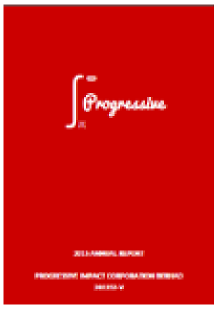
2015 ANNUAL REPORT

PROGRESSIVE IMPACT CORPORATION BERHAD

203352-V



COVER RATIONALE

Over the years PICORP is nurturing constantly [π] but we progressively aim to grow towards infinity [∞] and most importantly, for the sake of the hereafter. Though we do realise the future is unpredictable and that the world is an unknown place, we know with our capabilities and determination, we will be able to achieve our vision and mission.

As change is inevitable, we remain steadfast in our commitment to serve Allah, respect for the people and the environment.

Connect with us via:

www.picorp.com.my

PICORP Berhad

Progressive Impact Corporation Berhad

picorp_berhad

WELCOME
to our
2015 REPORT

WHAT'S INSIDE

Corporate DISCLOSURE

ABOUT *our* COMPANY

OUR MISSION

To be a world class business organisation 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.

OUR VISION

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

PROGRESSIVE
I M P A C T

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.

PICORP WAY VALUES

Serving Allah, respect for the people and the environment

OUR PRODUCTS *and* SERVICES

ENVIRONMENTAL MONITORING

Air Quality Management
Continuous Particulate Monitoring: PM_{10} & $PM_{2.5}$
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 TESTING SERVICES

Soil, Sediment, and Solid Waste Testing
Water Testing
Air Quality Sampling and Testing
Water Quality Sampling and Testing
Stack Emission Sampling and Analysis
Food Testing (Halal)
Tribology
Minerals

WASTEWATER TREATMENT & SOLUTION

Hybrid Wastewater Technology: Bi- Act
Super Dissolve Oxygen (SDO)

Financial CALENDAR

ANNOUNCEMENT OF RESULTS

2015

April

Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

1st Quarter

August

Su	Mo	Tu	We	Th	Fr	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

2nd Quarter

November

Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

3rd Quarter

2016

February

Su	Mo	Tu	We	Th	Fr	Sa
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29					

4th Quarter

May

Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

Annual General Meeting

FINAL DIVIDEND

(subject to shareholders' approval)

2016

February

Su	Mo	Tu	We	Th	Fr	Sa
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29					

Proposed

May

Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

Entitlement

June

Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

Payment

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

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

DATO' DR. LUKMAN BIN IBRAHIM
Chairman

DATUK ABDUL HAMID BIN SAWAL

ZAIDAH BINTI MOHD SALLEH

REMUNERATION COMMITTEE

DATO' DR. LUKMAN BIN IBRAHIM
Chairman

DATUK ABDUL HAMID BIN SAWAL

DATO' HAJJAH ROSNANI BINTI IBARAHIM

NOMINATING COMMITTEE

DATUK ABDUL HAMID BIN SAWAL
Chairman

DATO' HAJJAH ROSNANI BINTI IBARAHIM

DATO' DR. LUKMAN BIN IBRAHIM

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 & Issuing House Services Sdn Bhd (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No 8, Jalan Kerinchi
59200 Kuala Lumpur
Telephone No. : 03 - 2783 9299
Facsimile No. : 03 - 2783 9222

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

AmBank Islamic Berhad

NOTICE
of
ANNUAL GENERAL MEETING

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

NOTICE IS HEREBY GIVEN that the 24th Annual General Meeting of the Company will be held at Velocity Room, Ground Floor, MERCU PICORP, Lot 10, Jalan Astaka U8/84, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan on **Monday, 23 May 2016,** 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 2015 together with the Directors' and Auditors' Reports thereon.	**(Please refer to Note 1 of the Explanatory Notes)**
2.	To approve the payment of the Final Single Tier Dividend of 0.23 sen per share for the year ended 31 December 2015.	**Resolution 1**
3.	To re-elect Zaidah Binti Mohd Salleh who shall retire pursuant to Article 83 of the Company's Articles of Association.	**Resolution 2**
4.	To re-elect Dato' Hajjah Rosnani Binti Ibarahim who shall retire pursuant to Article 83 of the Company's Articles of Association.	**Resolution 3**
5.	To approve the Directors' Remuneration of RM185,484 for the year ended 31 December 2015.	**Resolution 4**
6.	To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration.	**Resolution 5**

SPECIAL BUSINESS

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

7. **ORDINARY RESOLUTION I**

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

"THAT pursuant to Paragraph 10.09 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad, the Company and its subsidiaries ("the Group") be and are hereby authorised to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related parties as set **Resolution 6** out in Section 2.2 of the Circular to Shareholders dated 29 April 2016 ("Related Parties") provided that such transactions and/or arrangements are:

(a) necessary for the day-to-day operations;

(b) undertaken in the ordinary course of business at arm's length basis and are on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and

(c) not detrimental to the minority shareholders of the Company,

(collectively known as "Shareholders' Mandate");

AND THAT such approval, shall continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at such AGM, the authority is renewed; or

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

(c) revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting,

whichever is earlier;

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

8. **ORDINARY RESOLUTION II**

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE TO PURCHASE ITS OWN ORDINARY SHARES OF UP TO 10% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF THE COMPANY

Resolution 7

"THAT subject to compliance with the Companies Act, 1965, the Companies Regulations 1966, the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), provisions of the Company's Memorandum and Articles of Association and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised to purchase such number of ordinary shares of RM0.10 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

(i) the aggregate number of shares to be purchased pursuant to this resolution shall not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company as at the date of the share buy-back;

(ii) an aggregate amount of the funds not exceeding the retained profits and share premium reserve of the Company as at the date of the share buy-back, be utilised by the Company for the purchase of its own shares; and

(iii) the shares of the Company to be purchased may be cancelled, retained as treasury shares, distributed as dividends or resold on Bursa Securities, or a combination of any of the above, at the absolute discretion of the Directors;

AND THAT the authority conferred by this resolution will commence immediately upon the passing of this resolution and will continue to be in force until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it shall lapse, unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

(ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or

(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever occurs first but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the MMLR of Bursa Securities or any other relevant authorities;

AND FURTHER THAT the Directors of the Company be and are hereby authorised to do all such acts and things and to take all such steps as they deem fit, necessary, expedient and/or appropriate in order to complete and give full effect to the purchase by the Company of its own shares with full powers to assent to any condition, modification, variation and/or amendment as may be required or imposed by the relevant authorities."

9. **ORDINARY RESOLUTION III**
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. To transact any other business of which due notice shall have been given in accordance with the Companies Act 1965 and the Company's Articles of Association.

NOTICE OF DIVIDEND PAYMENT

Notice is hereby given that a Final Single Tier Dividend of 0.23 sen per share for the financial year ended 31 December 2015, if approved, will be paid on 20 June 2016. The entitlement date for the dividend payment is 30 May 2016.

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

(a) Shares transferred into the depositor's Securities Account on or before 4.00 p.m. on 30 May 2016 in respect of ordinary transfers; and

(b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of the Bursa Malaysia Securities Berhad.

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

29 April 2016

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 at least one proxy 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 authorised nominee or an exempt authorised 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 Company's registered office at Suite 5.02, MERCU PICORP, Lot 10 Jalan Astaka U8/84, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan, 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 Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 17 May 2016. 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. Zaidah Binti Mohd Salleh and Dato' Hajjah Rosnani Binti Ibarahim are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 24th Annual General Meeting. The Board has through the Nominating Committee, considered the assessment of the Directors and collectively agreed that they meet the criteria as prescribed by Paragraph 2.20A of the Main Market Listing Requirements ("MMLR") on character, experience, integrity, competence and time to effectively discharge their roles as Directors. The Board has also through the Nominating Committee, conducted an assessment on Dato' Hajjah Rosnani Binti Ibarahim's independence and is satisfied that she has complied with the criteria prescribed by the MMLR and Malaysian Code on Corporate Governance 2012.
3. The Board has through the Audit Committee, considered the re-appointment of Messrs Ernst & Young as Auditors of the Company. The factors considered by the Audit Committee in making the recommendation to the Board to table their re-appointment at the 24th Annual General Meeting is stated on page 45 of the Statement on Corporate Governance.

Explanatory Notes on Special Business

Resolution 6

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 April 2016 enclosed together with the Company's Annual Report 2015.

Resolution 7

The proposed Resolution is intended to allow the Company to purchase its own shares up to 10% of the total issued and paid-up capital of the Company at any time within the time period stipulated in the MMLR.

Please refer to the Circular to Shareholders dated 29 April 2016 for further information.

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 or the expiration of the period within which the next Annual General Meeting is 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 30 June 2015 and the mandate will lapse at the conclusion of the 24th Annual General Meeting.

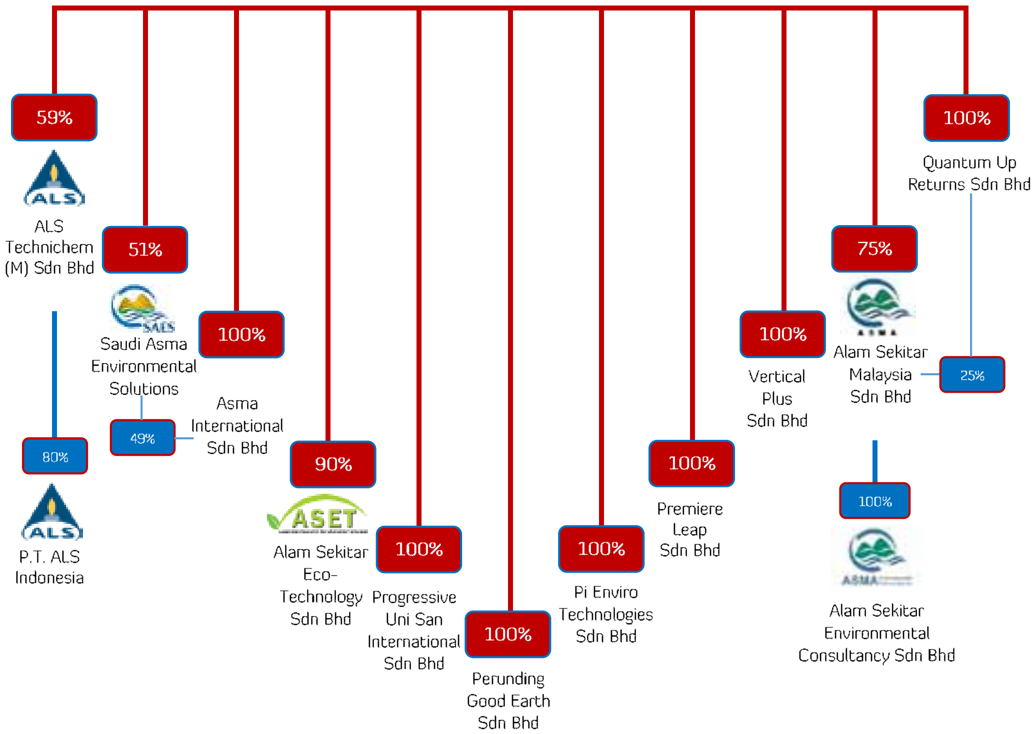
Corporate STRUCTURE

PROGRESSIVE IMPACT

PROGRESSIVE IMPACT CORPORATION BERHAD

(Company No.: 203352V)

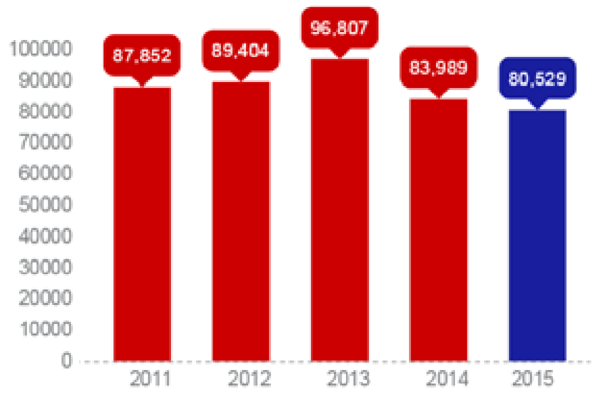
(Incorporated in Malaysia under the Companies Act. 1965)



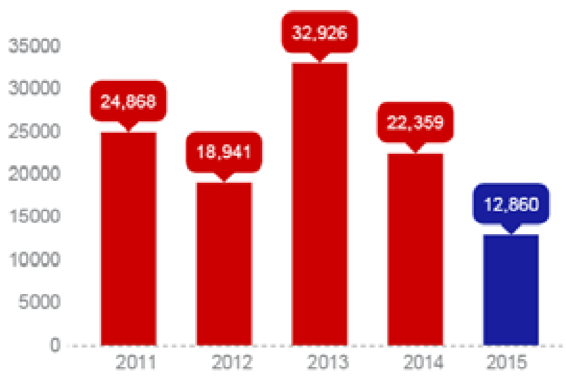
5 YEARS' GROUP FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED 31 DECEMBER

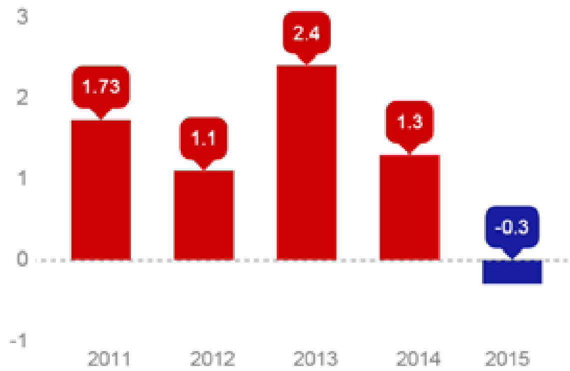
RM ('000)	2011	2012	2013	2014	2015
Revenue	87,852	89,404	96,807	83,989	80,529
Profit before taxation	24,868	18,941	32,926	22,359	12,860
Net EPS (Sen)	1.73	1.10	2.40	1.30	(0.30)



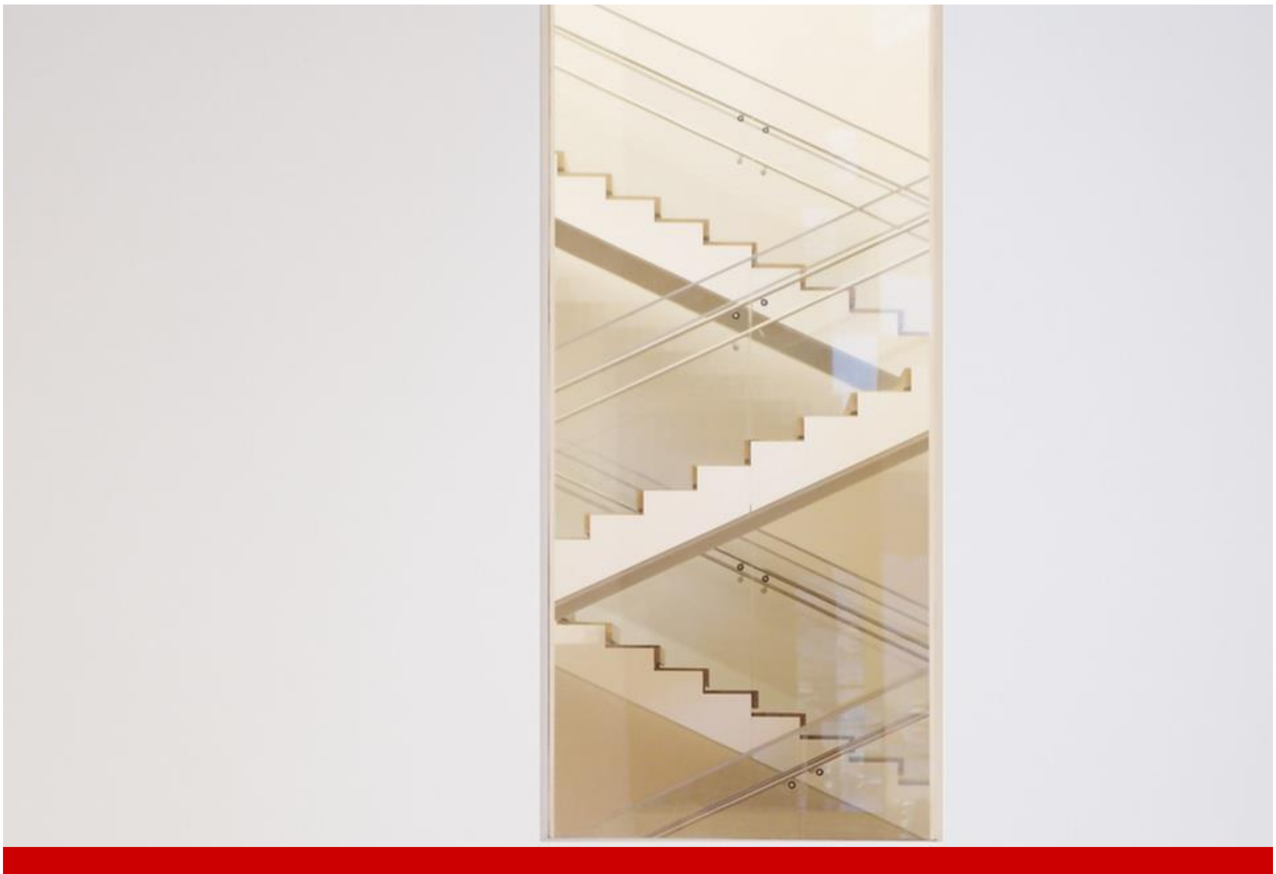
REVENUE
RM ('000)



PROFIT BEFORE TAXATION
RM ('000)



NET EPS (SEN)



LEADERSHIP

Chairman's STATEMENT

In 2015, PICORP Group faced a challenging year with tougher economic landscape and stiff competition from the environmental industry players locally and abroad. The Group's results for financial year 2015 were mainly affected by its Saudi operation. However, the operation in Malaysia and Indonesia had continued to show good results. This was driven primarily by the environmental monitoring services division and also the analytical testing services division that have continued to show consistent growth year in year out. Nevertheless, amidst the difficulties faced, the Group remains steadfast to strengthen our strategic initiatives and use our working capital efficiently to boost our performance. With this, I present to you the Annual Report and financial statements of PICORP Group for the financial year ended 31 December 2015.

DATUK ABDUL HAMID BIN SAWAL
Chairman

OUR PERFORMANCE

For the financial year ended 31 December 2015, we registered a decline in financial results mainly due to lower revenue and net losses of RM12.2 million incurred by our Saudi Arabia operations that has completed all its projects in hand. The Group's results were also affected by the impairment of goodwill made of its subsidiary, Alam Sekitar Malaysia Sdn Bhd ("ASMA"), pursuant to the completion of the 20-year concession of environmental quality monitoring programme operated by ASMA for the Department of Environment. In line with the completion of the concession on 13 April 2015, the Government has granted an interim concession for the period of 14 April 2015 to 13 April 2016 and has recently extended the interim agreement for another year up to 13 April 2017.

The Group's total revenue contracted 4% to RM80.5 million compared to the corresponding period last year, while registering a profit before tax of RM12.9 million. Notably, our analytical testing division turned in an improved performance in 2015 with revenue increased by 7.2% to RM42.7 million and a profit before tax of RM22.1 million, which was a commendable growth of 16%. This was attributed to the increase in revenue generated from its Indonesia operation, as well as higher samples flow rate for the year both for its Malaysian and Indonesian operations. The environmental monitoring division continues to sustain its income with revenue of RM32.1 million and a profit before tax of RM12.4 million.

Pursuant to the completion of all its projects in Saudi, the Saudi operation has continued to pursue new projects and has at the end of financial year 2015, secured a 3-year contract from the Jeddah Municipality for the amount of approximately RM22.0 million to monitor the mosquitoes control activities in the Jeddah city. The Group has gained 100% control of its Saudi Arabia operations on 1 December 2015, with this, the Group envisage for better opportunities to steer the operation towards greater results in the future.

BUSINESS OUTLOOK AND PROSPECTS

The global economy growth is in slow mode with the global GDP projected to grow by 2.5%. At the same time, economic growth in Southeast Asia is unlikely to see significant improvement in 2016 as compared to last year. Malaysia's real GDP is expected to grow moderately at 4.2% this year. Growth will be driven largely by private sector expenditures, particularly on investment in the environment of tighter liquidity condition. Bank Negara Malaysia is expected to manage the liquidity favouring businesses.

Our Group's business will continue to face challenges from the current economic climate. However, we will continue to strive to increase business opportunities by focusing on the Group's new technologies such as the Predictive Emission Monitoring Systems ("PEMS"), Bi-Act Super Dissolve Oxygen ("SDO") and the ocean data monitoring (Wave Glider) and expanding our customer base locally as well as in Indonesia and Saudi Arabia. The Group needs to remain steadfast and will continue to focus on cost optimisation and operational excellence in improving our profit margins.

We will also heighten our focus on market penetration as well as marketing activities to increase brand awareness. 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 in meeting 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.

DIVIDEND

The Company paid an interim single tier dividend of 0.38 sen per share amounting to approximately RM2.5 million on 29 September 2015. The Board has recommended a final single tier dividend of 0.23 sen per share amounting to RM 1,513,090 for the year ended 31 December 2015. The final tier dividend if approved by the shareholders at the Annual General Meeting, shall be paid on 20 June 2016.

ACKNOWLEDGEMENT

As we move forward to 2016, I take this opportunity to thank all our stakeholders, particularly our shareholders, customers and partners for the ardent support given throughout the years. I would also like to commend on the collective efforts of my fellow Board members, management and all employees for their hard work throughout the year. I am confident that despite the challenges in the coming years, the support, passion and commitment we put in our work will see us through.

Thank you.

DATUK ABDUL HAMID BIN SAWAL

Chairman

PROGRESSIVE

IMPACT

FATIMAH ZAHRAH BINTI ZAID

DATO' HAJJAH ROSNANI BINTI IBARAHIM

ZAIDAH BINTI MOHD SALLEH

BOARD *of* DIRECTORS

ZAID BIN ABDULLAH

DATUK ABDUL HAMID BIN SAWAL

DATO' DR LUKMAN BIN IBRAHIM

USAMAH BIN ZAID

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 Division (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 conviction for offences within the past 10 years.

DATUK ABDUL HAMID BIN SAWAL

Age 67, Malaysian

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

PROFILE *of* DIRECTORS

ZAID BIN ABDULLAH

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 Alam Sekitar Malaysia Sdn Bhd (ASMA) in 1993 and was the initial Managing Director for ASMA. He was directly involved in managing all the works related to setting up of ASMA that include 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 acquisition of a majority stake in ALS Technichem (M) Sdn Bhd 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 has 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 conviction for offences within the past 10 years.

Age 64, Malaysian

Executive Deputy Chairman

ZAIDAH BINTI MOHD SALLEH

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.

Age 61, Malaysian

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

DATO' DR. LUKMAN BIN IBRAHIM

Age 50, Malaysian

- Independent Non-Executive Director
- Chairman of Audit Committee
- Chairman of Remuneration Committee
- Member of Risk Management Committee
- Member of Nominating 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 conviction for offences within the past 10 years.

USAMAH BIN ZAID

Age 32, Malaysian

Executive Director

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

Usamah obtained his Master in Business Administration from the Management & Science University (MSU) in 2015. He also 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 conviction for offences within the past 10 years.

DATO' HAJJAH ROSNANI BINTI IBARAHIM

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 conviction for offences within the past 10 years.

Age 62, Malaysian

- Independent Non-Executive Director
- Chairman of Risk Management Committee
- Member of Nominating Committee
- Member of Remuneration Committee

FATIMAH ZAHRAH BINTI ZAID

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 conviction for offences within the past 10 years.

Age 31, Malaysian

Alternate Director to Zaidah binti Mohd Salleh

Key

MANAGEMENT

MESSAGE *from* GROUP CEO

"2015 has taught us that we shall cease from the hiatus and roll out. In spite of all the adversity and struggle, we must rebound."

Assalamualaikum W.B.T. I want to take this as an opportunity to extend my heartfelt greetings for the coming year and appreciate your accomplishments and achievements in 2015. It is good to look ahead and think about what the future may bring us. But first, a quick look back. 2015 was indeed a challenging year; we have faced so many wonderful substantial challenges. A perfect pandemonium, I would say. It was indeed a very difficult year for us, in fact one of the toughest in recent memories.

The cloud over whether Goods and Services Tax ("GST") will be introduced in Malaysia was finally lifted in the 2014 Budget announcement. GST was finally implemented in the country with effect from 1 April 2015 at the rate of 6%. Our Finance team has been relentlessly persistent on the new revolution. The fact that environmental companies like ours are vulnerable to various factors- changing dynamics in society, political and market uncertainties, 2015 was all that and more. It is reflected in our results, our revenues and bottom line. Though our businesses have definitely been affected tremendously, we will still continue to prosper and move forward. Then, in the middle of 2015, we were on pins and needles, being edgy on the slump of oil price; from USD110 per barrel of oil in June 2014 to about USD40 per barrel. This definitely hit our oil & gas business real hard. Would we fall flat? Would we go astray? This is a far cry from what we have tasted previous years. Not only that, the national petroleum company later announced to cut down its Capital Expenditure (capex) between 15% and 20%. Will there still be oil & gas jobs for us? And in addition to just dealing with those matters, we faced an extensive period of Haze. If you can recall, for almost 3 excruciating months, we have been challenged with our capability and expectation on our PM2.5. But we see that as a blessing in disguise. Our branding amazingly flourishes.

2015 has taught us that we shall cease from the hiatus and roll out. In spite of all the adversity and struggle, we must rebound. Yes, we were hit hard but we shall rebound. It was a great overhang over everything we were trying to do and many people sometimes did not realize that many other things were happening underneath that overhang.

Our innovative technology product life cycle is already in growth mode. They are all ready to penetrate the market. In fact, our SDO and PEMS have been widely accepted by many customers. Thus, we shall be expecting a new growth area or industry for our business. We shall be expecting flexibility of our staff to be able to grow within the company beyond their expertise as well as geographical area.

We shall also be expecting several programmes which are supposed to take place in 2015 to get going in 2016. Nevertheless, our business activities in the Middle East and Asia regions are escalating. We foresee an exponential growth in these key areas and we believe we are moving towards the bright future.

What a year two-thousand-fifteen has been! Confronted with challenges at the start of our journey, we shall never withdraw but display the wisdom and courage. Forging ahead along this winding path, let us exemplify persistence and perseverance through the action.

Now we can start to harvest some of the investment that we made in earlier years. This will mark a new era of PICORP, and this is our common responsibility and mission.

Thank you for your effort, energy, resilience, loyalty and commitment. Thank you for your significant support and dedication through thick and thin; we look forward to a great, productive and successful year. I hope this relationship continues and we shall achieve success together. The future is going to be different, in very significant ways.

Surely, with every difficulty there is relief.

Thank you.

Johar Yusof

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 no conviction for offences within the past 10 years.

JOHAR YUSOF
Group Chief Executive Officer
Age 51, Malaysian
PROGRESSIVE IMPACT CORPORATION BERHAD

Key MANAGEMENT

SHAMUDDIN BIN SULAIMAN

Chief Operating Officer,
Alam Sekitar Malaysia Sdn. Bhd

NADZRAH BINTI HASHIM

Chief Financial Officer,
Progressive Impact Corporation Berhad

DR. CHIN TEEN TEEN

General Manager,
ALS Technichem (M) Sdn. Bhd

AZLI BIN MD ZIN

Group Legal Manager & Head of Human Capital Development
Progressive Impact Corporation Berhad


PROGRESSIVE
IMPACT
A COMPETITIVE TEAM
MALAY (73%)
CHINESE (4%)
INDIAN (3%)
INTERNATIONAL OPERATION (20%)
498 No. of employees
66%
34%
5% > 50 years old
15% > 40 years old
35% > 30 years old
45% >20 years old

CORPORATE *Social* RESPONSIBILITIES

CORPORATE *Social* RESPONSIBILITIES

INSTALLATION OF E-BAM ANALYSER FOR BAUXITE MONITORING

In accordance to the accute Bauxite issue in Kuantan area, Alam Sekitar Malaysia Sdn. Bhd ("ASMA") has aided the Department of Environment to monitor the air quality for a duration of one month using our E-BAM Analyser. The monitoring is imperative to measure the air quality condition in the affected area as the fine dust of bauxite may severely affect the health of the residents in the surrounding area.

Life's most persistent and urgent question is, "What are you doing for others?"

—MARTIN LUTHER KING JR.

CSR INSTALLATION OF E-BAM TO DOE

During the transboundary haze which affected the country for three consecutive months in 2015, ASMA has lent a hand to provide air equipment (E-BAM) to the Department of Environment to monitor the Air Pollutant Index in the areas which are highly affected by the haze to get a more accurate reading such as Segamat, Kluang, Johor Bahru & Batu Pahat.

CALENDAR
of
EVENTS

CALENDAR *of* EVENTS

ECOBUILD SOUTHEAST ASIA

In conjunction with the International Construction Week (ICW) 2015, Ecobuild Southeast Asia 2015 is back again as the world's leading event for sustainable design, construction, energy & the built environment. Alam Sekitar Malaysia Sdn. Bhd ("ASMA") & Alam Sekitar Eco-Technology Sdn. Bhd ("ASET") participated in this event held on 9th – 11th September 2015 at PWTC, Kuala Lumpur and officiated by our Prime Minister, Dato' Sri Mohd Najib Tun Abdul Razak during the Opening Ceremony on 10th September 2015.

Our Innovation Team was also invited to present our wastewater technology with the topic 'Bi- Act SDO Breakthrough' to enhance public's understanding and awareness on the new technology in the market.

"The secret of getting ahead is getting started"
—MARK TWAIN

ecobuild
Southeast Asia
PWTC, Kuala Lumpur www.ecobuildsea.com

2015 PICORP SALES CONFERENCE

PICORP Sales Conference was back in 2015 with a more energising vibe. This annual event for the sales team of each company to boost the spirit was held on 8th – 9th January to kickstart the year. “Survival” was the theme of this event and it had undeniably unleashed the talents and skill needed to escalate the business.

2015

TWO-THOUSAND-FIFTEEN

2015 PICORP WAY CHALLENGE

This year's PICORP Way Challenge was getting more intense than ever. Being anticipated a higher expectaction from the previous battles, this year's challenge had certainly set the benchmark and awed the crowd on 25th March 2015. With the theme "Competitive towards Peak Performance" and Gold and Silver Category being introduced, it was certainly a crest of a wave with vast participation and immense support from PICORP staff. A sweet surprise of 30- minute performance by talented Caliph Buskers towards the end of the event was undeniably the best bit. They exhibited the spirit of "Everything is Possible" in this competitive world.

3E: ECOSYSTEM, ENVIRONMENT & EDUCATION PROGRAMME

In conjunction with Floria 2015 organised by Perbadanan Putrajaya, Alam Sekitar Malaysia Sdn. Bhd co-hosted in the 3E: Ecosystem, Environment & Education Programme held for the students from the school in the vicinity of Putrajaya on 2nd June 2015. This programme aims to create awareness in the communities in transitioning to a society that is knowledgeable of the environment and its associated problems. Students shall be more aware on the environmental condition in the area that they are living. The programme is beneficial towards creating a positive youth and community development.

PUTRAJAYA LAKE & WETLAND EXPLORACE 2015

Perbadanan Putrajaya hosted Putrajaya Lake & Wetland Explorace 2015 in collaboration with Alam Sekitar Malaysia Sdn. Bhd on 12th September 2015. This adventurous yet educational race was held in the vicinity of Putrajaya Lake & Wetland and have attracted quite a number of competitive participants.

RETRIEVE *the* TRUST

PRESS CONFERENCE: WE ARE $PM_{2.5}$ READY

Alam Sekitar Malaysia Sdn. Bhd ("ASMA") has been entrusted to install, operate and maintain the network of 52 Continuous Air Quality Monitoring ("CAQM") and 14 Manual Ambient Air Quality Monitoring ("MAQM") stations through a 20 years Concession Agreement with the Government. However, in late July 2015, ASEAN countries were experiencing periodic episodes of transboundary haze pollution resulting from land and forest fires which severely affected our country for a couple of months. This critical issue has undeniably stirred public speculation on our capability and created doubts on the results of the Air Pollutant Index published by the DOE. One of the most significant parameters to measure particles in transboundary haze is by using $PM_{2.5}$ which measures fine particles less than 2.5 microns. Knowing the need to enhance public's understanding on this critical subject, PICORP organised a press conference on 28th October 2015 at Mercu PICORP.

REVITALISE *the* TECHNOLOGY

EXHIBITION @MINGGU ALAM SEKITAR MALAYSIA ("MASM")

Alam Sekitar Malaysia Sdn. Bhd ("ASMA") has been vigorously supporting the Department of Environment Malaysia for more than 20 years that Minggu Alam Sekitar Malaysia ("MASM") has become part and parcel of ASMA. MASM is an annual celebration held on 21st hingga 27th October with the aim to nurture and enhance public awareness on environment. This celebration is in conjunction with Hari Alam Sekitar Malaysia which falls on 21st October every year. Held at Taman Tasik Titiwangsa, Kuala Lumpur, the event was officiated by YB Dato Sri Dr. Haji Wan Junaidi Bin Tuanku Jaafar, Minister of Natural Resources and Environment on 17th October 2015. ASMA robustly promoted our renowned technology to measure $PM_{2.5}$ with the emphasis of "ASMA can measure it" as a result of the transboundary haze that struck the country for an extensive period of time. MASM was the avenue for ASMA to rebrand our product offering and create insight to the public on our capabilities.

REJOICE *the* MOMENT

Being at the forefront of the environmental monitoring for the whole nation is no easy task. To Alam Sekitar Malaysia Sdn. Bhd ("ASMA"), those 20 years worth of experience is unpretentiously transcendent. In other words, ASMA is unsurpassable. ASMA has been working hand in hand with the Department of Environment to monitor the air and water for the whole nation since being awarded the concessionnaire agreement in 1995. For 20 years, our loyal staff has been buckling down their best services to the company and to the country. 13th April 2015 marks the 20 years of our services to the DOE. Hence we celebrated this significant moment in the history of ASMA in a simple ceremony to rejoice the 20 years' DOE Concession with ASMA and to appreciate the excellent services of ASMA loyal staff.

"To ASMA, those 20 years worth of experience is unpretentiously transcendent. In other words, ASMA is unsurpassable."

ACCOUNTABILITY

STATEMENT *on* CORPORATE GOVERNANCE

The Board is committed in ensuring that the highest standards of corporate governance are practised throughout the Group as a fundamental part of discharging its responsibilities to create, protect and enhance shareholders' value and the performance of the Group. 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"). In order to ensure that the best interests of shareholders and other stakeholders are effectively served, the Board continues to play an active role in improving governance practices and monitors the development in corporate governance including the Code.

The Board is pleased to report to the shareholders on the Group's application of the principles in the Code and the extent to which the Group has complied with the recommendations set out in the Code during the financial year ended 31 December 2015.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Clear Functions of the Board and Management

The Board's principal role is to review and oversee 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, in discharging its duty of stewardship of the Group:

- Review and adopt a strategic plan for the Group;
- Oversee the conduct of the Group's business – the Group Chief Executive Officer ("CEO") reports to Executive Deputy Chairman on business operation of the Group regularly. A quarterly review on the Group's business performance against its approved business plan is being carried out consistently between the Executive Deputy Chairman and Non-Executive directors with the Group CEO, CFO and Head of the respective subsidiaries;
- Identify principal risks and ensure the implementation of appropriate internal controls and mitigation measures – the Risk Management Committee reviews areas of high risks and control procedures quarterly;
- Succession planning;
- Review the adequacy and integrity of management information and internal controls system of the Group quarterly through the internal auditor's report to the Audit Committee;
- 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 delegates certain responsibilities to several Board Committees, each with defined terms of reference and responsibilities. Where Committees have no authority to make decisions on matters reserved for the Board, recommendations would be highlighted for the Board of Directors' approval.

The Board Committees in the Company are:

The Terms of Reference adopted by each Committee can be referred to in the Company's website at www.picorp.com.my.

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 high ethical business standards of honesty and integrity and to apply these values in all aspects of the business and professional practices. The Directors shall also continue to act in good faith in the best interest of the Company and its shareholders.

Whistle Blowing Policy

The Company acknowledges the importance of Whistle Blowing Policy as an avenue for employees and stakeholders to report genuine concerns about malpractices, unethical behaviour, misconduct or failure to comply with regulatory requirements without fear of reprisal. Thus, the Company plans to have the policy adopted in near future.

Strategies Promoting Sustainability

The Board is cognizant of the importance of business sustainability and, in conducting the Group's business, the impact on the environment, social and governance shall be taken into consideration which is also in line with PICORP Way Values – "Serving Allah, Respect for the People and Environment".

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.

The Board papers are circulated in advance of the meeting to enable the members to have sufficient time to review the papers. The Board papers include:

- Quarterly and annual financial statements;
- Business and operational proposals;
- Corporate and business development plans;
- Status reports;
- Minutes of meetings.

The Board and its Committees have full and unrestricted access to all information necessary in the furtherance of their duties. The Directors are also at liberty to take independent professional advice on any matter connected with the discharge of their responsibilities as they may deem necessary and appropriate, at the Company's expense.

The Directors may exercise their right to obtain independent professional advice subject to the following:-

- Discuss with the Chairman;
- Provide a written notice to the Company Secretary of the intention to seek independent advice with brief summary of the subject matter; and
- The Board shall be notified and approval be obtained prior to the engagement of the professional advisors.

In most instances, members of senior management are invited to be in attendance at Board meetings to provide insight and to furnish clarification on issues that may be raised by the Board.

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 roles of Company Secretary include:

- Ensure compliance of regulatory requirements;
- Updating the Board on changes to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements");
- Support the Board by ensuring adherence to board policies and procedures, rules, relevant laws and best practices on corporate governance;
- Ensure that deliberations at the Board meetings are recorded in the minutes, minutes are well documented, follow-up on matters arising, maintain a secured retrieval system which stores meeting papers and minutes of board, board committees, etc.

Board Charter

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

2. STRENGTHEN COMPOSITION

The Board has six (6) members comprising of three (3) Independent Directors and three (3) Non-Independent Directors. The composition fulfils the requirements as set out under the Listing Requirements which stipulates that at least one-third of the Board must be independent. The profile of each director is set out on page 20 to 23 of this Annual Report.

Nominating Committee

The Nominating Committee was established on 26 February 2013. The Committee held one (1) meeting in 2015, i.e. on 23 February 2015. The Chairman of the Committee is the Senior Independent Director and other members of the Committee are Independent Directors Details of their attendance of meeting during the year are:

MEMBER	ATTENDANCE	%
Datuk Abdul Hamid bin Sawal (Chairman) Senior Independent Non-Executive Director	1/1	100%
Dato' Hajjah Rosnani binti Ibarahim Independent Non-Executive Director	1/1	100%
Lee Weng Chong * Independent Non-Executive Director	1/1	100%
Dato' Dr Lukman bin Ibrahim Independent Non-Executive Director **	-	-

* Resigned on 31 December 2015.
** Appointed on 12 April 2016.

The Terms of Reference adopted by the Nominating Committee can be referred to in the Company's website at www.picorp.com.my.

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.

The Nominating Committee carries out annual assessment to evaluate the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual director through the following:

(i) Directors' Evaluation Form (self and peer assessment);
(ii) Board & Board Committee Evaluation Form;
(iii) Assessment on Mix of Skill and Experience of Board;
(iv) Audit Committee Evaluation Form; and
(v) Declaration of Independence Form

The Nominating Committee has conducted an assessment and considered the re-election of Zaidah Binti Mohd Salleh and Dato' Hajjah Rosnani Binti Ibarahim and collectively agreed that they met the criteria of character, experience, integrity, competence and time to effectively discharge their roles as Directors as prescribed by the Main Market Listing Requirements. Based on the recommendation of the Nominating Committee, the Board would be seeking shareholders' approval for their re-election as Directors at the 24th Annual General Meeting.

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;
- reviewed and recommended the appointment of Audit Committee member to the Board; and
- reviewed and recommended the appointment of Risk Management Committee members 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 Board is supportive of gender diversity recommendations made in the Code and currently has three female directors (inclusive of one alternate director).

The Company is also 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 practise discrimination of any form, whether based on age, gender, race and religion, throughout the organization. Below sets out 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)	442	295	66.7%	147	33.3%
Management staff (Manager & above)	56	35	62.5%	21	37.5%

ETHNICITY

Category	Total Headcount	Malay		Chinese		Indian		Others	
		Headcount	%	Headcount	%	Headcount	%	Headcount	%
All staff (below managerial level)	442	325	73.5 %	15	3.4%	15	3.4%	87	19.7%
Management staff (Manager & above)	56	38	67.9 %	7	12.5%	0	0.0%	11	19.6%

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)	442	1	0.2%	12	2.7%	56	12.7%	154	34.8%	219	49.5%
Management staff (Manager & above)	56	1	1.8%	11	20.0%	20	36.4%	21	38.2%	2	3.6%

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 Committee

The Remuneration Committee was established on 7 April 2005 and the Committee did not hold any meeting in 2015 as the remuneration packages remain unchanged. The Committee consists of Non-Executive Directors and the members of the Committee are:

MEMBER
Dato' Dr Lukman bin Ibrahim (Chairman) * Independent Non-Executive Director
Dato' Hajjah Rosnani binti Ibarahim Independent Non-Executive Director
Lee Weng Chong ** Independent Non-Executive Director
Datuk Abdul Hamid bin Sawal Senior Independent Non-Executive Director

* Appointed on 25 February 2016.
** Resigned on 31 December 2015.

The Terms of Reference adopted by the Remuneration Committee can be referred to in the Company's website at www.picorp.com.my.

Remuneration Policy

Executive Directors and Group Chief Executive Officer

- Remuneration Committee recommends to the Board the remuneration framework and remuneration packages of Executive Directors and Group Chief Executive Officer.
- Their remuneration packages are designed with the aim to attract, motivate and retain high-calibre executives who will deliver success to the business.
- The level of remuneration reflects the experience and level of responsibilities undertaken by the Executive Directors and Group Chief Executive Officer.
- Remuneration Committee recommends the basic salary and increment (inclusive of statutory employer contributions to the Employee Provident Fund), taking into account the performance of the individual and the achievement of KPI set for the Group's business activities as measured against targets.

Non-Executive Directors

- The determination of the remuneration packages of Non-Executive Directors (whether in addition to or in lieu of their fees as directors), is a matter for the Board as a whole subject to approval of shareholders at the AGM.
- Non-Executive Directors are paid monthly fees and attendance allowance for each Board meeting attended.

All members of the Board are covered under a Directors and Officers Liability Insurance Policy against any liability incurred by them in discharging their duties whole holding office as directors of the Group.

The details on the aggregate remuneration of the Directors during the financial year ended 31 December 2015 is categorized into the appropriate components as follows:-

Remuneration	Executive Director	Non-Executive Director	Total
	RM		
Fees	48,000	137,484	185,484
Salaries, allowance & other emoluments	946,000	152,000	1,098,000
Pension costs - defined contributions plans	172,900	-	172,900
Pension costs – defined benefit plans	133,590	-	133,590
Benefits in kind	70,899	-	70,899
Total	1,371,389	289,484	1,660,873

Remuneration Bands	Number of Directors		Total
	Executive	Non-Executive	
Below RM 50,000*	1	2	3
RM 50,001 - RM 100,000		3	3
RM 1,300,000 – RM 1,350,000	1		1
Total	2	5	7

3. REINFORCE INDEPENDENCE

Annual Assessment of Independence

The Board assesses 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, through the Nominating Committee, 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. The Board recommends and supports the proposed re-election of the retiring Independent Director, Dato' Hajjah Rosnani Binti Ibarahim .

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. 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 with credibility, caliber and have the necessary skill and experience to carry sufficient weight in Board decision.

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

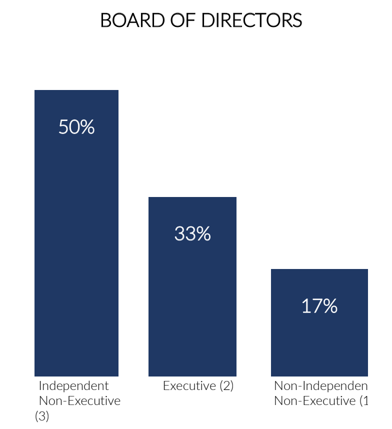
The positions of Chairman and CEO are held by two different individuals. There is clear division of roles and responsibilities between the Chairman of the Board and the Group CEO to ensure that there is a balance of power and authority and that no individual has unfettered powers of decision. The Chairman is responsible for the leadership of the Board and ensures effectiveness of the Board while the Group 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.

Board Composition and Balance

The Board is comprised of individuals who are highly experienced in their respective fields of endeavor and whose knowledge, background and judgement is valuable in ensuring that the Group achieves the highest standards of performance, accountability and ethical behaviour as expected by the stakeholders.

The Board has a balanced composition of Executive and Non-Executive Directors (including Independent Directors) such that no individual or group of individuals can dominate the Board's decision-making powers and processes. The Independent Non-Executive Directors make up 50% of the Board membership.

The Board is made up of one (1) Independent Non-Executive Chairman, one (1) Executive Deputy Chairman, two (2) 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 and the public. The shareholders and any other interested parties may contact Datuk Abdul Hamid bin Sawal to address any concerns in writing at dhamid@picorp.com.my.

4. FOSTER COMMITMENT

Time Commitment

Board meetings are scheduled in advance and an annual meeting calendar is circulated to all Directors at the beginning of the new financial year to enable Directors to plan ahead and fit the year's meetings into their own schedules. The Board meets at least four (4) times a year, once in every quarter. Additional meetings are held as and when required. During the financial year ended 31 December 2015, the Board of Directors had met five (5) times on the following dates:

BOARD MEETING	DATE
01/2015	23 February 2015
02/2015	27 April 2015
03/2015	24 August 2015
Special Meeting @ 04/2015	6 October 2015
05/2015	23 November 2015

Details of Board attendance for financial year ended 31 December 2015 are set out below:

DIRECTOR	
Datuk Abdul Hamid bin Sawal Independent Non-Executive Chairman	
ATTENDANCE	%
5 out of 5	100
Zaid bin Abdullah Executive Deputy Chairman	
ATTENDANCE	%
5 out of 5	100
Zaidah binti Mohd Salleh Non-Independent Non-Executive Director	
ATTENDANCE	%
5 out of 5	100
Dato' Hajjah Rosnani binti Ibarahim Independent Non-Executive Director	
ATTENDANCE	%
5 out of 5	100
Usamah bin Zaid Executive Director	
ATTENDANCE	%
4 out of 5	80
Dato' Dr Lukman bin Ibrahim Independent Non-Executive Director (appointed on 9 January 2015)	
ATTENDANCE	%
5 out of 5	100

DIRECTOR	
Lee Weng Chong Independent Non-Executive Director (resigned on 31 December 2015)	
ATTENDANCE	%
1 out of 5	20

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling the roles and responsibilities which is evidenced by the satisfactory attendance record of the Directors at Board meetings. The Directors are also supportive and enthusiastic by dedicating their time to attend operational meetings where their advice, knowledge and expertise are sought after. Thus, the Board does not set any specific time commitment expected from each of the Director.

The Directors of the Group do not hold more than 5 directorships in public listed companies as prescribed by Bursa Securities Listing Requirements. The Directors shall notify the Chairman before accepting any new directorship. Such notification is expected to include an indication of time that will be spent on the new appointment.

Directors' Training

The Directors are committed to continuous education to enhance their skills and knowledge and to keep abreast with the relevant changes in laws, regulation and business environment 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. All Directors have also attended the Mandatory Accreditation Programme.

The Board via the Nomination Committee had performed an annual assessment to review its required mix of skills and experience in order to gauge the appropriate continuing education programmes for the directors.

Trainings, seminars and talks attended by the Board of Directors in 2015 include:

Course Title	Trainer/Organiser	Date	Attended By
Future of Auditor Reporting – The Game Changer For Boardroom	The Malaysian Institute of Certified Public Accountants (MICPA) and the Malaysian Institute of Accountants (MIA)	21 September 2015	Datuk Abdul Hamid bin Sawal
Corporate Financial Reporting – Are you Making the Right Decisions?	Bursatra Sdn Bhd	10 December 2015	Zaid bin Abdullah, Zaidah binti Mohd Salleh, Dato' Hajjah Rosnani binti Ibarahim
IAASB Roundtable on Audit Quality Reporting	Institute of Singapore Chartered Accountants (ISCA)	9 November 2015	Dato' Dr Lukman bin Ibrahim
Trelleborg Senior Executive Program-3	IMD	21-23 January 2015	Lee Weng Chong
Mandatory Accreditation Program for Directors of Public Listed Companies	Bursatra Sdn Bhd	11-12 February 2015 6-7 May 2015	Usamah bin Zaid, Fatimah Zahrah binti Zaid
The Inside Story of the Annual Report: What Directors Must Know	Bursatra Sdn Bhd	15 December 2015	Usamah bin Zaid

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.

The Audit Committee has three (3) members, of which one is an Independent Non-Executive Director, one is a Senior Independent Non-Executive Director and one is a Non-Independent Non-Executive Director. A full Audit Committee report detailing its composition, terms of reference and summary of activities during the year is set out on pages 47 to 49 of this Annual Report.

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 conducts annual assessment on the suitability and independence of the External Auditors to consider the following factors, amongst others:

- Experience;
- Competency;
- Resources and reliability of staff assigned;
- Non-audit fees;
- Tenure of engagement.

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 47 to 49 of this Annual Report.

6. RECOGNIZE AND MANAGE RISKS

Sound Framework to Manage Risk

The Board is assisted by the Risk Management Committee in 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 Risk Management framework is further enhanced through adoption of Terms of Reference of the Risk Management Committee, Risk Management Statement and Risk Management Policy which have been approved by the Board of Directors on 25 February 2016. The rationale for implementation of Risk Management framework is to:

- Safeguard people, assets, property, environment and image;
- Enhance effectiveness and efficiency of the Group's business management;
- Encourage proactive rather than reactive management;
- Provide a basis for strategic planning;
- Ensure compliance with mandatory requirements;
- Provide assurance to stakeholders that risk identification and management of risk plays a key role in delivering the Group's business objectives.

The Risk Management framework constitutes of the following six main elements:-

- Risk Strategy: The mechanism by which the board ensures the RM framework is defined and implemented with shareholder value considerations at its core. The risk strategy is aligned to the overall strategy of the organization. A well-defined risk strategy consists of a common risk framework, a link to stakeholder (particularly shareholder), and a RM strategic plan.
- Governance: The necessary internal governance requirements by which the Board ensures the whole business act in the best interest of the Group's stakeholders and define the responsibilities of the different risks. This structure has three main components- risk ownership & accountability, Board & RMC, and a system for regulatory compliance;
- Risk management process: The processes in place, both discrete and integrated, to continually manage the Risks that Matter to the Group. The processes include risk identification, evaluation, treatment, monitoring, and assurance that these actions are being carried out correctly;
- Culture and capability: The mechanism in place to ensure the right capability exists to manage the risks being accepted by the organization and to have a culture that enables the relevant individuals to make informed decisions that reflect the risk appetite of the board. This includes policies and procedures, job profiles, appraisal process, communication strategy, and education/awareness process;
- Risk management functions: These are existing management functions (such as Internal Audit, Finance, Legal, Health & Safety) that have a clear role in, or an input to, the management of risks. They can be at Group level, embedded in the business unit, or outsourced. Risk Management activities performed by the respective function needs to be aligned, integrated and coordinated via the RMC or the Risk Working Committee.
- Technology: Leverage technology to achieve the most from the risk management efforts such as early warning systems, a common database, intranet, etc.

The external auditors have reviewed the Statement on Risk Management and Internal Control and nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and effectiveness of the Group's risk management and internal control system. The full Statement on Risk Management and Internal Control is furnished on pages 50 to 51 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.

Investor Relations

The Group strives to ensure that shareholders and the general public would have an easy and convenient access to the Group's latest financial results, annual reports and other corporate information via its website www.picorp.com.my. The Company's subsidiaries also have established their own website as a source of information and medium of communication.

8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

Encourage Shareholder Participation at General Meetings

In addition to the quarterly financial reports and annual report, the Annual General Meeting (AGM) remains the principal opportunity for communication with shareholders and investors. 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. The Chairman declares the outcome of each resolution after proposal and secondment are done by the shareholders.

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.

Shareholders are encouraged to participate, seek clarification, make suggestions and ask questions on the operations of the Group during the AGMs. The Chairman will provide sufficient time for shareholders' questions on matters pertaining to the Group's performance and seek to explain concerns raised by the shareholders.

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 Board of Directors of Progressive Impact Corporation Berhad is pleased to present the report on the Audit Committee of the Board for the financial year ended 31 December 2015.

The Audit Committee Report provides insights into the manner in which the Audit Committee discharged its functions for the Group in 2015.

AUDIT COMMITTEE

Datuk Abdul Hamid bin Sawal

Senior Independent Non-Executive Director

Member of Audit Committee

Dato' Dr. Lukman bin Ibrahim

Independent Non-Executive Director

Chairman of Audit Committee

Fellow Member of Association of Chartered Certified Accountants, UK

Member of Malaysian Institute of Certified Public Accountant

Member of Malaysian Institute of Accountants

Zaidah binti Mohd Salleh

Non-Independent Non-Executive Director

Member of Audit Committee

Member of Malaysian Institute of Accountants

SUMMARY OF TERMS OF REFERENCE

The Audit Committee ("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.
(f) be able to convene meetings with the external auditors, internal auditors or both without the attendance of other directors and employees of the Company, whenever deemed necessary.

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

DUTIES AND RESPONSIBILITIES

The primary duties and responsibilities of the AC 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 review any letter of resignation from the external auditors.
(h) To consider and review whether there is reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment.
(i) To discuss problems and reservations arising from the interim and final audits, and any matters the external auditors may wish to discuss.
(j) To establish policies and procedures to assess the suitability and independence of external auditors.
(k) To review and monitor suitability and independence of the external auditors.
(l) To establish policies and procedures in governing circumstances for contracts of non-audit services to be entered with external auditors.
(m) To obtain written assurance from the external auditors confirming their independence throughout the conduct of the audit engagement in accordance with relevant professional and regulatory requirements.
(n) 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.
(o) 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.
(p) To review the follow-up actions by management on the weakness of internal procedures and controls highlighted by the internal auditors.
(q) To review on all areas of significant financial risk and the arrangements in place to contain those risks to acceptable levels.
(r) To review the assistance and co-operation given the Company's officers and management to the internal auditors and external auditors.
(s) To review any appraisal or assessment of the performance of the internal auditors.
(t) To review any letter of resignation from internal audit staff and provide the internal auditors an opportunity to submit reasons for resigning.
(u) 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.
(v) 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.
(w) To report to Bursa Malaysia Securities Berhad ("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.
(x) To carry out any other functions that may be directed by the Board from time to time.

SUMMARY OF ACTIVITIES OF THE AC

Members and their Attendance at AC Meetings ("ACM")

The AC held a total of five (5) meetings during the financial year 2015 and the details of attendance of the AC members are as follows:

Name of Director	1st ACM 23/02 2015	2nd ACM 27/04 2015	3rd ACM 24/08 2015	4th ACM 06/10 2015	5th ACM 23/11 2015
Dato' Dr Lukman bin Ibrahim * (Chairman)	-	√	√	√	√
Datuk Abdul Hamid bin Sawal	√	√	√	√	√
Zaidah binti Mohd Salleh	√	√	√	√	√
Lee Weng Chong	√	**	**	**	**

* *Appointed as Deputy Chairman of AC on 27 April 2015 and re-designated to Chairman of the AC on 31 December 2015.*

** *Absent with apologies (health problem). Resigned on 31 December 2015.*

The AC meets on scheduled basis at least once every quarter. The Executive Deputy Chairman, Group Chief Executive Officer, Chief Financial Officer and internal auditors also attended the meetings by invitation to brief the Committee on specific issues. In some of the meetings, the presence of external auditors are also required.

The quorum for each meeting shall be two (2) members. The Company Secretary is responsible for the co-ordination of administrative details including calling for meetings, voting and keeping of minutes.

The AC Chairman briefed the Board on matters discussed at every AC meeting. The Chairman is also responsible to update the Board about Committee activities and make appropriate recommendations when necessary. This is to ensure that the Board is aware of matters that may significantly impact the financial condition or affairs of the business.

The AC has explicit right to convene meeting with both the Internal and External Auditor without the presence of other directors and employees.

The AC carried out the following activities during the year in discharging its duties and responsibilities as stipulated in its Terms of Reference:

Risks and Controls

(a) Evaluated the overall effectiveness of the system of internal controls through the review of the results of work performed by Internal and External Auditor and discussions with senior management.
(b) Reviewed the Statement on Risk Management and Internal Control and Audit Committee Report prior to their inclusion in the Company's Annual Report.

Financial Results

(a) Reviewed the Group's quarterly unaudited financial results before recommending them for the approval by the Board and release of the Group's results to Bursa Securities, focusing on the following areas, where relevant:
- Listing Requirements of the Bursa Securities;
- Provisions of the Companies Act, 1965;
- Applicable approved accounting standard; and
- Other legal and regulatory requirements.

(b) Reviewed the audited financial statements with the external auditors prior to approval by the Board.

External Audit

(a) Reviewed with the external auditors the audit plan, strategy and scope of the statutory audits of the Group accounts for the financial year ended 31 December 2015.
(b) Reviewed the results and issues arising from their audit of the year-end financial statements and their resolution of such issues highlighted in their report to the Committee.
(c) Reviewed their performance and independence before recommending to the Board their re-appointment and remuneration.

Internal Audit

(a) Reviewed the internal audit plan for the financial year ended 31 December 2015 ensuring the principal risk areas were adequately identified and covered in the plan.
(b) Reviewed and deliberated on audit reports and follow-up reports prepared by the Internal Auditor.
(c) Reviewed and appraised the adequacy and effectiveness of management response in resolving the audit issues reported.
(d) Reviewed the corrective actions taken by the management in addressing and resolving issues as well as ensuring that all issues were adequately addressed on a timely basis.

Other Activities

(a) Reviewed and approved the minutes of the AC meetings.
(b) 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 RM67,100.00.

This report is made on the recommendation of the AC to the Board of Directors and as per the Board's resolution dated 14 April 2016.

STATEMENT *on* RISK MANAGEMENT AND INTERNAL CONTROL

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.

RISK MANAGEMENT COMMITTEE

At the helm of the organisation, the Board is ultimately responsible for the overall management of risks. The Board through Risk Management Committee (RMC) maintains overall responsibility for risk oversight within the Group.

The RMC consists of two (2) Board members, five (5) senior management and an External Consultant. The Committee is responsible to review the risk management systems and ensure the effectiveness of the Group's Risk Management framework. The RMC updates the Board on the significant changes that affect the risk profile of the Group.

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 the Directors 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*
     The Group has in place, a comprehensive Human Resource Policy and Procedure Manual, approved by the Board that sets the tone of control consciousness and employee conduct. Supporting procedures for the reporting and resolution of actions contravening these policies are also in place.

     In 2015, No Festive Gift Policy was established which aims to assist employee in conducting business in an environment which is free from conflict of interest.

   - *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.

   - *Key Performance Indicators (KPI)*
     The Group has also in place a "Management by Objective" (MBO) which linked to and guided by Key Performance Indicators and accountability. KPIs help in defining and measuring progress towards attaining organisation goals.

     KPIs are quantifiable measurements, agreed to beforehand, that reflect the critical success factors of an organisation and a series of goal-setting and coaching sessions has been introduced since 2014 to help the management to enhance staff performance.

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 2015, 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 believes that the development of the system of internal controls is an on-going process and has taken steps throughout the year to improve its internal control system and will continue to do so.

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 which is prepared for inclusion in the Annual Report of the Company for the year ended 31 December 2015 has been reviewed by the Audit Committee and Risk Management Committee prior to their recommendation to the Board for approval.

This statement is made on the recommendation of the Audit Committee and Risk Management Committee to the Board of Directors and was approved by the Board of Directors on 14 April 2016.

STATEMENT *of* THE DIRECTORS' RESPONSIBILITY

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

In preparing the financial statements for the year ended 31 December 2015, 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.

This Statement of the Directors' Responsibility is made in accordance to the resolution of the Board of Directors dated 14 April 2016.

ADDITIONAL *Compliance* INFORMATION

1. Utilisation of Proceeds

   No proceed was raised by the Company from any corporate proposal during the financial year ended 31 December 2015.

2. Share Buybacks

   During the financial year, a total of 135,000 ordinary shares of the Company were purchased and retained as treasury shares pursuant to the Share Buy Back scheme.

   The details of the Share Buy Back during the year are as below:

Date	No. of shares	Lowest Price RM	Highest Price RM	Average Price RM	Total Consideration RM
26 Nov 2015	110,000	0.195	0.200	0.196	21,549.00
27 Nov 2015	25,000	0.195	0.195	0.195	4,875.00

   The Company did not dispose or cancel any treasury shares during the financial year.

3. Options, Warrant or Convertible Securities

   There was no option, warrant or convertible security issued by the Company during the financial year. The Company did not have an Employee Share Scheme in existence during the financial year.

4. Recurrent Related Party Transactions ("RRPT")

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

Company involved	Transacting Parties	Categories of Recurrent Transactions	Actual value transacted (RM)	Interested Directors / Major Shareholders and persons connected to them
Alam Sekitar Eco-Technology Sdn Bhd ("ASET")	Progressive Impact Technology Sdn Bhd ("PITECH")	Provision of engineering services to ASET	Nil	PITECH is a company in which Zaid Bin Abdullah ("Zaid") and Zaidah Binti Mohd Salleh ("Zaidah") are directors with shareholdings of 72% in PITECH held through Zaiyadal Keluarga Sdn Bhd ("ZKSB") 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	
ASMA	PITECH	Reselling of predictive emission monitoring system by PITECH as a non-exclusive distributor for ASMA	Nil	
ALS Technichem (M) Sdn Bhd	PITECH	Provision of lab testing services to PITECH	Nil	
Progressive Impact Corporation Berhad ("PICORP")	PITECH	Rental of office space of 6,634 sq. ft in MERCU PICORP, Lot 10, Jalan Astaka U8/84, Bukit Jelutong, 40150 Shah Alam to PITECH	124,034	
PICORP	IAM-Wonderware Sdn Bhd ("IAM-Wonderware")	Rental of office space of 7,000 sq. ft in MERCU PICORP, Lot 10, Jalan Astaka U8/84, Bukit Jelutong, 40150 Shah Alam to IAM-Wonderware	108,491	IAM-Wonderware is a company in which Zaid and Johar are Directors with shareholdings of 30% held through PITECH.
ASET	Foxboro (M) Sdn Bhd ("Foxboro")	Provision of engineering services to ASET	Nil	Foxboro is a company in which Zaid, Zaidah and

ASMA	Foxboro	Provision of engineering services to ASMA	Nil	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.
PICORP	Foxboro	Rental of office space of 15,057 sq. ft. in MERCU PICORP, Lot. 10 Jalan Asaka U8/84, Bukit Jelutong, 40150 Shah Alam to Foxboro #	471,063	
PICORP	Untung Aquaculture Sdn Bhd ("Untung Aqua")	Rental of 22.5 acres of leasehold land located at Lot No. PT 7605, Mukim of Lumut, Manjung, Perak to Untung Aqua	22,800	Untung Aqua is a company in which Zaid and Zaidah are Directors with 100% interest in Untung Aqua held through ZKSB. Usamah and Fatimah Zahrah are also deemed interested by virtue of their family relationship to Zaid and Zaidah.
PICORP	Cosasco Sdn Bhd ("Cosasco") (formerly known as Rohrback Cosasco Systems Sdn Bhd)	Rental of office space of 2,151 sq. ft in MERCU PICORP, Lot 10, Jalan Astaka U8/84, Bukit Jelutong, 40150 Shah Alam to Cosasco	54,205	Cosasco is a company in which Zaid and Johar are directors. Cosasco is a wholly-owned subsidiary of Progressive Impact Engineering Sdn Bhd which in turn is wholly owned by PITECH.
ASET	Uni San Pol Company Ltd ("Uni San")	Provision of waste water treatment solution by Uni San	Nil	Uni San holds 50% equity in Progressive Uni San International Sdn Bhd ("PUI"). Apichai Yaibuathes and Uthai Yaibuathes, Directors of PUI are major shareholders in Uni San.

5. Depository Receipt Programme

During the financial year ended 31 December 2015, the company did not sponsor any Depository Receipt programme.

6. Imposition of Sanctions / Penalties

There was no sanction and/or penalty imposed on the company and its subsidiaries, Directors or Management by the regulatory bodies.

7. Profit Guarantee

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

8. Material Contracts

   There was no material contract entered into by the Company or its subsidiaries involving Directors' and major shareholders' interest during the financial year during ended 31 December 2015.

9. Non-Audit Fees

   There was 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 2015.

Financial STATEMENTS

DIRECTORS' *REPORT*

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activities of the Company 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
Loss net of tax	(1,006,371)	(1,676,343)
Attributable to:		
Owners of the parent	(2,283,148)	(1,676,343)
Non-controlling interest	1,276,777	–
	(1,006,371)	(1,676,343)

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

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

DIVIDENDS

The amount of dividends paid by the Company since 31 December 2014 were as follows:

	RM
In respect of the financial year ended 31 December 2015:	
Interim dividend of 0.0038 sen per share tax exempt under single-tier system on 658,000,000 ordinary shares, approved on 28 August 2015 and paid on 29 September 2015	2,500,400

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2015 of 0.0023 sen per share on 658,000,000 ordinary shares amounting to dividend payable of RM1,513,400 will be proposed for shareholders' approval. The financial statements for the current year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the next financial year ending 31 December 2016.

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
Datuk Abdul Hamid bin Sawal
Dato' Hajjah Rosnani Binti Ibarahim
Dato' Dr. Lukman bin Ibrahim
Usamah bin Zaid
Fatimah Zahrah binti Zaid *(alternate director to Zaidah bt Mohd Salleh)*
Lee Weng Chong *(resigned on 31 December 2015)*

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			
	1.1.2015	**Acquired**	**Sold**	**31.12.2015**
The Company				
Direct interest:				
Zaid bin Abdullah*	47,925,100	–	–	47,925,100
Zaidah bt Mohd Salleh*	8,678,000	25,000	–	8,703,000
Lee Weng Chong	1,050,000	–	–	1,050,000
Usamah bin Zaid **	112,000	–	–	112,000
Fatimah Zahrah binti Zaid **	110,300	–	–	110,300
Indirect interest:				
Zaid bin Abdullah and Zaidah bt Mohd Salleh	304,324,122	4,388,800	–	308,712,922

* 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			
	1.1.2015	**Acquired**	**Sold**	**31.12.2015**
Subsidiary - ALS Technichem (M) Sdn. Bhd.				
Direct:				
Zaid bin Abdullah	9,000	–	–	9,000

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 all known bad debts had been written off 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) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

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

(c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

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

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

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

(f) In the opinion of the Directors:

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

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the Directors dated 26 April 2016.

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 11 to 106 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the year then ended.

The information set out in Note 37 to the financial statements on page 107 have been prepared in accordance with the Guidance on Special Matter No.1, Determination 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 directives of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 26 April 2016.

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

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

I, Nadzrah binti 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 11 to 107 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 binti Hashim
at Shah Alam in Selangor
on 26 April 2016 **Nadzrah binti Hashim**

Before me,

INDEPENDENT
AUDITORS' REPORT
TO THE MEMBERS OF PROGRESSIVE IMPACT CORPORATION BERHAD

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 2015 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 11 to 106.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

We believe that the audit evidence 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 2015 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.

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 37 on page 107 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. 3063/02/18(J)
Chartered Accountant

Kuala Lumpur, Malaysia
26 April 2016

STATEMENTS OF
COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

		Group		Company	
	Note	2015 RM	2014 RM	2015 RM	2014 RM
Revenue	4	80,529,140	83,989,080	15,914,670	12,528,123
Other income	5	5,066,971	1,673,576	3,357,101	10,117,869
Staff costs	6	(29,849,195)	(19,836,896)	(3,830,754)	(3,307,166)
Cost of sales		(14,461,529)	(21,368,474)	(1,556,381)	(290,902)
Depreciation and amortisation		(7,044,697)	(6,944,401)	(1,250,963)	(328,534)
Other operating expenses		(21,115,787)	(15,058,237)	(12,552,307)	(2,075,890)
Profit from operations		13,124,903	22,454,648	81,366	16,643,500
Finance costs	8	(265,399)	(95,183)	(348,233)	(25,505)
Profit/(loss) before tax	9	12,859,504	22,359,465	(266,867)	16,617,995
Taxation	10	(13,865,875)	(8,368,929)	(1,409,476)	(2,226,697)
(Loss)/profit net of tax		(1,006,371)	13,990,536	(1,676,343)	14,391,298
Other comprehensive income to be reclasified to profit or loss in subsequent periods:					
Foreign currency translation		329,142	1,173,963	–	–
Other comprehensive income for the year, net of tax		329,142	1,173,963	–	–
Total comprehensive (loss)/ income for the year		(677,229)	15,164,499	(1,676,343)	14,391,298
(Loss)/profit attributable to:					
Owners of the parent		(2,283,148)	8,444,852	(1,676,343)	14,391,298
Non-controlling interest		1,276,777	5,545,684	–	–
		(1,006,371)	13,990,536	(1,676,343)	14,391,298
Total comprehensive (loss)/ income attributable to:					
Owners of the parent		(2,795,001)	9,103,736	(1,676,343)	14,391,298
Non-controlling interest		2,117,772	6,060,763	–	–
		(677,229)	15,164,499	(1,676,343)	14,391,298
Earnings per share (sen) attributable to owners of the parent					
Basic/Diluted	11	(0.3)	1.3		

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

STATEMENTS OF
FINANCIAL POSITION
AT AT 31 DECEMBER 2015

	Note	Group 2015 RM	Group 2014 RM Restated	Company 2015 RM	Company 2014 RM
Assets					
Non current assets					
Property, plant and equipment	12	42,479,973	43,636,737	1,193,572	1,590,622
Investment properties	13	39,274,040	39,959,371	43,267,938	43,953,269
Investment in subsidiaries	14	–	–	2,796,522	2,796,522
Prepaid land lease payment	15	1,119,780	1,060,878	250,000	275,000
Goodwill on consolidation	16	11,759,471	13,299,526	–	–
Deferred tax assets	28	1,129,733	2,739,182	–	111,980
		95,762,997	100,695,694	47,508,032	48,727,393
Current assets					
Inventories	17	1,003,248	668,412	–	–
Trade and other receivables	18	39,256,547	37,787,249	46,348,155	38,388,729
Amount due from customer on contract	19	1,543,265	176,356	–	–
Tax recoverable		290,102	546,398	–	–
Other current financial assets	20	7,293,802	28,935	38,119	28,935
Cash and bank balances	21	33,652,044	28,057,025	6,908,045	4,554,369
		83,039,008	67,264,375	53,294,319	42,972,033
Total assets		178,802,005	167,960,069	100,802,351	91,699,426

	Note	Group		Company	
		2015 RM	2014 RM Restated	2015 RM	2014 RM
Equity and liabilities					
Current liabilities					
Trade and other payables	22	31,293,816	22,390,697	17,893,974	4,472,957
Borrowings	23	17,078,706	5,510,355	56,681	–
Taxation		1,162,929	1,566,385	180,065	689,885
		49,535,451	29,467,437	18,130,720	5,162,842
Non current liabilities					
Retirement benefit obligation	24	1,427,944	995,428	659,144	525,553
Deferred tax liabilities	28	4,349,768	2,346,506	204,827	–
		5,777,712	3,341,934	863,971	525,553
Total liabilities		55,313,163	32,809,371	18,994,691	5,688,395
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
Treasury shares	25	(26,628)	–	(26,628)	–
Other reserves	26	(963,364)	(451,511)	–	–
Retained earnings	27	31,060,821	45,547,640	15,863,998	20,040,741
		96,041,119	111,066,419	81,807,660	86,011,031
Non-controlling interest		27,447,723	24,084,279	–	–
Total equity		123,488,842	135,150,698	81,807,660	86,011,031
Total equity and liabilities		178,802,005	167,960,069	100,802,351	91,699,426

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 2015

Group	Note	Attributable to equity holders of the Company |<-------------- Non-distributable --------------> Share capital RM (Note 25)	Share premium RM	Treasury shares RM (Note 25)	Other reserves RM (Note 26)	| Distributable Retained earnings RM (Note 27)	Total RM	Non-controlling interest RM	Total equity RM
At 1 January 2015		65,800,000	170,290	–	(451,511)	45,547,640	111,066,419	24,084,279	135,150,698
Total comprehensive income		–	–	–	(511,853)	(2,283,148)	(2,795,001)	2,117,772	(677,229)
Transactions with owners									
Purchase of treasury shares	25	–	–	(26,628)	–	–	(26,628)	–	(26,628)
Acquisition of non-controlling interest	14	–	–	–	–	(9,703,271)	(9,703,271)	4,730,672	(4,972,599)
Dividends paid to non-controlling interest		–	–	–	–	–	–	(3,485,000)	(3,485,000)
Dividends	29	–	–	–	–	(2,500,400)	(2,500,400)	–	(2,500,400)
At 31 December 2015		65,800,000	170,290	(26,628)	(963,364)	31,060,821	96,041,119	27,447,723	123,488,842
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

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 2015

Company	Note	Share capital RM (Note 25)	Non-Distributable Share premium RM	Treasury shares RM (Note 25)	Retained earnings RM (Note 27)	Distributable Total equity RM
At 1 January 2015		65,800,000	170,290	–	20,040,741	86,011,031
Total comprehensive income		–	–	–	(1,676,343)	(1,676,343)
Transaction with owners						
Purchase of treasury shares		–	–	(26,628)	–	(26,628)
Dividends	29	–	–	–	(2,500,400)	(2,500,400)
At 31 December 2015		65,800,000	170,290	(26,628)	15,863,998	81,807,660
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

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

STATEMENT OF *CASH FLOWS*

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	Group 2015 RM	Group 2014 RM Restated	Company 2015 RM	Company 2014 RM
Cash flows from operating activities					
Profit/(loss) before taxation		12,859,504	22,359,465	(266,867)	16,617,995
Adjustments for:					
Depreciation		7,019,697	6,919,401	1,225,963	303,534
Amortisation of prepaid lease rental		25,000	25,000	25,000	25,000
Provision for retirement benefit obligations		432,516	256,126	133,591	133,591
(Gain)/loss on disposal of property, plant and equipment, net		(100,885)	4,579	(53)	–
Impairment of other receivables		–	–	6,719,001	–
Impairment of receivables		2,402,142	772,262	–	–
Property, plant and equipment written off		1,647,978	–	–	–
Bad debs written off		577,503	–	–	–
Reversal of impairment of receivables		(82,288)	(361,045)	–	–
Fair value (gain)/loss of other current financial assets		(143,718)	(578)	53,741	(578)
Unrealised foreign exchange gain		(3,670,843)	(1,197,925)	(2,129,652)	(769,629)
Finance cost		265,399	95,183	348,233	25,505
Gross dividends received		–	–	(12,015,001)	(11,779,000)
Profit income from deposits		(75,296)	(291,697)	(113,596)	(82,051)
Profit income from intercompany loans		–	–	(1,074,526)	(9,252,169)
Dividend from unit trust		(214,035)	(3,831)	(21,016)	(3,831)
Impairment of goodwill		1,540,055	284,000	–	–
Impairment in investment of unquoted subsidiaries		–	–	4,972,599	550,000
Operating profit/(loss) before working capital changes		22,482,729	28,860,940	(2,142,583)	(4,231,633)
Working capital changes:					
(Increase)/decrease in receivables		(12,586,259)	6,578,064	(16,161,174)	2,456,509
(Increase)/decrease in work-in-progress		(334,836)	100,043	–	–
Increase/(decrease) in payables		8,204,843	(920,043)	8,952,378	2,329,333
Cash generated from/(used in) operations (carried forward)		17,766,477	34,619,004	(9,351,379)	554,209

	Note	Group 2015 RM	Group 2014 RM Restated	Company 2015 RM	Company 2014 RM
Cash flows from operating activities (cont'd.)					
Cash generated from/(used in) operations (brought forward)		17,766,472	34,619,004	(9,351,379)	554,209
Financing cost paid		(265,399)	(95,183)	(348,233)	(25,505)
Taxation paid		(10,400,324)	(3,748,607)	(1,602,489)	(28,896)
Net cash generated from/ (used in) operating activities		7,100,754	30,775,214	(11,302,101	499,808
Cash flows from investing activities					
Proceeds from disposal of property, plant and equipment		385,861	52,203	53	–
Placement of unit trust		(4,278,457)	(2,661,569)	–	–
Purchase of property, plant and equipment		(4,904,211)	(7,264,630)	(139,082)	(1,303,329)
Purchase of investment properties		(4,500)	–	(4,500)	–
Addition of investment in a subsidiary		(503,960)	–	(503,960)	(49,998)
Net dividend received		–	–	16,639,001	11,779,000
Profits received from deposits		75,296	291,697	113,596	82,051
Dividend from unit trust		214,035	3,831	21,016	3,831
Movement in restricted deposits		(3,508,279)	(2,151,892)	(6,699,552)	–
Net cash (used in)/generated from investing activities		(12,524,215)	(11,730,360)	9,426,572	10,511,555

	Note	Group 2015 RM	Group 2014 RM Restated	Company 2015 RM	Company 2014 RM
Cash flows from financing activities					
Drawdown of loans and borrowings		1,069,866	1,600,245	–	–
Purchase of treasury shares		(26,628)	–	(26,628)	–
Dividend paid		(2,500,400)	(8,290,800)	(2,500,400)	(8,290,800)
Dividend to non-controlling interest		(3,485,000)	(3,321,000)	–	–
Net cash used in financing activities		(4,942,162)	(10,011,555)	(2,527,028)	(8,290,800)
Net (decrease)/increase in cash and cash equivalents		(10,365,623)	9,033,299	(4,402,557)	2,720,563
Cash and cash equivalents at beginning of the year		23,172,009	14,138,710	4,554,369	1,833,806
Cash and cash equivalents at end of the year		12,806,386	23,172,009	151,812	4,554,369
Cash and cash equivalents:					
Cash and bank balances	21	33,652,044	28,057,025	6,908,045	4,554,369
Overdraft	23	(14,146,106)	(3,647,621)	(56,681)	–
		19,505,938	24,409,404	6,851,364	4,554,369
Less: Restricted deposits		(6,699,552)	(1,237,395)	(6,699,552)	–
		12,806,386	23,172,009	151,812	4,554,369

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

1. CORPORATE INFORMATION

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

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

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

The financial statements were authorised for issue by the Board of Directors in accordance with the resolution of the Directors on 26 April 2016.

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 2015, 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 Standards 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;
- 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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

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:

	2015 RM	2014 RM
United States Dollar	4.29	3.50
Saudi Riyal	1.14	0.93
Australian Dollar	3.13	2.87
Singapore Dollar	3.04	2.65
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 at the following rates:

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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

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

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

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

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

(d) Investment properties

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

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

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(e) Intangible assets (cont'd.)

Goodwill (cont'd.)

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(f) Impairment of non-financial assets (cont'd.)

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

(g) Financial assets

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

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

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

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

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

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 other current financial assets as financial assets at fair value through profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(g) Financial assets (cont'd.)

(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 and cash and bank balances as loans and receivables.

(iii) Held-to-maturity investments

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

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

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

The Group and the Company did not have any held-to-maturity investments during the year ended 31 December 2015.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(g) Financial assets (cont'd.)

(iv) Available-for-sale financial assets (cont'd.)

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 2015.

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

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

(h) Impairment of financial assets

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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

(i) Trade and other receivables and other financial assets carried at amortised cost (cont'd.)

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

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

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

(ii) 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 and the Company's cash management.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(l) Provisions (cont'd.)

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.

(ii) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(m) Financial liabilities (cont'd.)

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.

(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.

The Group has established an unfunded fixed contribution planned for its eligible key management personnel. The fixed contribution is recognised as an expense in the period which the related services is performed by the key management personnel. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(p) Employee benefits (cont'd.)

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(s) Taxation (cont'd.)

(ii) Deferred tax (cont'd.)

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

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(s) Taxation (cont'd.)

(iii) Goods and services tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST except where the amount of GST incurred is not recoverable from the authority, in which case it is recognised as part of the cost of acquisition of an asset or as part of an item of expense.

Receivables and payables are recognised inclusive of GST.

The net amount of GST, being the difference between output and input of GST, payable to or receivable from the respective authorities at the reporting date, is included in other receivables or other payables in the statements of financial position.

(t) Financial guarantee contracts

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

(u) Segment reporting

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

(v) Contingencies

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

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

(w) Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in share premium. Share options exercised during the reporting period are satisfied with treasury shares.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(x) Fair value measurement

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

(i) Financial instruments

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at the end of reporting date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include:

- using recent arm's length market transactions;
- reference to the current fair value of another instrument that is substantially the same; and
- discounted cash flow analysis or other valuation models.

Where fair value cannot be reliably estimated, assets are carried at cost less impairment losses, if any.

(ii) Non-financial assets

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

- Level 1 - Quoted pries (unadjusted) in active markets for identifical assets and liabilities.

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2015, the Group and the Company adopted the following new and amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2015.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2010 - 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 - 2013 Cycle	1 July 2014

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

Amendments to MFRS 119 Defined Benefit Plans: Employee Contributions

The amendments to MFRS 119 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee. For contributions that are independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. For contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

These amendments have been applied retrospectively. The application of these amendments has had no material impact on the disclosures or the amounts recognised in the Group's financial statements.

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.

Standards	Descriptions
MFRS 2 Share-based Payment	This improvement clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including: - A performance condition must contain a service condition; - A performance target must be met while the counterparty is rendering service; - A performance target may relate to the operations or activities of an entity, or those of another entity in the same group; - A performance condition may be a market or non-market condition; and - If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

Annual Improvements to MFRSs 2010-2012 Cycle (cont'd.)

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. This is consistent with the Group's current accounting policy and thus, this amendment did not impact the Group.
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. The Group has not applied the aggregation criteria as mentioned above. The Group continues to present the reconciliation of segment assets to total assets.
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 asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between gross and carrying amounts of the asset. This amendment did not have any impact on the Group.
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.)

2.3 Changes in accounting policies and effects arising from adoption of new and revised MFRSs (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 Group has applied the amendments for the first time in the current year.

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. The Group is not a joint arrangement and thus this arrangement is not relevant to the Group.
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). The Group does not apply the portfolio exception.
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. In previous financial years, the Group has applied MFRS 3 and not MFRS 140 in determining whether an acquisition is of an asset or is a business combination. Accordingly, this amendment did not have any impact to the Group.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
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 116 and MFRS 141: Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 127: Equity Method in Separate Financial Financial Statements	1 January 2016
Amendments to MFRS 101: Disclosure Initiatives	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 14 Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 107: Disclosure Initiatives	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for unrealised losses	1 January 2017
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 9 Financial Instruments	1 January 2018
MFRS 16 Leases	1 January 2019

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 forms part of the business) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Standards issued but not yet effective (cont'd.)

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 of assets to an associate of a joint venture 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 a date to be determined by Malaysian Accounting Standards Board. Earlier application is permitted. These amendments are not expected to have any impact on the Group.

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 Standards issued but not yet effective (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.

The amendments are to be applied retrospectively and 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.

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 MFRS 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 Standards issued but not yet effective (cont'd.)

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 5 Non-current Assets Held for Sale and Discontinued Operations	The amendment to MFRS 5 clarifies that changing from one disposal methods to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in MFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification. This amendment is to be applied prospectively to changes in methods of disposal that occur in annual periods beginning on or after 1 January 2016, with earlier application permitted.
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.
MFRS 119 Employee Benefits	The amendment to MFRS 119 clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.
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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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
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.

3.1 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.

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

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

(ii) Construction contracts

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

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

(iii) Impairment of loans and receivables

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

(iv) Deferred tax assets

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

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

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

4. REVENUE

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Provision of services	74,956,023	76,828,862	–	–
Construction contracts	2,190,507	3,463,160	–	–
Rental income	3,382,610	3,697,058	3,899,669	749,123
Dividend income from subsidiaries	–	–	12,015,001	11,779,000
	80,529,140	83,989,080	15,914,670	12,528,123

5. OTHER INCOME

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Profit income from deposits	75,296	291,697	113,596	82,051
Dividend from unit trust	214,035	3,831	21,016	3,831
Profit income from intercompany loans	–	–	1,074,526	9,252,169
Gain on disposal of property, plant and equipment	100,885	–	53	–
Foreign exchange gain				
- realised	494,063	15,630	–	–
- unrealised	3,670,843	1,197,925	2,129,652	769,629
Fair value gain of other current financial assets	143,718	578	–	578
Others	368,131	163,915	18,258	9,611
	5,066,971	1,673,576	3,357,101	10,117,869

6. STAFF COSTS

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Salaries, bonus and other emoluments	23,880,505	16,669,120	2,748,957	2,221,958
Social security cost	223,823	83,514	7,292	12,914
Pension costs:				
- defined contribution plan	2,067,320	1,135,873	377,222	414,202
- defined benefit plan	432,516	256,126	133,591	133,591
Termination benefits	1,369,928	75,275	–	–
Other staff related expenses	1,875,103	1,616,988	563,692	524,501
	29,849,195	19,836,896	3,830,754	3,307,166

6. STAFF COSTS (CONT'D.)

Included in staff costs of the Group and of the Company are Executive Directors' and Non-Executive Directors' remuneration amounting to RM1,804,930 (2014: RM2,042,373) and RM1,660,873 (2014: RM1,955,083) 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	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Executive:				
Salaries and other emoluments	908,903	840,000	840,000	840,000
Pension costs:				
- defined contribution plan	181,215	178,566	172,900	178,566
- defined benefit plan	133,591	133,591	133,591	133,591
Fees	62,242	36,000	48,000	24,000
Bonus	70,000	210,000	70,000	210,000
Benefits-in-kind	70,898	66,061	70,898	66,061
Other remuneration	36,000	20,000	36,000	20,000
	1,462,849	1,484,218	1,371,389	1,472,218
Non-executive:				
Fees	190,081	195,355	137,484	138,065
Other remuneration	152,000	344,800	152,000	344,800
	342,081	540,155	289,484	482,865
Total	1,804,930	2,024,373	1,660,873	1,955,083

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	
	2015	**2014**
Executive Directors:		
RM1 - RM50,000	–	1
RM50,001 - RM100,000	1	–
RM1,350,500 - RM1,400,00	1	–
RM1,450,001 - RM1,500,00	–	1
Non-Executive Directors:		
RM1 - RM50,000	3	2
RM50,001 - RM100,000	2	3
RM100,001 - RM150,000	1	–
RM200,001 - RM250,000	–	1
	8	8

8. FINANCE COSTS

	Group		Company	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Profit charges on:				
Overdraft	265,399	95,183	3,332	8,566
Advance from subsidiaries	–	–	344,901	16,939
	265,399	95,183	348,233	25,505

9. PROFIT/(LOSS) BEFORE TAX

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

	Group		Company	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Auditors' remuneration				
Statutory audits				
- Company's auditors	283,500	243,500	146,000	116,000
- Other auditors	32,200	18,628	–	–
Other services				
- Company's auditors	6,500	6,500	6,500	6,500
(Gain)/loss on disposal of property, plant and equipment	(100,885)	4,579	(53)	–
Lease rentals	6,657	10,114	–	–
Rental of premises	366,545	677,574	–	226,760
Foreign exchange loss				
- realised	(494,063)	(15,630)	–	–
- unrealised	(3,670,843)	(1,197,925)	(2,129,652)	(769,629
Impairment of investments in unquoted subsidiaries	–	–	4,972,599	550,000
Impairment of trade receivables	2,402,142	772,262	–	–
Bad debs written off	577,503	–	–	–
Property, plant and equipment written off	1,647,978	–	–	–
Reversal of impairment of receivables	(82,288)	(361,045)	–	–
Impairment of other receivables	–	–	6,719,001	–
Provision for retirement benefit obligations	432,516	256,126	133,591	133,591
Depreciation				
- Property, plant and equipment	6,329,866	6,354,999	536,132	179,962
- Investment properties	689,831	564,402	689,831	123,572
Amortisation of prepaid lease payment	25,000	25,000	25,000	25,000
Impairment of goodwill	1,540,055	284,000	–	–
Fair value (gain)/loss of other current financial assets	(143,718)	(578)	53,741	(578)

10. TAXATION

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Income tax:				
Malaysian income tax	7,083,667	7,668,238	269,565	1,389,704
Foreign income tax	2,001,673	1,158,697	–	–
	9,085,340	8,826,935	269,565	1,389,704
Under provision in prior years:				
Malaysian income tax	1,167,824	266,170	823,104	752,652
	10,253,164	9,093,105	1,092,669	2,142,356
Deferred tax (Note 28):				
Relating to origination/ (reversal) of temporary differences	1,792,499	(124,938)	(10,734)	90,715
Relating to reduction in Malaysian income tax rate	(31,449)	–	(8,982)	–
Under/(over) provision in prior years	1,851,661	(599,238)	336,523	(6,374)
	3,612,711	(724,176)	316,807	84,341
Income tax expense recognised in profit or loss	13,865,875	8,368,929	1,409,476	2,226,697

Domestic current income tax is calculated at the statutory tax rate of 25% (2014: 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.

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

A reconciliation of income tax expense applicable to profit/(loss) 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	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Profit/(loss) before tax	12,859,504	22,359,465	(266,867)	16,617,995

10. TAXATION (CONT'D.)

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Taxation at Malaysian statutory tax rate of 25% (2014: 25%)	3,214,876	5,589,866	(66,717)	4,154,499
Effect of taxation in other country	21,713	62,457	–	–
Effect of income not subject to tax	(522,133)	(1,003,122)	(3,193,017)	(3,632,708)
Effect on opening deferred tax of reduction in Malaysian income tax rate	(31,449)	–	(8,982)	–
Effect of expenses not deductible for tax purposes	6,068,541	3,089,207	3,518,565	958,628
Under provision of income tax in prior years	1,167,824	266,170	823,104	752,652
Deferred tax liabilities recognised on withholding tax onforeign dividend	1,885,571	–	–	–
Under/(over) provision of deferred taxation	1,851,661	(599,238)	336,523	(6,374)
Deferred tax asset not recognised during the year	209,271	963,589	–	–
Income tax expense recognised in profit or loss	13,865,875	8,368,929	1,409,476	2,226,697

11. EARNINGS PER SHARE

(a) Basic

Basic earnings per share amounts are calculated by dividing (loss)/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.

	2015	2014
(Loss)/profit attributable to ordinary equity holders of the Company (RM)	(2,278,552)	8,444,852
Number of ordinary shares for basic earnings per share computation* ('000)	657,865	658,000
Basic earnings per share (sen)	(0.3)	1.3

* The number of shares takes into account the effect of changes in treasury shares transactions during the year.

(b) Diluted

For the current year, there are no instruments 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						
2015						
Cost						
At 1.1.2015	20,893,532	63,125,918	5,208,045	16,283,544	1,375,758	106,886,797
Additions	–	2,433,192	899,465	718,131	853,423	4,904,211
Disposals	–	(418,331)	–	(120,089)	–	(838,420)
Write-off	–	–	–	–	(1,647,978)	(1,647,978)
Exchange differences	1,253,521	580,947	345,875	532,774	313,074	3,026,191
At 31.12.2015	22,147,053	65,721,726	6,453,385	17,414,360	894,277	112,630,801
Accumulated depreciation						
At 1.1.2015	1,160,650	49,187,385	4,623,362	8,278,663	–	63,250,060
Charge for the year	442,833	3,556,514	335,649	1,994,870	–	6,329,866
Disposals	–	(393,209)	–	(119,525)	–	(512,734)
Exchange differences	91,716	343,960	246,877	401,083	–	1,083,636
At 31.12.2015	1,695,199	52,694,650	5,205,888	10,555,091	–	70,150,828
Net carrying amount						
At 31.12.2015	20,451,854	13,027,076	1,247,497	6,859,269	894,277	42,479,973

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						
2014						
Cost						
At 1.1.2014 (restated)	30,669,044	58,448,700	5,153,569	16,722,047	5,246,822	116,240,182
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	20,893,532	63,125,918	5,208,045	16,283,544	1,375,758	106,886,797
Accumulated depreciation						
(restated)	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	19,732,882	13,938,533	584,683	8,004,881	1,375,758	43,636,737

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

	Buildings RM	Motor vehicles RM	Office equipment and furniture and fittings RM	Total RM
Company				
2015				
Cost				
At 1.1.2015	399,117	843,041	1,484,987	2,727,145
Additions	–	–	139,082	139,082
Disposals	–	–	(4,246)	(4,246)
At 31.12.2015	399,117	843,041	1,619,823	2,861,981
Accumulated depreciation				
At 1.1.2015	95,012	843,041	198,470	1,136,523
Charge for the year	7,982	–	528,150	536,132
Disposals	–	–	(4,246)	(4,246)
At 31.12.2015	102,994	843,041	722,374	1,668,409
Net carrying amount				
At 31.12.2015	296,123	–	897,449	1,193,572
2014				
Cost				
At 1.1.2014	399,117	843,041	181,658	1,423,816
Additions	–	–	1,303,329	1,303,329
At 31.12.2014	399,117	843,041	1,484,987	2,727,145
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	1,590,622

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

(a) Group - Land and buildings

	Freehold land RM	Building RM	Total RM
2015			
Cost			
At 1.1.2015	7,727,122	13,166,410	20,893,532
Exchange differences	–	1,875,184	1,875,184
At 31.12.2015	7,727,122	15,041,594	22,768,716
Accumulated depreciation			
At 1.1.2015	–	1,160,650	1,160,650
Charge for the year	–	374,234	374,234
Exchange differences	–	40,797	40,797
At 31.12.2015	–	1,575,681	1,575,681
Net carrying amount			
At 31.12.2015	7,727,122	13,465,913	21,193,035
2014			
Cost			
At 1.1.2014	17,015,246	13,653,798	30,669,044
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	7,727,122	13,166,410	20,893,532
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	7,727,122	12,005,760	19,732,882

13. INVESTMENT PROPERTIES

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Cost				
At 1 January	41,858,055	26,932,257	44,182,970	477,669
Additions	4,500	–	4,500	43,705,301
Transfer from property, plant and equipment	–	14,925,798	–	–
At 31 December	41,862,555	41,858,055	44,187,470	44,182,970
Accumulated depreciation				
At 1 January	1,898,684	1,043,002	229,701	106,129
Charge for the year	689,831	564,402	689,831	123,572
Transfer from property, plant and equipment	–	291,280	–	–
At 31 December	2,588,515	1,898,684	919,532	229,701
Net book value	39,274,040	39,959,371	43,267,938	43,953,269

Included in the investment properties are:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Buildings	39,274,040	39,959,371	33,616,965	34,306,796

The investment property is in relation to Mercu PICORP which contributes 82% (2014: 91%) of the total fair value, and was valued by IPC Island Property Consultants Sdn. Bhd., an independent professional valuer.

As at 31 December 2015, the fair value of the investment property was estimated to be RM48,000,000 (2014: RM43,700,000).

13. INVESTMENT PROPERTIES (CONT'D.)

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

Investment property	Valuation technique	Range	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Mercu PICORP, Lot 10 Jalan Astaka U8/84 Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan	Income Approach		Office & Warehouse	The estimated fair value would increase/(decrease) if:
		1.6 - 2.30	Market rental rate (RM/psf/month)	- expected market rental growth were higher/(lower)
		0.2 - 0.30	Outgoings (RM/psf/month)	- expected outgoings rate were lower/(higher)
		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 Approach		Freehold Land	
		160 - 175	Transaction land price (RM psf)	- Transacted price were higher/(lower)
		150 - 180	Building Costs (RM psf)	- building costs were (higher)/lower
No. 18 Jalan Liku 8/B Section 8, 40000 Shah Alam Selangor Darul Ehsan	Comparison Approach		Shop lot (leasehold)	
		121 - 156	Building costs (RM psf)	- Transacted price were higher/(lower)
H.S. (D) 9844, PT 7605 Mukim of Lumut, District of Manjung, Perak	Comparison Approach		Agricultural Land (leasehold)	
		77 - 150	Transaction land price (RM'000 per acre)	- Transacted price were higher/(lower)

13. INVESTMENT PROPERTIES (CONT'D.)

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.

Income approach to value the building

Entails the capitalisation of the net rent from a property. Net rent is the residue of gross annual rent less annual expenses (outgoings) required to sustain the rent with allowance for void.

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

14. INVESTMENT IN SUBSIDIARIES

	Company	
	2015	**2014**
	RM	**RM**
Unquoted shares, at cost	4,223,524	4,173,526
Additions during the year	4,972,599	49,998
Less: Impairment in investment	(6,399,601)	(1,427,002)
	2,796,522	2,796,522

Acqusition of non-controlling interest

On 1 December 2015, the Group acquired an additional 30% equity interest in Saudi ASMA Environmental Solution LLC (""SAES"") from its non-controlling interest for a cash consideration of RM4,972,599. As a result of this acquisition, SAES became wholly-owned subsidiary of the Group.

The following is the additional interest acquired in SAES:

	RM
Cash consideration paid to non-controlling interests	4,972,599
Fair value of the additional interest in SAES at the date of acquisition	(4,730,672)
Decrease in the equity attributable to the owners of the Company	9,703,271

14. INVESTMENT IN SUBSIDIARIES (CONT'D.)

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

Name of subsidiaries	Effective interest held 2015 %	2014 %	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 services
Quantum Up Returns Sdn. Bhd.*	100	100	Investment holding company
ASMA International Sdn. Bhd.	100	100	Investment holding company
PI Enviro Technologies Sdn. Bhd.*	100	100	Provision of ocean data monitoring services
Perunding Good Earth Sdn. Bhd.*	100	100	Environment, safety and health consulting and training
Premiere Leap Sdn. Bhd.*	100	100	Dormant
Vertical Plus Sdn. Bhd.*	100	100	Property investment holding company
Alam Sekitar Eco-Technology Sdn. Bhd. ("ASET")	90	90	Provision of waste management and consultancy services

14. INVESTMENT IN SUBSIDIARIES (CONT'D.)

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

Name of subsidiaries	Effective interest held 2015 %	2014 %	Principal activities
(ii) Incorporated outside Malaysia :			
Held through subsidiaries :			
ASMA Environmental Consultancy Sdn. Bhd.*	100	100	Environmental training and consulting services
Progresive Uni San International Sdn. Bhd.*	50	50	Dormant
Incorporated in Indonesia:			
PT ALS Indonesia * ("PT ALS")	80	80	Laboratory analysis and reports and consulting services
Incorporated in the Kingdom of Saudi Arabia:			
Saudi ASMA Environmental Solution LLC* ("SAES")	100	70	Provision of environmental consultancy and monitoring services

* Audited by firms other than Ernst & Young

14. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Non-controlling interests ("NCI")

	ALS Group RM 41%	SAES RM 30%	ASET RM 10%	Total RM
2015				
NCI percentage of ownership interest and voting interest				
Carrying amount of NCI	27,702,622	–	(254,899)	27,447,723
Profit/(loss) allocated to NCI	6,332,113	(4,832,552)	(222,784)	1,276,777
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	6,600,579	(805,621)	(249,274)	5,545,684

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

Summarised statement of comprehensive income/(loss) for 2015:

	ALS Group RM	SAES RM	ASET RM	Total RM
Revenue	42,766,322	841,126	2,190,507	45,797,955
Profit/(loss) for the year	13,097,100	(16,108,507)	(2,227,837)	(5,239,244)
Total comprehensive income/(loss)	16,032,467	(16,131,399)	(2,227,837)	(2,326,769)

14. INVESTMENT IN SUBSIDIARIES (CONT'D.)

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	14,602,493	(2,685,404)	(2,492,735)	9,424,354
Total comprehensive income/(loss)	16,194,290	(2,934,678)	(2,492,735)	10,766,877

Summarised statement of financial position as at 31 December 2015:

	ALS Group RM	SAES RM	ASET RM	Total RM
Non-current assets	34,263,611	–	86,985	34,350,596
Current assets	40,318,085	–	2,095,024	42,413,109
Non-current liabilities	(2,760,777)	–	–	(2,760,777)
Current liabilities	(13,906,113)	–	(7,667,551)	(21,573,664)
Net assets/(liabilities)	57,914,806	–	(5,485,542)	52,429,264

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

14. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Summarised statement of cash flows for 2015:

	ALS Group RM	SAES RM	ASET RM	Total RM
Cash flows from operating activities	18,818,704	–	361,652	19,180,356
Cash flows from investing activities	(5,985,578)	–	(24,860)	(6,010,438)
Cash flows from financing activities	(4,965,000)	–	–	(4,965,000)
Net increase in cash and cash equivalents	7,868,126	–	336,792	8,204,918
Dividend paid to NCI	(3,485,000)	–	–	(3,485,000)

Summarised statement of cash flows for 2014:

	ALS Group RM	SAES RM	ASET RM	Total RM
Cash flows from 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)

15. PREPAID LAND LEASE PAYMENT

	Group 2015 RM	Group 2014 RM Restated
Cost		
At 1 January	1,285,878	1,252,318
Exchange differences	83,902	33,560
At 31 December	1,369,780	1,285,878
Amortisation		
At 1 January	225,000	200,000
Amortisation during the year	25,000	25,000
At 31 December	250,000	225,000
Carrying amount	1,119,780	1,060,878

	Company 2015 RM	Company 2014 RM
Cost		
At 1 January/31 December	500,000	500,000
Amortisation		
At 1 January	225,000	200,000
Amortisation during the year	25,000	25,000
At 31 December	250,000	225,000
Carrying amount	250,000	275,000

16. GOODWILL ON CONSOLIDATION

	Group 2015 RM	Group 2014 RM
At 1 January - at cost	13,583,526	13,583,526
Less: Impairment loss	(1,824,055)	(284,000)
At 31 December	11,759,471	13,299,526

16. GOODWILL ON CONSOLIDATION (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 2015			
Environmental Consultancy Services	10,898,499	–	10,898,499
Lab Testing Services	–	860,972	860,972
	10,898,499	860,972	11,759,471
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

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	
	2015	2014	2015	2014
Environmental Consultancy Services	18%	25%	14%	12%
Lab Testing Services	40%	37%	18%	18%

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.

16. GOODWILL ON CONSOLIDATION (CONT'D.)

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

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, except for the environmental consultancy services.

For the environmental consultancy services, the carrying amount of the unit amounting to RM15,564,240 was determined to be higher than its recoverable amount of RM14,024,185 and impairment loss of RM1,540,055 (2014: RM Nil) was recognised. The impairment loss was allocated fully to goodwill and has been recognised in profit or loss. Consequently, any adverse change in a key assumption would result in a further impairment loss. The implication of the key assumption for the recoverable amount is discussed below:

(i) Profit before tax margin rate

A 5% decrease in future profit before tax margin rate would have increased the impairment loss by RM1,077,912.

(ii) Discount rate

An increase of 1% point in the discount rate used would have increased the impairment loss by RM475,201.

17. INVENTORIES

	Group	
	2015	**2014**
	RM	**RM**
Cost		
Consumables	1,003,248	668,412

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM442,587 (2014: RM602,112).

18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Trade receivables (Note (a)):				
Third parties	38,545,591	31,212,654	188,680	88,797
Less: Allowance for impairment	(4,413,204)	(2,845,503)	(88,797)	(88,797)
Net trade receivables	34,132,387	28,367,151	99,883	–
Other receivables (Note (b)):				
Amount due from related parties				
- subsidiaries	–	–	43,576,897	33,477,412
- related parties	–	1,573,209	1,088,220	938,815
Deposits	3,066,294	1,233,710	188,490	157,680
Prepayments	1,415,560	930,922	47,952	19,298
Dividend receivable	–	–	9,015,000	4,624,000
Sundry receivables	1,973,356	7,013,307	210,790	331,600
	6,455,210	10,751,148	54,127,349	39,548,805
Less: Allowance for impairment				
- related companies	(1,196,257)	(1,196,257)	(7,744,284)	(1,025,283)
- sundry receivables	(134,793)	(134,793)	(134,793)	(134,793)
	5,124,160	9,420,098	46,248,272	38,388,729
	39,256,547	37,787,249	46,348,155	38,388,729
Total trade and other receivables	39,256,547	37,787,249	46,348,155	38,388,729
Add: Cash and bank balances (Note 21)	33,652,044	28,057,025	6,908,045	4,554,369
Less: Prepayments	(1,415,560)	(930,922)	(47,952)	(19,298)
Dividend receivable	–	–	(9,015,000)	(4,624,000)
Total loans and receivables	71,493,031	64,913,352	44,193,248	38,299,800

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 concession agreement to install, operate and maintain a network of air and water quality monitoring stations throughout Malaysia. Included in trade receivables is an amount owing from the Department of Environment amounting to RM4,086,810 (2014: RM2,715,592).

Ageing analysis of trade receivables

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Neither pass due nor impaired	23,397,765	10,367,024	96,226	–
1 to 30 days past due not impaired	4,514,313	4,669,559	–	–
31 to 60 days past due not impaired	3,089,310	3,336,534	–	–
61 to 90 days past due not impaired	683,276	1,467,906	–	–
91 to 120 days past due not impaired	1,015,546	3,632,290	–	–
More than 121 days past due not impaired	1,432,177	4,893,838	3,657	–
	10,734,622	18,000,127	3,657	–
Impaired	4,413,204	2,845,503	88,797	88,797
	38,545,591	31,212,654	188,680	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.

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

(a) Trade receivables (cont'd.)

Receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to RM10,734,622 (2014: RM18,000,127) and RM3,657 (2014: RM Nil) respectively that are past due at the reporting date but not impaired and are unsecured in nature.

Receivables that are impaired

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

	Group Individually impaired		Company Individually impaired	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Trade receivables- nominal amount	4,413,204	2,845,503	88,797	88,797
Less: Allowance for impairment	(4,413,204)	(2,845,503)	(88,797)	(88,797)
	–	–	–	–

Movement in allowance accounts

	Group		Company	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
At 1 January	2,845,503	4,325,805	88,797	88,797
Charge for the year	2,402,142	772,262	–	–
Reversal of impairment losses	(82,288)	(361,045)	–	–
Writen off	(752,153)	(1,891,519)	–	–
At 31 December	4,413,204	2,845,503	88,797	88,797

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

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

(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	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Other receivables - nominal amount	6,455,210	10,751,148	54,127,349	39,548,805
Less: Allowance for impairment	(1,331,050)	(1,331,050)	(7,879,077)	(1,160,076)
	5,124,160	9,420,098	46,248,272	38,388,729

Movement in allowance accounts

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
At 1 January	(1,331,050)	(1,331,050)	(1,160,076)	(1,160,076)
Charge for the year	–	–	(6,719,001)	–
At 31 December	(1,331,050)	(1,331,050)	(7,879,077)	(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	
	2015 RM	2014 RM
Construction contract costs incurred to date	9,993,940	8,247,160
Add: Attributable profits	3,034,892	1,846,167
	13,028,832	10,093,327
Less: Progress billings	(11,485,567)	(9,916,971)
	1,543,265	176,356
Presented as:		
Gross amount due from customers for contract work	1,893,265	766,878
Gross amount due to customers for contract work	(350,000)	(590,522)
	1,543,265	176,356

20. OTHER CURRENT FINANCIAL ASSETS

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Held for trading investments				
Quoted investment in units, at fair value through profit or loss	7,293,802	28,935	38,119	28,935

21. CASH AND BANK BALANCES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Cash on hand and at banks	26,338,679	22,143,736	208,493	1,363,096
Deposits with investment banks	7,313,365	5,913,289	6,699,552	3,191,273
	33,652,044	28,057,025	6,908,045	4,554,369

Deposits with investment bank of the Group and the Company amounting to RM6,699,552 (2014:RM1,237,395) and RM6,699,552 (RM Nil) respectively is pledged as securities for trade facilities.

21. CASH AND BANK BALANCES (CONT'D.)

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	%	**%**	**%**	**%**
Investment banks	3.23	3.45	3.15	3.45

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	Days	**Days**	**Days**	**Days**
Investment banks	198	30	30	30

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Current				
Trade payables				
Third parties (Note (a))	5,135,728	4,539,723	75,442	–
Other payables				
Amount due to related parties (Note (b)):				
- Related companies	243,111	111,526	118,538	85,316
- Subsidiaries	–	–	11,432,024	2,359,669
- Corporate shareholder of a subsidiary	–	24,500	–	–
Accruals	6,611,995	5,162,446	14,148	209,076
Provisions	1,440,510	575,637	201,532	95,257
Dividend payable	3,485,000	3,621,150	–	–
Sundry payables	14,377,472	8,355,715	6,052,290	1,723,639
	26,158,088	17,850,974	17,818,532	4,472,957
Total trade and other payables	31,293,816	22,390,697	17,893,974	4,472,957

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Total trade and other payables (cont'd.)	31,293,816	22,390,697	17,893,974	4,472,957
Add: Borrowings (Note 23)	17,078,706	5,510,355	56,681	–
Less: Provisions	(1,440,510)	(575,637)	(201,532)	(95,257)
Total financial liabilities carried at amortised costs	46,932,012	27,325,415	17,749,123	4,377,700

(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 (2014: 30 days to 90 days).

(b) Amount due to related parties

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

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

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

23. BORROWINGS

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Current				
Secured:				
Overdraft	14,146,106	3,647,621	56,681	–
Term loan (Note a)	2,932,600	1,862,734	–	–
Total	17,078,706	5,510,355	56,681	–

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	%	**%**	**%**	**%**
Overdraft	6.80	6.80	6.80	–
Term loan	3.95	3.95	–	–

23. BORROWINGS (CONT'D.)

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 the Company and matures within one year.

24. RETIREMENT BENEFIT OBLIGATION

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Present value of obligation/ Net liability	1,427,944	995,428	659,144	525,553
Movement in net liability was as follows:				
At 1 January	995,428	739,302	525,553	391,962
Provision during the year (Note 6)	432,516	256,126	133,591	133,591
As at 31 December	1,427,944	995,428	659,144	525,553
The amount recognised in the statements of comprehensive income:				
Current service cost	432,516	256,126	133,591	133,591
Analysed as:				
Non-current	432,516	256,126	133,591	133,591
	432,516	256,126	133,591	133,591

Actuarial assumptions

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

	2015	**2014**
Discount rate	9.0%	8.5%
Future salary growth	10%	10%
Voluntary resignation rate	11%	10%

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

24. RETIREMENT BENEFIT OBLIGATION (CONT'D.)

Sensitivity analysis

A quantitative sensitivity analysis for significant assumption as at 31 December 2015 is, as shown below:

	Retirement benefit obligation	
	Increase	Decrease
	RM	RM
Discount rate (1% movement)	48,102	(55,151)
Future salary growth (1% movement)	(55,907)	49,497
Voluntary resignation rate (10% movement)	3,189	(3,266)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the retirement benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the retirement benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

25. SHARE CAPITAL AND TREASURY SHARES

	Number of ordinary shares		Amount	
	2015	2014	2015	2014
			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

25. SHARE CAPITAL AND TREASURY SHARES (CONT'D.)

Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

The Company acquired 135,000 (2014: nil) shares in the Company through purchases on the Bursa Malaysia Securities Berhad during the financial year. The total amount paid to acquire the shares was RM26,628 (2014: nil) and this was presented as a component within shareholders' equity.

The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares.

26. OTHER RESERVES

	Group	
	2015	**2014**
	RM	**RM**
At 1 January	(451,511)	(1,110,395)
(Decrease)/increase during the year	(511,853)	658,884
At 31 December	(963,364)	(451,511)
Foreign exchange reserve	(1,141,978)	(630,125)
Statutory reserve	178,614	178,614
	(963,364)	(451,511)
Foreign exchange reserve		
At 1 January	(630,125)	(1,289,009)
Arising during the year	(511,853)	658,884
At 31 December	(1,141,978)	(630,125)
Statutory reserve		
At 1 January	178,614	178,614
Arising during the year	–	–
At 31 December	178,614	178,614

26. OTHER RESERVES (CONT'D.)

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

(a) Foreign exchange reserve

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

(b) Statutory reserve

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

27. RETAINED EARNINGS

The Company may distribute dividends out of its entire retained earnings as at 31 December 2015 under the single tier system.

28. DEFERRED TAXATION

	Group		**Company**	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
At 1 January	(392,676)	331,500	(111,980)	(196,321)
Recognised in profit or loss (Note 10)	3,612,711	(724,176)	316,807	84,341
At 31 December	3,220,035	(392,676)	204,827	(111,980)
Presented after appropriate offsetting as follows:				
Deferred tax liabilities	4,349,768	2,346,506	411,528	19,409
Deferred tax assets	(1,129,733)	(2,739,182)	(206,701)	(131,389)
	3,220,035	(392,676)	204,827	(111,980)

28. DEFERRED TAXATION (CONT'D.)

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

Deferred tax assets of the Group:

	Provisions RM	Unabsorbed capital allowances RM	Total RM
At 1.1.2015	(2,751,779)	12,597	(2,739,182)
Recognised in profit or loss	1,622,046	(12,597)	1,609,449
At 31.12.2015	(1,129,733)	–	(1,129,733)
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)

Deferred tax assets of the Company:

	Provisions	
	2015 RM	2014 RM
At 1 January	(131,389)	(234,371)
Recognised in profit or loss	(75,312)	102,982
At 31 December	(206,701)	(131,389)

Deferred tax liabilities of the Group and Company:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Property, plant and equipment				
At 1 January	2,346,506	2,425,449	19,409	38,050
Recognised in profit and loss	117,692	(78,943)	392,119	(18,641)
At 31 December	2,464,198	2,346,506	411,528	19,409

28. DEFERRED TAXATION (CONT'D.)

Deferred tax liabilities of the Group and Company (cont'd.):

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Provision				
At 1 January	–	–	–	–
Recognised in profit and loss	1,885,570	–	–	–
At 31 December	1,885,570	–	–	–
Total deferred tax liabilities	4,349,768	2,346,506	411,528	19,409

Key assumptions used in the future taxable profit estimation

In prior year, the sufficiency of present value of future taxable profit was 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	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Recognised during the year:				
In respect of the financial year ended 31.12.2013				
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
In respect of the financial year ended 31.12.2015				
Interim tax exempt dividend under single tier system on 658,000,000 ordinary shares declared on 24 August 2015 and paid on 29 September 2014	2,500,400	–	0.38	–
	2,500,400	8,290,800		

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2015 of 0.0023 sen per share on 658,000,000 ordinary shares amounting to dividend payable of RM1,513,400 will be proposed for shareholders' approval. The financial statements for the current year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the next financial year ending 31 December 2016.

30. COMMITMENTS

(a) Capital commitments

	Group 2015 RM	Group 2014 RM
Property, plant and equipment		
- Approved but not contracted for	414,064	938,787

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

	Group 2015 RM	Group 2014 RM
Future minimum rentals payable:		
Not later than 1 year	10,114	10,114

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

31. FINANCIAL GUARANTEE

	Company 2015 RM	Company 2014 RM
Unsecured		
Corporate guarantees given in respect of banking facilities obtained by the subsidiaries	14,000,000	17,000,000

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:

	2015 RM	2014 RM
Group		
Rental income from Zaiyadal Keluarga Sdn. Bhd., corporate shareholder	(5,040)	(5,649)
Rental income from subsidiaries of Zaiyadal Keluarga Sdn. Bhd., corporate shareholder:		
- Foxboro (Malaysia) Sendirian Berhad	(543,183)	(820,513)
- Progressive Impact Technology Sdn. Bhd.	(154,597)	(244,639)
- Rohrback Cosasco Sdn. Bhd. (formerly known as Rohrback Cosasco Systems Sdn. Bhd.)	(66,123)	(87,005)
- Untung Aquaculture Sdn. Bhd.	(22,800)	(22,800)
Company		
Rental income from subsidiary 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.

(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	
	2015 RM	2014 RM	2015 RM	2014 RM
Salaries, bonus and other emoluments	3,183,938	2,848,310	1,832,149	2,078,310
Social security costs	2,480	1,859	620	620
Pension costs:				
- defined contribution plan	387,575	410,706	290,820	318,306
- defined benefit plan	133,590	133,591	133,591	133,591
	3,707,583	3,394,466	2,257,180	2,530,827

32. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D.)

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

Included in the total key management personnel are:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Executive directors' remuneration	1,462,849	1,484,218	1,371,389	1,472,218

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 2015. The investments in financial assets are mainly deposits held with licensed banks which are short term in nature and are not held for speculative purposes.

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

(iii) Liquidity risk

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

(iv) Credit risk

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

(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.

33. FINANCIAL INSTRUMENTS (CONT'D.)

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

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 31.12.2015:			
United States Dollar	6,370,005	10,767,790	17,137,795
Australian Dollar	873	–	873
European Euro	(159,226)	–	(159,226)
Singapore Dollar	(77,848)	–	(77,848)
Saudi Riyal	24,917,213	–	24,917,213
	31,051,017	10,767,790	41,818,807
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
Saudi Riyal	13,881,939	–	13,881,939
	16,284,094	6,151,107	22,435,201

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 2015 RM	Group Profit before tax 2014 RM
USD/RM	- strengthen 3%	(191,100)	(65,714)
	- weaken 3%	191,100	65,714
AUD/RM	- strengthen 3%	(26)	(1,128)
	- weaken 3%	26	1,128
EURO/RM	- strengthen 3%	4,777	77
	- weaken 3%	(4,777)	(77)
SGD/RM	- strengthen 3%	(2,335)	(5,299)
	- weaken 3%	2,335	5,299
SAR/RM	- strengthen 3%	(747,516)	(416,458)
	- weaken 3%	747,516	416,458

33. FINANCIAL INSTRUMENTS (CONT'D.)

(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 bank balances, receivables, payables and borrowings

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

(ii) Other current financial assets

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

Determination of fair value hierarchy

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

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

34. SEGMENTAL INFORMATION

(a) Business segments

The Group is organised into 3 major business segments:

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

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

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

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

34. SEGMENTAL INFORMATION (CONT'D.)

(a) Business segments (cont'd.)

	Environmental consultancy services RM	Laboratory testing services RM	Waste management RM	Others RM	Elimination RM	Consolidated RM
2015						
Revenue						
External sales	36,942,384	37,916,666	2,190,507	3,479,583	–	80,529,140
Inter-segment sales	96,974	4,849,656	–	14,185,087	(19,131,717)	–
Total revenue	37,039,358	42,766,322	2,190,507	17,664,670	(19,131,717)	80,529,140
Results						
(Loss)/profit from operations	(14,592,912)	22,061,363	(760,088)	888,192	5,528,348	13,124,903
Finance costs	(865,326)	–	(233,821)	(555,639)	1,389,387	(265,399)
Taxation	(3,180,802)	(8,001,962)	(1,233,928)	(1,449,183)	–	(13,865,875)
Loss after taxation						(1,006,371)
Assets						
Segment assets	47,220,386	74,581,697	2,182,009	131,576,628	(76,758,715)	178,802,005
Liabilities						
Segment liabilities	53,327,033	16,666,891	7,667,551	55,784,053	(78,132,365)	55,313,163
Other Information						
Capital expenditure	2,117,293	2,618,544	29,292	139,082	–	4,904,211
Depreciation and amortisation	1,910,079	3,234,987	58,072	1,841,559	–	7,044,697

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
2014						
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						
Profit/(loss) 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.)

(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
2015			
Malaysia	60,499,175	127,252,600	3,226,425
Indonesia	15,217,960	28,389,451	1,677,786
Saudi Arabia	4,812,005	23,159,954	–
	80,529,140	178,802,005	4,904,211
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

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 2015 and 2014 are as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Borrowings (Note 23)	17,078,706	5,510,355	56,681	–
Trade and other payables (Note 22)	31,293,816	22,390,697	17,893,974	4,472,957
Less: Cash and bank balances (Note 21)	(33,652,044)	(28,057,025)	(6,908,045)	(4,554,369)
Net debt	14,720,478	(155,973)	11,042,610	(81,412)
Total share capital	65,800,000	65,800,000	65,800,000	65,800,000
Capital and net debt	80,520,478	65,644,027	76,842,610	65,718,588
Gearing ratio	0.18	(0.00)	0.14	(0.00)

36. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to confirm with current year presentation.

Group

	As previously stated RM	Re-classification RM	As restated RM
Statements of Financial Position As at 31 December 2014			
Total assets			
Property, plant and equipment	44,422,615	(785,878)	43,636,737
Prepaid land lease payment	275,000	785,878	1,060,878
Statements of Cash Flows As at 31 December 2014			
Cash flows from operating activities	25,981,897	4,793,317	30,775,214
Cash flows from investing activities	(6,937,043)	(4,793,317)	(11,730,360)

37. 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 2015 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	
	2015 **RM**	**2014** **RM**	**2015** **RM**	**2014** **RM**
Total retained profits of the Company and its subsidiaries				
- Realised	50,968,339	76,886,090	14,252,685	19,450,710
- Unrealised	5,105,605	392,676	1,611,313	590,031
	56,073,944	77,278,766	15,863,998	20,040,741
Less: Consolidation adjustments	25,013,123	31,731,126	–	–
Retained profits as per financial statements	31,060,821	45,547,640	15,863,998	20,040,741

ANALYSIS *of* SHAREHOLDINGS

AS AT 31 MARCH 2016

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	:	2,257
Number of Treasury Shares	:	326,900 Ordinary shares of RM0.10 each

ANALYSIS OF SHAREHOLDINGS

Size of holdings	No. of shareholders	%	Shareholdings	%*
Less than 100	4	0.177	225	0.000
100 to 1,000	504	22.330	340,850	0.051
1,001 to 10,000	679	30.084	4,585,900	0.697
10,001 to 100,000	879	38.945	33,744,167	5.130
100,001 to less than 5% of issued shares	187	8.285	145,489,336	22.121
5% and above of issued shares	4	0.177	473,512,622	71.173
Total	2,257	100.00	657,673,100	100.00

* Based on the issued and paid-up capital of the Company excluding 326,900 ordinary shares of RM0.10 each bought back by the Company and retained as treasury shares as at 31 March 2016.

SUBSTANTIAL SHAREHOLDERS

	Shareholdings			
Name	Direct	%^	Indirect	%^
Zaiyadal Keluarga Sdn Bhd	309,512,522	47.062	-	-
Lembaga Tabung Haji	65,000,000	9.883	-	-
Zaid bin Abdullah	47,925,100	7.287	309,512,522*	47.062*
Zaidah binti Mohd Salleh	8,703,000	1.323	309,512,522*	47.062*

Note:-

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

^ Based on the issued and paid-up capital of the Company excluding 326,900 ordinary shares of RM0.10 each bought back by the Company and retained as treasury shares as at 31 March 2016.

ANALYSIS OF SHAREHOLDINGS (CONT'D)
AS AT 31 MARCH 2016

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

Name	Direct	%^	Indirect	%^
Zaid bin Abdullah	47,925,100	7.287	309,512,522*	47.062*
Zaidah binti Mohd Salleh	8,703,000	1.323	309,512,522*	47.062*
Usamah bin Zaid	112,000	0.017	-	-
Fatimah Zahrah binti Zaid (Alternate Director)	110,300	0.016	-	-
Datuk Abdul Hamid bin Sawal	-	-	-	-
Dato' Hajjah Rosnani binti Ibarahim	-	-	-	-
Dato' Dr. Lukman bin Ibrahim	-	-	-	-

Note:-
* Deemed interest by virtue of his/her interest in Zaiyadal Keluarga Sdn Bhd pursuant to Section 6A(4) of the Companies Act 1965.
^ Based on the issued and paid-up capital of the Company excluding 326,900 ordinary shares of RM0.10 each bought back by the Company and retained as treasury shares as at 31 March 2016.

THIRTY LARGEST SHAREHOLDERS

No.	Name	Holdings	%*
1	Zaiyadal Keluarga Sdn Bhd	306,847,522	46.656
2	Lembaga Tabung Haji	65,000,000	9.883
3	DB (Malaysia) Nominee (Asing) Sdn Bhd Exempt AN For Bank of Singapore Limited	53,740,000	8.171
4	Zaid Bin Abdullah	47,925,100	7.287
5	Kal-Yadaiin Sdn Bhd	28,813,078	4.381
6	Zaidah Binti Mohd Salleh	6,997,000	1.063
7	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ab Ghaus bin Ismail	6,079,600	0.924
8	Public Invest Nominees (Asing) Sdn Bhd Exempt AN For Phillip Securities Pte Ltd (Clients)	5,542,100	0.842
9	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mohd Shafie bin Abdullah	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	0.607
13	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Seng Hong	3,350,000	0.509
14	Zaiyadal Keluarga Sdn Bhd	2,665,000	0.405

THIRTY LARGEST SHAREHOLDERS (cont'd)

No.	Name	Holdings	%*
15	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank For Mohammed Amin Bin Mahmud (MM1004)	2,656,000	0.403
16	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ooi Boon Chai	2,470,000	0.375
17	Azman bin Hussin	2,374,000	0.360
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	Johar bin Yusof	1,523,000	0.231
22	Wong Kim Choong	1,435,000	0.218
23	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Rossana Annizah Binti Ahmad Rashid @ Mohd Rashidi (CEB)	1,415,000	0.215
24	Shireen Mardziah Hashim	1,387,800	0.211
25	Chang Tai Seng	1,300,000	0.197
26	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Md Sham Bin Masrom	1,279,000	0.194
27	HSBC Nominees (Asing) Sdn Bhd Exempt AN For Credit Suisse (Sg Br-Tst-Asing)	1,249,200	0.189
28	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Hafiza Aini Binti Hassan	1,170,000	0.177
29	Jessica Kan Pui Yee	1,152,000	0.175
30	Lee Weng Chong	1,050,000	0.159

Note:-

* Based on the issued and paid-up capital of the Company excluding 326,900 ordinary shares of RM0.10 each bought back by the Company and retained as treasury shares as at 31 March 2016.

LIST *of* PROPERTIES

AS AT 31 DECEMBER 2015

Title / Location	Description / existing use	Tenure	Total Land area	Built up area of building	Age of building / land (years)	NBV as at 31-12-2015 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	15	12,689,175.00	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	15	350,900.00	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	15	296,125.00	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	-	19	250,000.00	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	17	43,355,609.00	30.09.2011

PROGRESSIVE IMPACT

(Company No.:203352 V)
(Incorporated in Malaysia)

CDS Account No.

FORM OF PROXY

*I/We ______________________________ Tel: ______________

[Full name in block and NRIC/Passport/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 24th Annual General Meeting of the Company to be held at Velocity Room, Ground Floor, MERCU PICORP, Lot 10, Jalan Astaka U8/84, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan on **Monday, 23 May 2016,** at **9.00 a.m.** and at any adjournment thereof, and to vote as indicated below:-

RESOLUTION		FOR	AGAINST
1	Payment of Final Single Tier Dividend		
2	Re-election of Zaidah Binti Mohd Salleh		
3	Re-election of Dato' Hajjah Rosnani Binti Ibarahim		
4	Payment of Directors' Remuneration		
5	Re-appointment of Messrs Ernst & Young as Auditors		
6	Proposed Renewal of the Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
7	Proposed Renewal of Shareholders' Mandate to purchase its own Ordinary Shares of up to 10% of the Issued and Paid-up Share Capital of the Company		
8	Authority to Issue Shares		

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 ____________________, 2016

* *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 at least one proxy 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 authorised 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 Company's office at Suite 5.02, MERCU PICORP, Lot 10 Jalan Astaka U8/84, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan, 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 Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 17 May 2016. Only* a Member whose name appears on this Record of Depositors shall be entitled to attend this meeting or appoint a proxy *to attend, vote and speak on his/her behalf.*

Fold this flap for sealing

Then fold here

AFFIX
STAMP

Progressive Impact Corporation Berhad
(Company No.: 203352-V)
Suite 5.02, Mercu PICORP
Lot 10, Jalan Astaka U8/84
Bukit Jelutong
40150 Shah Alam
Selangor Darul Ehsan

1st fold here

PROGRESSIVE IMPACT CORPORATION BERHAD

203352-V
Incorporated in Malaysia under the Companies Act. 1965
www.picorp.com.my

"Surely with every difficulty, there is relief"