended the Board to table their re-appointment at the Annual General Meeting for the shareholders' approval.

A full Audit Committee report is set out on pages 54 to 56 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 57 to 59 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.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

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 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:

Chairman	
Lee Weng Chong (Independent Non-Executive Director)	5/5
Deputy Chairman	
Dato' Dr. Lukman bin Ibrahim (Independent Non-Executive Director)	N/A*
Members	
Zaidah binti Mohd Salleh (Non-Independent Non-Executive Director)	5/5
Datuk Abdul Hamid bin Sawal (Senior Independent Non-Executive Director)	5/5

** Appointed as Deputy Chairman of Audit Committee on 27 April 2015.*

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.

SUMMARY OF TERMS OF REFERENCE (cont'd)

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;

(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.

AUDIT COMMITTEE REPORT (CONT'D)

SUMMARY OF ACTIVITIES OF THE AC

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

1. reviewed the quarterly unaudited financial results before recommending them for the approval by the Board;

2. reviewed the audited financial statements with the external auditors prior to approval by the Board;

3. reviewed with the external auditors, their scope of work and audit plan prior to the commencement of audit for the financial year ended 31 December 2014 and reviewed their fees;

4. met the external auditors and internal auditors without the presence of the Executive Directors and management;

5. reviewed the internal audit reports prepared by the external independent professional services firm, considered the findings and recommendations and management's response thereto;

6. reviewed the revised Terms of Reference of the Audit Committee and recommended the same to the Board for adoption;

7. reviewed and recommended the appointment of risk management consultant to the Board;

8. reviewed and approved the minutes of the Audit Committee meetings;

9. reviewed the recurrent related party transactions of the Group and circular to shareholders in relation to the proposed renewal of shareholders' mandate for recurrent related party transactions.

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 RM86,700.00.

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 System

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.

- ***Periodical and/or Annual Budget***

  An annual budget is prepared by management and is 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 are 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 2014, 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 27 April 2015.

STATEMENT OF THE DIRECTORS' RESPONSIBILITIES

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 2014, 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 2014.

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 or Share Issuance 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") and Johar Bin Yusof ("Johar") is a director of PITECH with 10% interest in PITECH. Usamah Bin Zaid ("Usamah") and Fatimah Zahrah Binti Zaid ("Fatimah Zahrah") are also deemed interested by virtue of their family relationship to Zaid and Zaidah.
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") / Progressive Impact Corporation Berhad ("PICORP")	PITECH	Rental of 6,634 sq. ft of office space in MERCU PICORP, Lot 10, Jalan Astaka U8/84, Bukit Jelutong, 40150 Shah Alam to PITECH	116,818	

ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

4. Recurrent Related Party Transactions ("RRPT") (cont'd)

Company involved	Transacting Parties	Categories of Recurrent Transactions	Actual value transacted (RM)	Interested Directors / Major Shareholders and persons connected to them
ASET	Foxboro (M) Sdn Bhd ("Foxboro")	Provision of engineering services to ASET	Nil	Foxboro is a company in which Zaid, Zaidah and Johar are Directors with shareholdings of 51% held through PITECH. Usamah and Fatimah Zahrah are also deemed interested by virtue of their family relationship to Zaid and Zaidah.
ASMA	Foxboro	Provision of engineering services to ASMA	Nil	
Vertical Plus / PICORP	Foxboro	Rental of 15,057 sq. ft. of office space in MERCU PICORP, Lot. 10 Jalan Astaka U8/84, Bukit Jelutong, 40150 Shah Alam to Foxboro [#]	486,444	
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	20,900	Untung Aqua is a company in which Zaid and Zaidah are Directors with 100% interest in Untung Aqua held through ZKSB. Usamah and Fatimah Zahrah are also deemed interested by virtue of their family relationship to Zaid and Zaidah.
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	49,959	Rohrback is a company in which Zaid and Johar are directors. Rohrback is a wholly-owned subsidiary of Progressive Impact Engineering Sdn Bhd (formerly known as 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	Nil	

ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

5. Depository Receipt Programme

During the financial year ended 31 December 2014, 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 2014.

9. 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.

10. Variation in Results

There was no material variation between the reported unaudited and audited financial results for the financial year ended 31 December 2014.

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 2014.

Principal activities

The principal activities of the Company are that of investment holding, property investment 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	13,990,536	14,391,298
Attributable to:		
Owners of the parent	8,444,852	14,391,298
Non-controlling interest	5,545,684	-
	13,990,536	14,391,298

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 during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

The result of the operation of the Company was affected by the transfer of an asset from a subsidiary during the year.

Dividends

The amount of dividends paid by the Company since 31 December 2013 were as follows:

	RM
In respect of the financial year ended 31 December 2013 as reported in the directors' report of that year:	
Final dividend of 0.65 sen per share tax exempt under single-tier system on 658,000,000 ordinary shares, approved by shareholders on 2 May 2014 and paid on 16 June 2014	4,277,000
In respect of the financial year ended 31 December 2014:	
Interim dividend of 0.61 sen per share tax exempt under single-tier system on 658,000,000 ordinary shares, approved on 10 December 2014 and paid on 19 December 2014	4,013,800
	8,290,800

At the forthcoming Annual General Meeting, there is no final dividend in respect of the financial year ended 31 December 2014 to be declared.

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	
Lee Weng Chong	
Datuk Abdul Hamid bin Sawal	
Dato' Hajjah Rosnani Binti Ibarahim	
Usamah bin Zaid	(appointed on 9 October 2014)
Zainab binti Zaid	(appointed as alternate director to Zaidah bt Mohd Salleh on 10 October 2014 and resigned as alternate director on 27 February 2015)
Dato' Lukman bin Ibrahim	(appointed on 9 January 2015)
Fatimah Zahrah binti Zaid	(appointed as alternate director to Zaidah bt Mohd Salleh on 9 April 2015)
Hassan bin Hussain	(resigned on 10 October 2014)

DIRECTORS' REPORT (CONT'D)

Directors' benefits

Neither at the end of the financial year, nor at any time during the 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 Directors have 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 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			
	1.1.2014 / Date of appointment	**Acquired**	**Sold**	**31.12.2014**
The Company				
Direct interest:				
Zaid bin Abdullah*	47,925,100	-	-	47,925,100
Zaidah bt Mohd Salleh*	8,668,000	10,000	-	8,678,000
Lee Weng Chong	1,050,000	-	-	1,050,000
Usamah bin Zaid **	112,000	-	-	112,000
Zainab binti Zaid **	31,700	-	-	31,700
Indirect interest:				
Zaid bin Abdullah and Zaidah bt Mohd Salleh	351,514,322	1,018,400	(48,208,600)	304,324,122

* Both of these Directors are in a spousal relationship
** These Directors are the children of Zaid bin Abdullah and Zaidah bt Mohd Salleh

	Number of ordinary shares of RM0.10 each			
	1.1.2014	**Acquired**	**Sold**	**31.12.2014**
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.

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

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.

DIRECTORS' REPORT (CONT'D)

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 27 April 2015.

Zaid bin Abdullah	**Datuk Abdul Hamid bin Sawal**

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

We, Zaid bin Abdullah and Datuk Abdul Hamid bin Sawal, 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 74 to 142 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 2014 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 142 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 27 April 2015.

Zaid bin Abdullah

Datuk Abdul Hamid bin Sawal

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 74 to 142 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 27 April 2015

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 2014 of the Group and of the Company, and statements of 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 74 to 142.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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 2014 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

INDEPENDENT AUDITORS' REPORT (CONT'D)
TO THE MEMBERS OF PROGRESSIVE IMPACT CORPORATION BERHAD
(INCORPORATED 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 101 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
27 April 2015

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

		Group		Company	
	Note	2014	2013	2014	2013
		RM	RM	RM	RM
Revenue	4	83,989,080	96,865,490	12,528,123	12,023,800
Other income	5	2,034,621	5,713,564	10,117,869	362,952
Staff costs	6	(19,836,896)	(22,241,930)	(3,307,166)	(4,038,000)
Cost of sales		(21,368,474)	(26,176,805)	(290,902)	-
Depreciation and amortisation		(6,944,401)	(5,791,758)	(328,534)	(179,144)
Other operating expenses		(15,419,282)	(14,982,427)	(2,075,890)	(1,999,021)
Profit from operations		22,454,648	33,386,134	16,643,500	6,170,587
Finance costs	8	(95,183)	(460,365)	(25,505)	(3,076)
Profit before tax	9	22,359,465	32,925,769	16,617,995	6,167,511
Taxation	10	(8,368,929)	(9,162,269)	(2,226,697)	276,733
Profit net of tax		13,990,536	23,763,500	14,391,298	6,444,244
Other comprehensive income to be reclasified to profit or loss in subsequent periods:					
Foreign currency translation		1,173,963	(2,882,910)	-	-
Other comprehensive income for the year, net of tax		1,173,963	(2,882,910)	-	-
Total comprehensive income for the year		15,164,499	20,880,590	14,391,298	6,444,244
Profit attributable to:					
Owners of the parent		8,444,852	15,845,878	14,391,298	6,444,244
Non-controlling interest		5,545,684	7,917,622	-	-
		13,990,536	23,763,500	14,391,298	6,444,244
Total comprehensive income attributable to:					
Owners of the parent		9,103,736	14,083,739	14,391,298	6,444,244
Non-controlling interest		6,060,763	6,796,851	-	-
		15,164,499	20,880,590	14,391,298	6,444,244
Earnings per share (sen) attributable to owners of the parent					
Basic/Diluted	11	1.3	2.4		

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Assets					
Non current assets					
Property, plant and equipment	12	44,422,615	58,789,787	1,590,620	467,253
Investment properties	13	39,959,371	25,889,255	43,953,269	371,540
Investment in subsidiaries	14	-	-	2,796,522	3,296,524
Prepaid land lease payment	15	275,000	300,000	275,000	300,000
Intangible assets	16	13,299,526	13,583,526	-	-
Deferred tax assets	28	2,739,182	2,093,949	111,980	196,321
		100,695,694	100,656,517	48,727,391	4,631,638
Current assets					
Inventories	17	668,412	768,455	-	-
Trade and other receivables	18	37,787,249	36,972,844	38,388,729	73,256,153
Amount due from customer on contract	19	176,356	1,461,445	-	-
Tax recoverable		546,398	1,705,901	-	1,423,575
Investment in unit trusts	20	28,935	28,357	28,935	28,357
Cash and bank balances	21	28,057,025	18,158,116	4,554,369	2,300,124
		67,264,375	59,095,118	42,972,033	77,008,209
Total assets		167,960,069	159,751,635	91,699,424	81,639,847
Equity and liabilities					
Current liabilities					
Trade and other payables	22	22,390,697	21,257,590	4,472,955	2,143,622
Short term borrowings	23	5,510,355	3,027,609	-	466,318
Taxation		1,566,385	703,686	689,885	-
		29,467,437	24,988,885	5,162,840	2,609,940
Non current liabilities					
Retirement benefit obligation	24	995,428	739,302	525,553	391,962
Deferred tax liabilities	28	2,346,506	2,425,449	-	-
		3,341,934	3,164,751	525,553	391,962
Total liabilities		32,809,371	28,153,636	5,688,393	3,001,902
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	(451,511)	(1,110,395)	-	-
Retained earnings	27	45,547,640	45,393,588	20,040,741	12,667,655
		111,066,419	110,253,483	86,011,031	78,637,945
Non-controlling interest		24,084,279	21,344,516	-	-
Total equity		135,150,698	131,597,999	86,011,031	78,637,945
Total equity and liabilities		167,960,069	159,751,635	91,699,424	81,639,847

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 2014

		Attributable to equity holders of the Company						
		Non-distributable			Distributable			
Group	Note	Share capital RM (Note 25)	Share premium RM	Other reserves RM (Note 26)	Retained earnings RM (Note 27)	Total RM	Non-controlling interest RM	Total equity RM
At 1 January 2014		65,800,000	170,290	(1,110,395)	45,393,588	110,253,483	21,344,516	131,597,999
Total comprehensive income		-	-	658,884	8,444,852	9,103,736	6,060,763	15,164,499
Transactions with owners								
Dividends paid to non-controlling interest		-	-	-	-	-	(3,321,000)	(3,321,000)
Dividends	29	-	-	-	(8,290,800)	(8,290,800)	-	(8,290,800)
At 31 December 2014		65,800,000	170,290	(451,511)	45,547,640	111,066,419	24,084,279	135,150,698
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								
Acquisition of non-controlling interest		-	-	-	(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

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 2014

Company	Note	Share capital RM (Note 25)	Non Distributable Share premium RM	Distributable Retained earnings RM (Note 27)	Total equity RM
At 1 January 2014		65,800,000	170,290	12,667,655	78,637,945
Total comprehensive income		-	-	14,391,298	14,391,298
Transaction with owners					
Waiver of Debts		-	-	1,272,588	1,272,588
Dividends	29	-	-	(8,290,800)	(8,290,800)
At 31 December 2014		65,800,000	170,290	20,040,741	86,011,031
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

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

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014

		Group		Company	
	Note	2014	2013	2014	2013
		RM	RM	RM	RM
Cash flows from operating activities					
Profit before taxation		22,359,465	32,925,769	16,617,995	6,167,511
Adjustments for:					
Depreciation		6,919,401	5,766,758	303,534	154,144
Property, plant and equipment written off		-	111,894	-	111,894
Amortisation of prepaid lease rental		25,000	25,000	25,000	25,000
Provision for retirement benefit obligations		256,126	160,272	133,591	133,591
Loss/(gain) on disposal of property, plant and equipment, net		4,579	(3,011,168)	-	423
Impairment of receivables		772,262	956,026	-	-
Reversal of impairment of receivables		(361,045)	-	-	-
Unrealised foreign exchange gain		(765,266)	(319,234)	(769,629)	(245,417)
Finance cost		95,183	460,365	25,505	3,076
Gross dividends received		-	-	(11,779,000)	(11,965,000)
Profit income from deposits		(292,275)	(393,449)	(82,629)	(115,531)
Profit income from intercompany loans		-	-	(9,256,000)	-
Impairment of goodwill		284,000	-	-	-
Impairment of investment in subsidiaries		-	-	550,000	457,000
Operating profit/(loss) before working capital changes		29,297,430	36,682,233	(4,231,633)	(5,273,309)
Working capital changes:					
Decrease/(increase) in receivables		1,348,257	(1,638,927)	2,459,762	(446,172)
Decrease in work-in-progress		100,043	1,090,610	-	-
(Decrease)/increase in payables		(1,015,226)	(2,179,742)	2,329,333	839,110
Cash generated from/(used in) operations		29,730,504	33,954,174	557,462	(4,880,371)
Financing cost paid		-	(460,365)	(25,505)	(3,076)
Taxation paid		(3,748,607)	(2,471,687)	(28,896)	-
Net cash generated from/(used in) operating activities		25,981,897	31,022,122	503,061	(4,883,447)
Cash flows from investing activities					
Proceeds from disposal of property, plant and equipment		52,203	6,400,602	-	164,500
Purchase of property, plant and equipment		(7,264,630)	(9,658,385)	(1,303,329)	(58,375)
Addition of investment in a subsidiary		-	-	(49,998)	(143,000)
Acquisition of non-controlling interests		-	-	-	(600,000)
Net dividend received		-	-	11,779,000	11,965,000
Profits received from deposits		292,275	393,449	82,629	115,531
Movement in restricted deposits		(16,891)	807,300	-	-
Net cash (used in)/generated from investing activities		(6,937,043)	(2,057,034)	10,508,302	11,443,656

STATEMENTS OF CASH FLOWS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

		Group		Company	
	Note	2014	2013	2014	2013
		RM	RM	RM	RM
Cash flows from financing activities					
Repayment of borrowings		-	(11,919,971)	-	-
Proceeds from loans and borrowings		1,600,245	-	-	-
Dividend paid		(8,290,800)	(6,711,600)	(8,290,800)	(6,711,600)
Dividend to non-controlling interest		(3,321,000)	(3,485,000)	-	-
Net cash used in financing activities		(10,011,555)	(22,116,571)	(8,290,800)	(6,711,600)
Net increase/(decrease) in cash and cash equivalents		9,033,299	6,848,517	2,720,563	(151,391)
Cash and cash equivalents at beginning of the year		14,138,710	7,290,193	1,833,806	1,985,197
Cash and cash equivalents at end of the year		23,172,009	14,138,710	4,554,369	1,833,806
Cash and cash equivalents:					
Cash and bank balances	21	28,057,025	18,158,116	4,554,369	2,300,124
Overdraft	23	(3,647,621)	(2,765,120)	-	(466,318)
		24,409,404	15,392,996	4,554,369	1,833,806
Less: Restricted deposits		(1,237,395)	(1,254,286)	-	-
		23,172,009	14,138,710	4,554,369	1,833,806

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

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2014

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).

In current year, an asset from a subsidiary has been transferred to the Company.

The financial statements were authorised for issue by the Board of Directors in accordance with the resolution of the Directors on 27 April 2015.

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 2014, 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 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.

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.

2. Significant accounting policies (cont'd.)

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

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

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.

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

	2014 RM	2013 RM
United States Dollar	3.50	3.28
Saudi Riyal	0.93	0.87
Australian Dollar	2.87	2.93
Singapore Dollar	2.65	2.59
Indonesia Rupiah	0.03	0.03

2. Significant accounting policies (cont'd.)

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

(b) Foreign currencies (cont'd.)

(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.

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.

2. Significant accounting policies (cont'd.)

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

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

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.

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.

2. Significant accounting policies (cont'd.)

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

(e) Intangible assets (cont'd.)

Goodwill (cont'd.)

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)(iii).

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.

(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.

2. Significant accounting policies (cont'd.)

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

(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.

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 on contract and cash and bank balances as loans and receivables.

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

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.

The Group and the Company did not have any held-to-maturity investments during the year ended 31 December 2014.

(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 2014.

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.

2. Significant accounting policies (cont'd.)

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

(g) Financial assets (cont'd.)

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.

(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.

2. Significant accounting policies (cont'd.)

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

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

(ii) 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 obligation under the Scheme, calculated using the Projected Unit Credit Method, is determined based on actuarial computations by independent actuaries, through which the amount of benefit that employees have earned in return for their service in the current and prior years is estimated. That benefit is discounted in order to determine its present value. Actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Past service costs are recognised immediately to the extent that the benefits are already vested, and otherwise are amortised on a straight-line basis over the average period until the amended benefits become vested.

The amount recognised in the statements of financial position represents the present value of the defined benefit obligations adjusted for unrecognised past service costs, and reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the net total of any past service costs, and the present value of any economic benefits in the form of refunds or reductions in future contributions to the plan.

(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.

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.

2. Significant accounting policies (cont'd.)

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

(q) Leases (cont'd.)

(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.

(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.

2. Significant accounting policies (cont'd.)

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

(r) Revenue (cont'd.)

(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.

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

2. Significant accounting policies (cont'd.)

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

(s) Taxation (cont'd.)

(ii) Deferred tax (cont'd.)

- 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.

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.

2. Significant accounting policies (cont'd.)

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

(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 2014, 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 Malaysian Accounting Standards Board ("MASB"):

	Effective for annual periods beginning on or after
MFRS and Amendments to MFRSs	
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

The nature and impact of the new and amended MFRSs are described below:

Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities

The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and "simultaneous realisation and settlement". These amendments are to be applied retrospectively. These amendments have no impact on the Group and the Company, since there is no offsetting arrangements was made.

2. Significant accounting policies (cont'd.)

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

Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under MFRS 10 Consolidated Financial Statements and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Group, since none of the entities in the Group qualifies to be an investment entity under MFRS 10.

Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets

The amendments to MFRS 136 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives has been allocated when there has been no impairment or reversal of impairment of the related CGU. In addition, the amendments introduce additional disclosure requirements when the recoverable amount is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by MFRS 13 Fair Value Measurements.

The application of these amendments has had no material impact on the disclosures in the Group and the Company's financial statements.

2.4 New and revised pronoucements yet in effect

The following new and revised MFRSs, Amendments to MFRSs 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 Company:

MFRS and Amendments to MFRSs	Effective for annual periods beginning on or after
Annual Improvements to MFRSs 2010 - 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 - 2013 Cycle	1 July 2014
Annual Improvements to MFRSs 2012 - 2014 Cycle	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 101: Disclosure Initiatives	1 January 2016
MFRS 15 : Revenue from Contracts with Customers	1 January 2017
MFRS 9 : Financial Instruments	1 January 2018

2. Significant accounting policies (cont'd.)

2.4 New and revised pronoucements yet in effect (cont'd.)

Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of an asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as the Group has not used a revenue-based method to depreciate its non-current assets.

Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify that:

- gains and losses resulting from transactions involving assets that do not constitute a business, between investor and its associate or joint venture are recognised in the entity's financial statements only to the extent of unrelated investors' interests in the associate or joint venture; and

- gains and losses resulting from transactions involving the sale or contribution to an associate of a joint venture of assets that constitute a business is recognised in full.

The amendments are to be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after 1 January 2016. Earlier application is permitted.

Amendments to MFRS 127: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associate in their separate financial statements. Entities already applying MFRS and electing to change to the equity method in its separate financial statements will have to apply this change retrospectively. For first-time adopters of MFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to MFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's and the Company's financial statements.

Amendments to MFRS 101: Disclosure Initiatives

The amendments to MFRS 101 include narrow-focus improvements in the following five areas:

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income arising from equity accounted investments

The Directors of the Company do not anticipate that the application of these amendments will have a material impact on the Group's and the Company's financial statements.

2. Significant accounting policies (cont'd.)

2.4 New and revised pronoucements yet in effect (cont'd.)

Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception

The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. The amendments further clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. In addition, the amendments also provides that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a new five-step models that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFR 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Directors anticipate that the application of MFRS 15 will have a material impact on the amounts reported and disclosures made in the Group's financial statements. The Group is currently assessing the impact of MFRS 15 and plans to adopt the new standard on the required effective date.

MFRS 9 Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted.

Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

2. Significant accounting policies (cont'd.)

2.4 New and revised pronoucements yet in effect (cont'd.)

Annual Improvements to MFRSs 2010–2012 Cycle

The Annual Improvements to MFRSs 2010-2012 Cycle include a number of amendments to various MFRSs, which are summarised below. The Directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's and the Company's financial statements.

Standards	Descriptions
MFRS 3 Business Combinations	The amendments to MFRS 3 clarifies that contingent consideration classified as liabilities (or assets) should be measured at fair value through profit or loss at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of MFRS 9 or MFRS 139. The amendments are effective for business combinations for which the acquisition date is on or after 1 July 2014.
MFRS 8 Operating Segments	The amendments are to be applied retrospectively and clarify that: - an entity must disclose the judgements made by management in applying the aggregation criteria in MFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar; and - the reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.
MFRS 116 Property, Plant and Equipment and MFRS 138 Intangible Assets	The amendments remove inconsistencies in the accounting for accumulated depreciation or amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amendments clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.
MFRS 124 Related Party Disclosures	The amendments clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. The reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services.

2. Significant accounting policies (cont'd.)

2.4 New and revised pronoucements yet in effect (cont'd.)

Annual Improvements to MFRSs 2011–2013 Cycle

The Annual Improvements to MFRSs 2011-2013 Cycle include a number of amendments to various MFRSs, which are summarised below. The Directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's and the Company's financial statements.

Standards	Descriptions
MFRS 3 Business Combinations	The amendments to MFRS 3 clarify that the standard does not apply to the accounting for formation of all types of joint arrangement in the financial statements of the joint arrangement itself. This amendment is to be applied prospectively.
MFRS 13 Fair Value Measurement	The amendments to MFRS 13 clarify that the portfolio exception in MFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of MFRS 9 (or MFRS 139 as applicable).
MFRS 140 Investment Property	The amendments to MFRS 140 clarify that an entity acquiring investment property must determine whether: - the property meets the definition of investment property in terms of MFRS 140; and - the transaction meets the definition of a business combination under MFRS 3, to determine if the transaction is a purchase of an asset or is a business combination.

Annual Improvements to MFRSs 2012–2014 Cycle

The Annual Improvements to MFRSs 2012-2014 Cycle include a number of amendments to various MFRSs, which are summarised below. The Directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's and the Company's financial statements.

Standards	Descriptions
MFRS 7 Financial Instruments: Disclosures	The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in MFRS 7 in order to assess whether the disclosures are required. In addition, the amendment also clarifies that the disclosures in respect of offsetting of financial assets and financial liabilities are not required in the condensed interim financial report.

2. Significant accounting policies (cont'd.)

2.4 New and revised pronoucements yet in effect (cont'd.)

Annual Improvements to MFRSs 2012–2014 Cycle (cont'd.)

Standards	Descriptions
MFRS 134 Interim Financial Reporting	MFRS 134 requires entities to disclose information in the notes to the interim financial statements 'if not disclosed elsewhere in the interim financial report'. The amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time.

2.5 New pronouncements not applicable to the Group and Company

The MASB has issued pronouncements which is not effective, but for which is not relevant to the operations of the Group and of the Company and hence, no further disclosure is warranted.

MFRS and Amendments to MFRSs	Effective for annual periods beginning on or after
IC Interpretation 21 : Levies	1 January 2014
Amendments to MFRS 2 : Share-based Payment (Annual Improvements to MFRSs 2010 - 2012 Cycle)	1 July 2014
MFRS 14 : Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 11 : Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 116 : Property, Plant and Equipment - Agriculture : Bearer Plants	1 January 2016
Amendments to MFRS 141 : Agriculture - Agriculture : Bearer Plants	1 January 2016

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. Significant accounting judgements and estimates (cont'd.)

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:

(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.

3. Significant accounting judgements and estimates (cont'd.)

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

(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	
	2014	2013	2014	2013
	RM	RM	RM	RM
Provision of services	76,828,862	86,471,859	-	-
Construction contracts	3,463,160	6,834,614	-	-
Rental income	3,697,058	3,559,017	749,123	58,800
Dividend income from subsidiaries	-	-	11,779,000	11,965,000
	83,989,080	96,865,490	12,528,123	12,023,800

5. Other income

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Profit income from deposits	292,275	393,449	82,629	115,531
Profit income from intercompany loans	-	-	9,256,000	-
Reversal of impairment of receivables	361,045	-	-	-
Gain on disposal of property, plant and equipment	-	3,011,168	-	-
Realised foreign exchange gain	-	1,412,100	-	-
Others	1,381,301	896,847	779,240	247,421
	2,034,621	5,713,564	10,117,869	362,952

6. Staff costs

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Salaries, bonus and other emoluments	16,293,200	17,918,226	2,636,159	2,928,156
Social security cost	83,514	137,785	12,914	13,346
Pension costs:				
- defined contribution plan	1,135,873	1,721,836	414,202	430,915
- defined benefit plan	256,126	160,272	133,591	133,591
Other staff related expenses	2,068,183	2,303,811	110,300	531,992
	19,836,896	22,241,930	3,307,166	4,038,000

Included in staff costs of the Group and of the Company are Executive Directors' and Non-Executive Directors' remuneration amounting to RM1,946,312 (2013: RM1,769,291) and RM1,889,022 (2013: RM1,713,291) 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	
	2014	2013	2014	2013
	RM	RM	RM	RM
Executive:				
Salaries and other emoluments	840,000	840,000	840,000	840,000
Pension costs:				
- defined contribution plan	178,566	172,900	178,566	172,900
- defined benefit plan	133,591	133,591	133,591	133,591
Fees	36,000	36,000	24,000	24,000
Bonus	210,000	70,000	210,000	70,000
Benefits-in-kind	66,061	63,292	66,061	63,292
Other remuneration	26,000	20,000	26,000	20,000
	1,490,218	1,335,783	1,478,218	1,323,783
Non-executive:				
Fees	177,355	156,000	132,065	132,000
Other remuneration	344,800	340,800	344,800	320,800
	522,155	496,800	476,865	452,800
Total	2,012,373	1,832,583	1,955,083	1,776,583

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
– 31 DECEMBER 2014

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	
	2014	2013
Executive Directors:		
Above RM1,000,000	1	1
Non-Executive Directors:		
Nil	1	-
Below RM50,000	1	1
RM50,001 - RM100,000	2	3
RM100,001 - RM150,000	2	1
	7	6

8. Finance costs

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Profit charges on:				
Overdraft	95,183	460,365	25,505	3,076

9. Profit before tax

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

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Auditors' remuneration				
Statutory audits				
- Company's auditors	243,500	196,750	60,000	38,000
- Other auditors	18,628	91,418	36,000	28,378
Other services				
- Company's auditors	6,500	16,250	6,500	16,250
Loss/(gain) on disposal of property, plant and equipment	4,579	(3,011,168)	-	423
Lease rentals	10,114	61,449	-	-
Rental of premises	677,574	623,929	226,760	270,572

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) – 31 DECEMBER 2014

9. Profit before tax (cont'd.)

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Foreign exchange loss/(gain)				
- realised	15,630	(1,412,100)	-	-
- unrealised	(765,266)	(319,234)	(769,629)	(245,417)
Impairment of receivables	772,262	956,026	-	-
Reversal of impairment of receivables	(361,045)	-	-	-
Provision for retirement benefit obligations	256,126	160,272	133,591	133,591
Depreciation				
- Property, plant and equipment	6,354,999	5,210,762	179,962	143,824
- Investment property	564,402	555,996	123,572	10,320
Property, plant and equipment written off	-	111,894	-	111,894
Amortisation of prepaid lease payment	25,000	25,000	25,000	25,000
Impairment of investment in subsidiaries	-	-	550,000	457,000
Impairment of goodwill	284,000	-	-	-
Fair value gain of investment in unit trusts	(578)	(1,999)	(578)	(1,999)

10. Taxation

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Income tax:				
Malaysian income tax	7,668,238	7,353,924	1,389,704	-
Foreign income tax	1,158,697	1,607,869	-	-
	8,826,935	8,961,793	1,389,704	-
Under provision in prior years:				
Malaysian income tax	266,170	32,488	752,652	1,061
	9,093,105	8,994,281	2,142,356	1,061
Deferred tax (Note 28):				
Relating to (reversal)/origination of temporary differences	(124,938)	(42,836)	90,715	(89,708)
(Over)/under provision in prior years	(599,238)	210,824	(6,374)	(188,086)
	(724,176)	167,988	84,341	(277,794)
Income tax expense/(benefit) recognised in profit or loss	8,368,929	9,162,269	2,226,697	(276,733)

Domestic current income tax is calculated at the statutory tax rate of 25% (2013: 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.)

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

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	
	2014	2013	2014	2013
	RM	RM	RM	RM
Profit before tax	22,359,465	32,925,769	16,617,995	6,167,511
Taxation at Malaysian statutory tax rate of 25% (2013: 25%)	5,589,866	8,231,442	4,154,499	1,536,692
Effect of taxation in other country	62,457	111,179	-	-
Effect of income not subject to tax	(1,003,122)	(892,723)	(3,632,708)	(2,991,251)
Effect of expenses not deductible for tax purposes	3,089,207	164,035	958,628	59,827
Under provision of income tax in prior years	266,170	32,488	752,652	1,061
(Over)/under provision of deferred taxation	(599,238)	210,824	(6,374)	(188,086)
Deferred tax asset not recognised during the year	963,589	1,305,024	-	1,305,024
Income tax expense/(benefit) recognised in profit or loss	8,368,929	9,162,269	2,226,697	(276,733)

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.

	2014	2013
Profit attributable to ordinary equity holders of the Company (RM)	8,444,852	15,845,878
Number of ordinary shares in issue ('000)	658,000	658,000
Basic earnings per share (sen)	1.3	2.4

(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

	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
Group						
2014						
Cost						
At 1.1.2014	31,454,922	58,448,700	5,153,569	16,722,047	5,246,822	117,026,060
Additions	291,175	4,499,417	-	1,934,559	539,479	7,264,630
Disposals	(41,880)	(51,000)	(43,450)	(2,528,609)	-	(2,664,939)
Transfer to investment properties	(14,925,798)	-	-	-	-	(14,925,798)
Reclassification	4,695,886	-	-	-	(4,695,886)	-
Exchange differences	205,105	228,801	97,926	155,547	285,343	972,722
At 31.12.2014	21,679,410	63,125,918	5,208,045	16,283,544	1,375,758	107,672,675
Accumulated depreciation						
At 1.1.2014	790,451	45,907,477	4,182,608	7,355,737	-	58,236,273
Charge for the year	648,378	3,225,450	398,688	2,082,483	-	6,354,999
Disposals	(4,703)	(45,092)	(23,897)	(1,261,903)	-	(1,335,595)
Transfer to investment properties	(291,280)	-	-	-	-	(291,280)
Exchange differences	17,804	99,550	65,963	102,346	-	285,663
At 31.12.2014	1,160,650	49,187,385	4,623,362	8,278,663	-	63,250,060
Net carrying amount						
At 31.12.2014	20,518,760	13,938,533	584,683	8,004,881	1,375,758	44,422,615

12. Property, plant and equipment (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
Group (cont'd.)						
2013						
Cost						
At 1.1.2013	36,055,953	53,539,869	5,282,616	9,530,798	8,816,975	113,226,211
Additions	-	5,325,238	355,656	1,302,166	2,675,325	9,658,385
Disposals	(4,503,792)	(33,400)	(541,925)	(100,639)	-	(5,179,756)
Written off	(148,858)	-	-	-	-	(148,858)
Reclassification	-	-	-	5,974,143	(5,974,143)	-
Exchange differences	51,619	(383,007)	57,222	15,579	(271,335)	(529,922)
At 31.12.2013	31,454,922	58,448,700	5,153,569	16,722,047	5,246,822	117,026,060
Accumulated depreciation						
At 1.1.2013	1,008,749	43,529,752	3,901,778	5,706,010	-	54,146,289
Charge for the year	415,288	2,487,129	614,374	1,693,971	-	5,210,762
Disposals	(605,792)	3,064	(358,189)	(40,923)	-	(1,001,840)
Written off	(36,964)	-	-	-	-	(36,964)
Exchange differences	9,170	(112,468)	24,645	(3,321)	-	(81,974)
At 31.12.2013	790,451	45,907,477	4,182,608	7,355,737	-	58,236,273
Net carrying amount						
At 31.12.2013	30,664,471	12,541,223	970,961	9,366,310	5,246,822	58,789,787

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

	Buildings RM	Motor vehicles RM	Office equipment and furniture and fittings RM	Total RM
Company				
2014				
Cost				
At 1.1.2014	399,117	843,041	181,658	1,423,814
Additions	-	-	1,303,329	1,303,329
At 31.12.2014	399,117	843,041	1,484,987	2,727,143
Accumulated depreciation				
At 1.1.2014	87,029	777,598	91,934	956,561
Charge for the year	7,983	65,443	106,536	179,962
At 31.12.2014	95,012	843,041	198,470	1,136,523
Net carrying amount				
At 31.12.2014	304,105	-	1,286,517	1,590,620
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

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

(a) Group - Land and buildings

	Freehold land RM	Building RM	Total RM
2014			
Cost			
At 1.1.2014	17,801,124	13,653,798	31,454,922
Addition	-	291,175	291,175
Disposal	-	(41,880)	(41,880)
Transfer to investment properties	(9,288,124)	(5,637,674)	(14,925,798)
Reclassification	-	4,695,886	4,695,886
Exchange differences	-	205,105	205,105
At 31.12.2014	8,513,000	13,166,410	21,679,410
Accumulated depreciation			
At 1.1.2014	-	790,451	790,451
Charge for the year	-	648,378	648,378
Disposal	-	(4,703)	(4,703)
Transfer to investment properties	-	(291,280)	(291,280)
Exchange differences	-	17,804	17,804
At 31.12.2014	-	1,160,650	1,160,650
Net carrying amount			
At 31.12.2014	8,513,000	12,005,760	20,518,760
2013			
At 1.1.2013	17,801,124	18,254,829	36,055,953
Addition	-	-	-
Disposal	-	(4,503,792)	(4,503,792)
Written off	-	(148,858)	(148,858)
Exchange differences	-	51,619	51,619
At 31.12.2013	17,801,124	13,653,798	31,454,922
Accumulated depreciation			
At 1.1.2013	-	1,008,749	1,008,749
Charge for the year	-	415,288	415,288
Disposal	-	(605,792)	(605,792)
Write off	-	(36,964)	(36,964)
Exchange differences	-	9,170	9,170
At 31.12.2013	-	790,451	790,451
Net carrying amount			
At 31.12.2013	17,801,124	12,863,347	30,664,471

13. Investment properties

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Cost				
At 1 January	26,932,257	26,932,257	477,669	477,669
Additions	-	-	43,705,301	-
Transfer from property, plant and equipment	14,925,798	-	-	-
At 31 December	41,858,055	26,932,257	44,182,970	477,669
Accumulated depreciation				
At 1 January	1,043,002	487,006	106,129	95,809
Charge for the year	564,402	555,996	123,572	10,320
Transfer from property, plant and equipment	291,280	-	-	-
At 31 December	1,898,684	1,043,002	229,701	106,129
Net book value	39,959,371	25,889,255	43,953,269	371,540

Included in the investment properties are:

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Buildings	39,959,371	25,889,255	43,953,269	371,540

The investment property is in relation to Mercu PICORP which contributes 91% of the total fair value, and was valued by Khong & Jaafar Sdn Bhd., an independent professional valuer.

As at 31 December 2014, the fair value of the investment property was estimated to be RM43,700,000 (2013: RM42,247,300).

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	Income		Office & Warehouse	
Jalan Astaka U8/84	Approach	1.27 - 2.40	Market rental rate (RM/psf/	The estimated fair value would increase/(decrease) if:
Bukit Jelutong, 40150			month)	- expected market rental growth were higher/(lower)
Shah Alam,		0.25 - 0.30	Outgoings (RM/psf/month)	- expected outgoings rate were lower/(higher)
Selangor Darul Ehsan		6.5 - 7.0	Term Yield (%)	- term yield rate were lower/(higher)
		10	Void Rate (%)	- void rate were lower/(higher)
		9.0 - 26.0	Reversionary yield (%)	- reversionary yield were lower/(higher)
	Comparison		Freehold Land	
	Approach	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	Comparison		Shop lot (leasehold)	
Section 8, 40000	Approach	121 - 156	Building costs (RM psf)	- Transacted price were higher/(lower)
Shah Alam				
Selangor Darul Ehsan				
H.S. (D) 9844, PT 7605	Comparison		Agricultural Land (leasehold)	
Mukim of Lumut, District	Approach		Transaction land price (RM'000	
of Manjung, Perak		77 - 150	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 2014 RM	Company 2013 RM
Unquoted shares, at cost		
At 1 January	4,173,526	3,573,526
Additions	49,998	600,000
Less: Impairment in investment	(1,427,002)	(877,002)
At 31 December	2,796,522	3,296,524

In prior year, the Company increased its interest in Premiere Leap Sdn Bhd ("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)	22,336	(294,876)

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

Name of subsidiaries	Effective interest held 2014 %	Effective interest held 2013 %	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 services and consulting
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

14. Investment in subsidiaries (cont'd.)

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

Name of subsidiaries	Effective interest held 2014 %	2013 %	Principal activities
(i) Incorporated in Malaysia: (cont'd.)			
Held by the Company (cont'd.):			
Premier Leap Sdn. Bhd.*	100	100	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	90	Provision of waste management, consultancy services
Progressive Uni San International Sdn. Bhd.*	50	50	Dormant

(ii) Incorporated outside Malaysia

Held through subsidiaries:

Incorporated in Indonesia:

Name of subsidiaries	Effective interest held 2014 %	2013 %	Principal activities
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* ("SAES")	70	70	Provision of environmental consultancy and monitoring services

* Audited by firms other than Ernst & Young

14. Investment in subsidiaries (cont'd.)

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

Non-controlling interests ("NCI")

	ALS Group RM 41%	SAES RM 30%	ASET RM 10%	Total RM
2014				
NCI percentage of ownership interest and voting interest				
Carrying amount of NCI	24,040,595	75,799	(32,115)	24,084,279
Profit/(loss) allocated to NCI	6,686,247	(805,621)	(334,942)	5,545,684
2013				
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

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

Summarised statement of profit or loss for 2014:

	ALS Group RM	SAES RM	ASET RM	Total RM
Revenue	39,830,319	5,797,594	3,463,160	49,091,073
Profit/(loss) for the year, representing total comprehensive income	14,602,493	(2,685,404)	(2,492,735)	9,424,354

Summarised statement of profit or loss for 2013:

	ALS Group 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

14. Investment in subsidiaries (cont'd.)

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

Summarised statement of financial position as at 31 December 2014:

	ALS Group RM	SAES RM	ASET RM	Total RM
Non-current assets	33,875,393	4,573,941	1,349,691	39,799,025
Current assets	26,253,512	9,825,739	4,040,840	40,120,091
Non-current liabilities	(663,416)	(661,633)	-	(1,325,049)
Current liabilities	(9,579,954)	(18,079,885)	(8,648,236)	(36,308,075)
Net assets/(liabilities)	49,885,535	(4,341,838)	(3,257,705)	42,285,992

Summarised statement of financial position as at 31 December 2013:

	ALS Group 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 cash flows for 2014:

	ALS Group RM	SAES RM	ASET RM	Total RM
Cash flows from operating operating activities	16,802,112	2,289,465	(211,767)	18,879,810
Cash flows from investing activities	(3,469,511)	(559,989)	10,973	(4,018,527)
Cash flows from financing activities	(11,155,000)	1,487,435	-	(9,667,565)
Net increase/(decrease) in cash and cash equivalents	2,177,601	3,216,911	(200,794)	5,193,718
Dividend paid to NCI	(3,321,000)	-	-	(3,321,000)

14. Investment in subsidiaries (cont'd.)

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

Summarised statement of cash flows for 2013:

	ALS Group 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 (decrease)/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)

15. Prepaid land lease payment

	Group/Company 2014 RM	2013 RM
Cost		
At 1 January/31 December	500,000	500,000
Amortisation		
At 1 January	200,000	175,000
Amortisation during the year	25,000	25,000
At 31 December	225,000	200,000
Carrying amount	275,000	300,000

16. Intangible assets

	Group 2014 RM	2013 RM
Goodwill		
At 1 January - at cost	13,583,526	13,583,526
Less: Impairment loss	(284,000)	-
At 31 December	13,299,526	13,583,526

16. Intangible assets (cont'd.)

(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 RM	Indonesia RM	Total RM
At 31 December 2014			
Environmental Consultancy Services	12,438,554	-	12,438,554
Lab Testing Services	-	860,972	860,972
	12,438,554	860,972	13,299,526
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

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	
	2014	2013	2014	2013
Environmental Consultancy Services	25%	31%	12%	12%
Lab Testing Services	37%	45%	18%	12%
Waste Management Engineering	7%	14%	9%	8%

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	
	2014	2013
	RM	RM
Cost		
Spare parts	668,412	768,455

18. Trade and other receivables

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Trade receivables:				
Third parties (Note (a))	31,212,654	37,132,040	88,797	88,797
Less: Allowance for impairment	(2,845,503)	(4,325,805)	(88,797)	(88,797)
Net trade receivables	28,367,151	32,806,235	-	-
Other receivables:				
Amount due from related parties (Note (b))				
- subsidiaries	-	-	33,477,412	62,270,471
- related parties	1,573,209	1,523,366	938,815	1,000,236
Deposits	1,233,710	455,615	157,680	1,710
Prepayments	930,922	855,365	19,298	1,651
Dividend receivable	-	-	4,624,000	10,785,000
Sundry receivables	7,013,307	2,663,313	331,600	357,161
	10,751,148	5,497,659	39,548,805	74,416,229
Less: Allowance for impairment				
- related companies	(1,071,718)	(1,071,718)	(900,744)	(900,744)
- sundry receivables	(259,332)	(259,332)	(259,332)	(259,332)
	9,420,098	4,166,609	38,388,729	73,256,153
	37,787,249	36,972,844	38,388,729	73,256,153
Total trade and other receivables	37,787,249	36,972,844	38,388,729	73,256,153
Add: Cash and bank balances (Note 21)	28,057,025	18,158,116	4,554,369	2,300,124
Less: Deposits and prepayments	(930,922)	(855,365)	(19,298)	(1,651)
Total loans and receivables	64,913,352	54,275,595	42,923,800	75,554,626

18. Trade and other receivables (cont'd.)

(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 RM2,715,592 (2013: RM4,512,735).

Ageing analysis of trade receivables

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Neither pass due nor impaired	10,367,024	13,469,799	-	-
1 to 30 days past due not impaired	4,669,559	5,035,214	-	-
31 to 60 days past due not impaired	3,336,534	3,132,560	-	-
61 to 90 days past due not impaired	1,467,906	2,103,790	-	-
91 to 120 days past due not impaired	3,632,290	782,682	-	-
More than 121 days past due not impaired	4,893,838	8,282,190	-	-
	18,000,127	19,336,436	-	-
Impaired	2,845,503	4,325,805	88,797	88,797
	31,212,654	37,132,040	88,797	88,797

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 RM18,000,127 (2013: RM19,336,436) that are past due at the reporting date but not impaired and are unsecured in nature.

18. Trade and other receivables (cont'd.)

(a) Trade receivables (cont'd.)

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	
	2014 RM	2013 RM	2014 RM	2013 RM
Trade receivables-nominal amount	2,845,503	4,325,805	88,797	88,797
Less: Allowance for impairment	(2,845,503)	(4,325,805)	(88,797)	(88,797)
	-	-	-	-

Movement in allowance accounts

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
At 1 January	4,325,805	3,373,071	88,797	88,797
Charge for the year	772,262	956,026	-	-
Reversal of impairment losses	(361,045)	-	-	-
Writen off	(1,891,519)	(3,292)	-	-
At 31 December	2,845,503	4,325,805	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.

(b) Other receivables

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	
	2014 RM	2013 RM	2014 RM	2013 RM
Other receivables - nominal amount	10,751,148	5,497,659	39,548,805	74,416,229
Less: Allowance for impairment	(1,331,050)	(1,331,050)	(1,160,076)	(1,160,076)
	9,420,098	4,166,609	38,388,729	73,256,153

18. Trade and other receivables (cont'd.)

(b) Other receivables (cont'd.)

Movement in allowance accounts

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
At 1 January	(1,331,050)	(1,331,050)	(1,160,076)	(1,160,076)
Charge for the year	-	-	-	-
At 31 December	(1,331,050)	(1,331,050)	(1,160,076)	(1,160,076)

Other 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.

(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	
	2014	2013
	RM	RM
Construction contract costs incurred to date	19,770,831	15,931,792
Add: Attributable profits	1,157,558	1,901,730
	20,928,389	17,833,522
Less: Progress billings	(20,752,033)	(16,372,077)
	176,356	1,461,445
Presented as:		
Gross amount due from customers for contract work	766,878	1,518,320
Gross amount due to customers for contract work	(590,522)	(56,875)
	176,356	1,461,445

20. Investment in unit trusts

	Group/Company	
	2014	2013
	RM	RM
As at 1 January	28,357	26,358
Fair value movement during the year	578	1,999
As at 31 December	28,935	28,357

21. Cash and bank balances

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Cash on hand and at banks	22,143,736	14,484,534	1,363,096	172,605
Deposits with investment banks	5,913,289	3,673,582	3,191,273	2,127,519
	28,057,025	18,158,116	4,554,369	2,300,124

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

	Group		Company	
	2014	2013	2014	2013
	%	%	%	%
Investment banks	2.20	2.73	2.20	2.73

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

	Group		Company	
	2014	2013	2014	2013
	Days	Days	Days	Days
Investment banks	30	30	30	30

22. Trade and other payables

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Current				
Trade payables				
Third parties (Note (a))	4,539,723	3,395,707	-	-
Other payables				
Amount due to related parties (Note (b)):				
- Related companies	111,526	615,478	85,316	201,775
- Subsidiaries	-	-	2,359,669	732,521
- Corporate shareholder of a subsidiary	24,500	23,500	-	-
Accruals	5,162,446	6,147,265	209,074	656,010
Provisions	575,637	447,951	95,257	-
Dividend payable	3,621,150	3,785,150	-	-
Sundry payables	8,355,715	6,842,539	1,723,639	553,316
	17,850,974	17,861,883	4,472,955	2,143,622
Total trade and other payables	22,390,697	21,257,590	4,472,955	2,143,622
Add: Borrowings (Note 23)	5,510,355	3,027,609	-	466,318
Less: Provisions	(575,637)	(447,951)	(95,257)	-
Total financial liabilities carried at amortised costs	27,325,415	23,837,248	4,377,698	2,609,940

(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 (2013: 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) – 31 DECEMBER 2014

23. Borrowings

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Current				
Secured:				
Overdraft	3,647,621	2,765,120	-	466,318
Term loan (Note a)	1,862,734	262,489	-	-
Total	5,510,355	3,027,609	-	466,318

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

	Group		Company	
	2014	2013	2014	2013
	%	%	%	%
Overdraft	8.10	7.17	-	6.80
Term loan	3.95	3.95	-	-

Note a:

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		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Present value of obligation/Net liability	995,428	739,302	525,553	391,962
Movement in net liability was as follows:				
At 1 January	739,302	579,030	391,962	258,371
Provision during the year (Note 6)	256,126	160,272	133,591	133,591
As at 31 December	995,428	739,302	525,553	391,962
The amount recognised in the statements of comprehensive income:				
Current service cost	256,126	160,272	133,591	133,591
Analysed as:				
Non-current	256,126	160,272	133,591	133,591
	256,126	160,272	133,591	133,591

24. Retirement benefit obligation (cont'd.)

Actuarial assumptions

The principal assumptions used in determining pension and post retirement benefit obligation for the Group's plans are shown below:

	2014	2013
Discount rate	8.5%	8.5%
Future salary growth	10%	6%
Voluntary resignation rate	10%	6%

Assumptions regarding future mortality are based on published statistic and mortality tables.

25. Share capital

	Number of ordinary shares		Amount	
	2014	2013	2014	2013
			RM	RM
Authorised share capital				
Ordinary shares of RM0.10 each:				
At 1 January/At 31 December	1,000,000,000	1,000,000,000	100,000,000	100,000,000
Issued and fully paid				
Ordinary shares of RM0.10 each:				
At 1 January/ At 31 December	658,000,000	658,000,000	65,800,000	65,800,000

26. Other reserves

	Group 2014 RM	Group 2013 RM
At 1 January	(1,110,395)	651,744
Increase/(decrease) during the year	658,884	(1,762,139)
At 31 December	(451,511)	(1,110,395)
Foreign exchange reserve	(630,125)	(1,289,009)
Statutory reserve	178,614	178,614
	(451,511)	(1,110,395)
Foreign exchange reserve		
At 1 January	(1,289,009)	473,130
Arising in the year	658,884	(1,762,139)
At 31 December	(630,125)	(1,289,009)
Statutory reserve		
At 1 January	178,614	178,614
Arising in the year	-	-
At 31 December	178,614	178,614

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 2014 under the single tier system.

28. Deferred taxation

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
At 1 January	331,500	163,512	(196,321)	81,473
Recognised in profit or loss (Note 10)	(724,176)	167,988	84,341	(277,794)
At 31 December	(392,676)	331,500	(111,980)	(196,321)
Presented after appropriate offsetting as follows:				
Deferred tax liabilities	2,346,506	2,425,449	19,409	38,050
Deferred tax assets	(2,739,182)	(2,093,949)	(131,389)	(234,371)
	(392,676)	331,500	(111,980)	(196,321)

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 1.1.2014	(2,108,739)	14,790	(2,093,949)
Recognised in profit or loss	(643,040)	(2,193)	(645,233)
At 31.12.2014	(2,751,779)	12,597	(2,739,182)
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)

Deferred tax assets of the Company:

	Provisions 2014 RM	Provisions 2013 RM
At 1 January	(234,371)	-
Recognised in profit or loss	102,982	(234,371)
At 31 December	(131,389)	(234,371)

28. Deferred taxation (cont'd.)

Deferred tax liabilities of the Group and Company:

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Property, plant and equipment				
At 1 January	2,425,449	2,009,146	38,050	81,473
Recognised in profit and loss	(78,943)	416,303	(18,641)	(43,423)
At 31 December	2,346,506	2,425,449	19,409	38,050

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

Key assumptions used in the future taxable profit estimation

The sufficiency of present value of future taxable profit is determined by the cash flow projection based on specifc projects' financial budgets with the following key assumptions:

	Profit before tax margin rate	Discount rate
Projects with involvement of civil and structure works	7%	9%
Projects with non-involvement of civil and structure works	17%	9%

The following describes each key assumptions used in the cash flow projection:

(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 Group.

(iii) Project duration

All project are expected to be completed within one to two years immediately after the financial year ended 31 December 2014.

29. Dividends

	Amount		Net dividends per share	
	2014	2013	2014	2013
	RM	RM	RM	RM
Recognised during the year:				
In respect of the financial year ended 31.12.2012				
Final dividend less 25% taxation on 658,000,000 ordinary shares declared on 23 May 2013 and paid on 14 June 2013	-	3,750,600	-	0.57
In respect of the financial year ended 31.12.2013				
Interim dividend less 25% taxation on 658,000,000 ordinary shares declared on 29 August 2013 and paid on 30 September 2013	-	2,961,000	-	0.45
Final tax exempt dividend under single tier system on 658,000,000 ordinary shares declared on 2 May 2014 and paid on 16 June 2014	4,277,000	-	0.65	-
In respect of the financial year ended 31.12.2014				
Interim tax exempt dividend under single tier system on 658,000,000 ordinary shares declared on 10 December 2014 and paid on 19 December 2014	4,013,800	-	0.61	-
	8,290,800	6,711,600		

At the forthcoming Annual General Meeting, there is no final dividend in respect of the financial year ended 31 December 2014 to be declared.

30. Commitments

(a) Capital commitments

	Group	
	2014	2013
	RM	RM
Property, plant and equipment Approved but not contracted for	938,787	1,372,407

30. Commitments (cont'd.)

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

	Group	
	2014	**2013**
	RM	**RM**
Future minimum rentals payable:		
Not later than 1 year	10,114	61,449

Operating lease payments represent rental payable by a subsidiary of the Company for use of photocopy machine and building maintenance.

31. Financial guarantee

	Company	
	2014	**2013**
	RM	**RM**
Unsecured		
Corporate guarantees given in respect of banking facilities obtained by the subsidiaries	17,000,000	12,000,000

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:

	2014	**2013**
	RM	**RM**
Group		
Rental income from Zaiyadal Keluarga Sdn. Bhd., corporate shareholder	(5,649)	(5,040)
Rental income from subsidiaries of Zaiyadal Keluarga Sdn. Bhd., corporate shareholder:		
- Foxboro (Malaysia) Sendirian Berhad	(820,513)	(471,064)
- Progressive Impact Technology Sdn. Bhd.	(244,639)	(124,034)
- Rohrback Cosasco System Sdn. Bhd.	(87,005)	(54,205)
- Untung Aquaculture Sdn. Bhd.	(22,800)	(22,800)
Company		
Rental income from subsidiaries of Zaiyadal Keluarga Sdn. Bhd., corporate shareholder:		
- 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.

32. Significant related party transactions (cont'd.)

(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	
	2014	2013	2014	2013
	RM	RM	RM	RM
Salaries, bonus and other emoluments	2,848,310	2,964,964	2,078,310	1,753,964
Social security costs	1,859	1,859	620	620
Pension costs:				
- defined controbution plan	410,706	371,310	318,306	285,990
- defined benefit plan	133,591	133,591	133,591	133,591
	3,394,466	3,471,724	2,530,827	2,174,165

Included in the total key management personnel are:

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Executive directors' remuneration	1,490,218	1,335,783	1,478,218	1,323,783

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 2014. 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.

33. Financial instruments (cont'd.)

(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.

(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	**Ringgit Malaysia RM**	**Indonesian Rupiah RM**	**Total RM**
As at 31.12.2014:			
United States Dollar	2,190,471	6,151,107	8,341,578
Australian Dollar	37,603	-	37,603
European Euro	(2,555)	-	(2,555)
Singapore Dollar	176,636	-	176,636
	2,402,155	6,151,107	8,553,262
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

33. Financial instruments (cont'd.)

(v) Foreign currency risk (cont'd.)

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:

		Group	
		Profit before tax	
		2014	2013
		RM	RM
USD/RM	- strengthen 3%	(65,714)	(21,956)
	- weaken 3%	65,714	21,956
AUD/RM	- strengthen 3%	(1,128)	(2,114)
	- weaken 3%	1,128	2,114
EURO/RM	- strengthen 3%	77	740
	- weaken 3%	(77)	(740)
SGD/RM	- strengthen 3%	(5,299)	(6,974)
	- weaken 3%	5,299	6,974

(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.

33. Financial instruments (cont'd.)

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 (cont'd.)

(a) Business segments (cont'd.)

2014	Environmental consultancy services RM	Laboratory testing services RM	Waste management RM	Others RM	Elimination RM	Consolidated RM
Revenue						
External sales	41,213,322	35,615,541	3,463,161	3,697,056	-	83,989,080
Inter-segment sales	57,110	4,214,778	-	14,411,553	(18,683,441)	-
Total revenue	41,270,432	39,830,319	3,463,161	18,108,609	(18,683,441)	83,989,080
Results						
Segment results/profit from operations	7,277,013	18,998,897	(3,349,432)	16,399,679	(16,871,509)	22,454,648
Finance costs	(2,766,479)	-	(524,336)	(6,532,827)	9,728,459	(95,183)
Taxation	(3,260,887)	(3,706,818)	856,697	(2,257,921)	-	(8,368,929)
Profit after taxation						13,990,536
Assets						
Segment assets	51,471,761	60,128,906	5,390,531	113,186,135	(62,217,264)	167,960,069
Liabilities						
Segment liabilities	31,250,331	10,243,370	8,648,236	30,549,068	(47,881,634)	32,809,371
Other Information						
Capital expenditure	1,148,363	3,393,597	4,028	2,718,642	-	7,264,630
Depreciation and amortisation	1,794,954	3,256,447	56,743	1,836,257	-	6,944,401

34. Segmental information (cont'd.)

(a) Business segments (cont'd.)

	Environmental consultancy services RM	Laboratory testing services RM	Waste management RM	Others RM	Elimination RM	Consolidated RM
2013						
Revenue						
External sales	54,415,062	32,056,798	6,834,614	3,559,016	-	96,865,490
Inter-segment sales	-	3,479,741	-	14,610,399	(18,090,140)	-
Total revenue	54,415,062	35,536,539	6,834,614	18,169,415	(18,090,140)	96,865,490
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	159,075,580	(107,188,411)	159,751,635
Liabilities						
Segment liabilities	24,266,660	13,876,147	5,761,831	66,863,842	(82,614,844)	28,153,636
Other Information						
Capital expenditure	1,724,127	6,020,852	186,357	1,727,049	-	9,658,385
Depreciation and amortisation	1,579,107	2,272,426	56,783	1,883,442	-	5,791,758

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
2014			
Malaysia	61,335,275	124,544,674	5,205,697
Indonesia	12,675,279	20,280,242	1,486,765
Saudi Arabia	9,978,526	23,135,153	572,168
	83,989,080	167,960,069	7,264,630
2013			
Malaysia	65,830,396	126,742,695	8,167,210
Indonesia	11,291,170	13,917,890	1,070,274
Saudi Arabia	19,743,924	19,091,050	420,901
	96,865,490	159,751,635	9,658,385

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 share capital.

35. Capital management (cont'd.)

The debt to equity ratio as at 31 December 2014 and 2013 are as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Borrowings (Note 23)	5,510,355	3,027,609	-	466,318
Trade and other payables (Note 22)	22,390,697	21,257,590	4,472,955	2,143,622
Less: Cash and bank balances (Note 21)	(28,057,025)	(18,158,116)	(4,554,369)	(2,300,124)
Net debt	(155,973)	6,127,083	(81,414)	309,816
Total share capital	65,800,000	65,800,000	65,800,000	65,800,000
Capital and net debt	65,644,027	71,927,083	65,718,586	66,109,816
Gearing ratio	(0.00)	0.09	(0.00)	0.00

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 2014 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	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Total retained profits of the Company and its subsidiaries				
- Realised	76,886,090	70,809,999	19,450,710	14,519,568
- Unrealised	392,676	(151,246)	590,031	(1,851,913)
	77,278,766	70,658,753	20,040,741	12,667,655
Less: Consolidation adjustments	31,731,126	25,265,165	-	-
Retained profits as per financial statements	45,547,640	45,393,588	20,040,741	12,667,655

ANALYSIS OF SHAREHOLDINGS
AS AT 24 APRIL 2015

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	:	2,343

ANALYSIS OF SHAREHOLDINGS

Size of holdings	No. of holders	%	Shareholdings	%
Less than 100	4	0.170	225	0.000
100 to 1,000	499	21.297	335,950	0.051
1,001 to 10,000	723	30.857	4,871,800	0.740
10,001 to 100,000	920	39.265	34,663,800	5.268
100,001 to 32,899,999 *	193	8.237	149,804,003	22.766
32,900,000 and above **	4	0.170	468,324,222	71.173
Total	2,343	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	304,324,122	46.25	-	-
Lembaga Tabung Haji	65,000,000	9.88	-	-
Zaid bin Abdullah	47,925,100	7.28	304,324,122*	46.25
Zaidah binti Mohd Salleh	8,678,000	1.32	304,324,122*	46.25

Notes:-

* Deemed interest by virtue of his/her interest in Zaiyadal Keluarga Sdn Bhd pursuant to Section 6A (4) of the Companies Act 1965.

ANALYSIS OF SHAREHOLDINGS (CONT'D)
AS AT 24 APRIL 2015

DIRECTORS' INTEREST IN SHARES
As per the Register of Directors' Shareholdings

Name	Direct	%	Indirect	%
Zaid bin Abdullah	47,925,100	7.28	304,324,122*	46.25
Zaidah binti Mohd Salleh	8,678,000	1.32	304,324,122*	46.25
Lee Weng Chong	1,050,000	0.16	-	-
Usamah bin Zaid	112,000	0.02	-	-
Fatimah Zahrah binti Zaid (Alternate Director)	110,300	0.02	-	-
Datuk Abdul Hamid bin Sawal	-	-	-	-
Dato' Hajjah Rosnani binti Ibarahim	-	-	-	-
Dato' Dr. Lukman bin Ibrahim	-	-	-	-

Notes:-

* Deemed interest by virtue of his/her interest in Zaiyadal Keluarga Sdn Bhd pursuant to Section 6A (4) of the Companies Act 1965.

THIRTY LARGEST SHAREHOLDERS

No.	Name	Holdings	%
1	Zaiyadal Keluarga Sdn Bhd	301,659,122	45.844
2	Lembaga Tabung Haji	65,000,000	9.878
3	DB (Malaysia) Nominee (Asing) Sdn Bhd Exempt AN For Bank of Singapore Limited	53,740,000	8.167
4	Zaid Bin Abdullah	47,925,100	7.283
5	Kal-Yadaiin Sdn Bhd	28,813,078	4.378
6	Zaidah Binti Mohd Salleh	6,972,000	1.059
7	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ab Ghaus bin Ismail	6,079,600	0.923
8	Public Invest Nominees (Asing) Sdn Bhd Exempt AN For Phillip Securities Pte Ltd (Clients)	5,659,800	0.860
9	Raja Mohd Nazri Bin Raja Abd Malek	4,950,000	0.752
10	Ahmad Ridzwan Bin Mohd Salleh	4,689,175	0.712
11	Nik Abdul Aziz bin Nik Sulaiman	4,323,235	0.657
12	Rasal Keluarga Sdn Bhd	3,992,150	0.606
13	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Seng Hong	3,350,000	0.509
14	Azman Bin Hussin	3,250,000	0.493
15	Hassan Bin Hussain	2,800,000	0.425
16	Zaiyadal Keluarga Sdn Bhd	2,665,000	0.405
17	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank For Mohammed Amin Bin Mahmud (MM1004)	2,605,000	0.395

ANALYSIS OF SHAREHOLDINGS (CONT'D)
AS AT 24 APRIL 2015

THIRTY LARGEST SHAREHOLDERS (cont'd)

No.	Name	No. of shares	%
18	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Batu Bara Resources Corporation Sdn Bhd	1,900,000	0.288
19	Zaidah Binti Mohd Salleh	1,696,000	0.257
20	Ahmad Rafa'i Bin Abdullah	1,689,520	0.256
21	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ooi Boon Chai	1,600,000	0.243
22	Johar bin Yusof	1,523,000	0.231
23	Wong Kim Choong	1,435,000	0.218
24	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Rossana Annizah Binti Ahmad Rashid @ Mohd Rashidi (CEB)	1,415,000	0.215
25	Shireen Mardziah Hashim	1,387,800	0.210
26	Chang Tai Seng	1,300,000	0.197
27	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Md Sham Bin Masrom	1,279,000	0.194
28	HSBC Nominees (Asing) Sdn Bhd Exempt AN For Credit Suisse (Sg Br-Tst-Asing)	1,249,200	0.189
29	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Hafiza Aini Binti Hassan	1,170,000	0.177
30	Jessica Kan Pui Yee	1,152,000	0.175

LIST OF PROPERTIES
AS AT 31 DECEMBER 2014

Title / Location	Description / existing use	Tenure	Total Land area	Built up area of building	Age of building / land (years)	NBV as at 31-12-2014 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	12,796,776.00	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	361,220.00	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	304,108.00	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	-	-	275,000.00	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	39,911,389.00	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 23rd 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, 30 June 2015, at 9.00 a.m. and at any adjournment thereof, and to vote as indicated below:-

RESOLUTION		**FOR**	**AGAINST**
1	Re-election of Datuk Abdul Hamid Bin Sawal		
2	Re-election of Zaid Bin Abdullah		
3	Re-election of Usamah Bin Zaid		
4	Re-election of Dato' Dr Lukman Bin Ibrahim		
5	Approval of Directors' Remuneration		
6	Re-appointment of Messrs Ernst & Young as Auditors		
7	Proposed Renewal of the Existing Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
8	Authority to Issue Shares		
9	Approval for Lee Weng Chong 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 ______________________, 2015

* 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 and vote 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 two (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 22 June 2015. 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.

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Stamp

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

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PROGRESSIVE IMPACT CORPORATION BERHAD

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