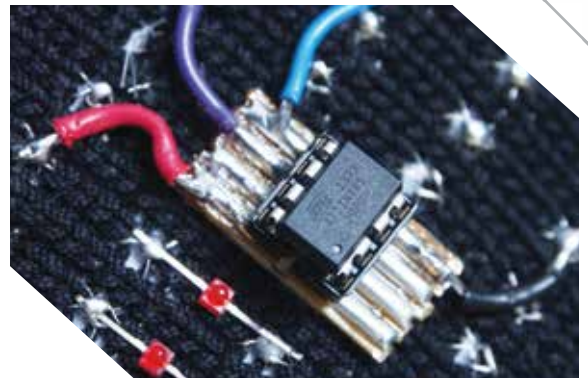




**PASUKHAS GROUP BERHAD**

(Company No. 686389-A)

(Incorporated in Malaysia under the Companies Act, 1965)



# Annual Report 2015

Driving Growth, Creating Value

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Dato' Sri Teng Ah Kiong**

*Executive Chairman*

**Dato' Teng Yoon Kooi**

*Executive Director*

**Wan Thean Hoe**

*Executive Director cum Chief Executive Officer*

**Chan Man Chung**

*Non-Independent Non-Executive Director*

**Teoh Kim Hooi**

*Independent Non-Executive Director*

**Yap Chee Keong**

*Independent Non-Executive Director*

**Bakhtiar Jamilee Bin Hj Abdul**

*Independent Non-Executive Director*

## AUDIT COMMITTEE

**Teoh Kim Hooi**

*Chairman of Audit Committee,*

*Independent Non-Executive Director*

**Yap Chee Keong**

*Independent Non-Executive Director*

**Bakhtiar Jamilee Bin Hj Abdul**

*Independent Non-Executive Director*

## NOMINATION COMMITTEE

**Bakhtiar Jamilee Bin Hj Abdul**

*Chairman of Nomination Committee,*

*Independent Non-Executive Director*

**Yap Chee Keong**

*Independent Non-Executive Director*

**Teoh Kim Hooi**

*Independent Non-Executive Director*

## REMUNERATION COMMITTEE

**Yap Chee Keong**

*Chairman of Remuneration Committee,*

*Independent Non-Executive Director*

**Teoh Kim Hooi**

*Independent Non-Executive Director*

**Bakhtiar Jamilee Bin Hj Abdul**

*Independent Non-Executive Director*

## REGISTERED OFFICE

10th Floor, Menara Hap Seng

No. 1 & 3, Jalan P. Ramlee

50250 Kuala Lumpur

Tel : 03 2382 4288

Fax : 03 2382 4170

## HEAD OFFICE

Wisma Modal Khas

Lot 5815-A, Jalan Mawar

Taman Bukit Serdang

Seksyen 9

43300 Seri Kembangan

Selangor Darul Ehsan

Tel : 03 8948 3328

Fax : 03 8943 4328

## PRINCIPAL BANKERS

RHB Bank Berhad

AmBank (Malaysia) Berhad

HSBC Bank Malaysia Berhad

United Overseas Bank (Malaysia) Berhad

## STOCK EXCHANGE

ACE Market of Bursa Malaysia Securities Berhad

Stock Name : PASUKGB

Stock Code : 0177

Sector : Trading / Services

## COMPANY SECRETARIES

Anna Lee Ai Leng (LS 0009729)

Lim Lee Kuan (MAICSA 7017753)

## AUDITORS

Crowe Horwath (Firm No. AF 1018)

Level 16, Tower C

Megan Avenue II

12, Jalan Yap Kwan Seng

50450 Kuala Lumpur

Tel : 03 2788 9999

Fax : 03 2788 9998

## SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd

Unit 32-01, Level 32, Tower A

Vertical Business Suite

Avenue 3, Bangsar South

No. 8, Jalan Kerinchi

59200 Kuala Lumpur

Tel : 03 2783 9299

Fax : 03 2783 9222

# CORPORATE STRUCTURE



**PASUKHAS  
GROUP  
BERHAD**

(Company No. 686389-A)

(Incorporated in Malaysia under the Companies Act, 1965)



# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Eleventh Annual General Meeting of the Company will be held at Wisma Modal Khas, Lot 5815-A, Jalan Mawar, Taman Bukit Serdang, Seksyen 9, 43300 Seri Kembangan, Selangor Darul Ehsan on Wednesday, 25 May 2016 at 10.30 a.m. for the following purposes:

## AGENDA

### Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2015 together with the Reports of the Directors and Auditors thereon. **(Please refer to Note A)**
2. To approve the Directors' Fees amounting to RM150,500.00 for the financial year ended 31 December 2015. **(Ordinary Resolution 1)**
3. To re-elect the following Directors who are retiring pursuant to Article 70 of the Company's Articles of Association, and being eligible, have offered themselves for re-election:
  - (i) Mr Teoh Kim Hooi **(Ordinary Resolution 2)**
  - (ii) Dato' Teng Yoon Kooi **(Ordinary Resolution 3)**
4. To elect the following Directors, who are retiring pursuant to Article 75 of the Company's Articles of Association, and being eligible, have offered themselves for election:
  - (i) Mr Wan Thean Hoe **(Ordinary Resolution 4)**
  - (ii) Mr Chan Man Chung **(Ordinary Resolution 5)**
5. To re-appoint Messrs Crowe Horwath (Firm No. AF 1018) as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 6)**

### Special Business

To consider and if thought fit, to pass the following Ordinary Resolutions:

6. **Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965 ("Authority to Issue Shares")**

"THAT subject always to the Companies Act, 1965, Articles of Association of the Company and approvals from Bursa Malaysia Securities Berhad and any other governmental/regulatory bodies, where such approval is necessary, authority be and is hereby given to the Directors pursuant to Section 132D of the Companies Act, 1965 to issue and allot not more than ten percent (10%) of the issued capital of the Company at any time upon any such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit or in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force until the conclusion of the next Annual General Meeting of the Company and that the Directors be and are hereby further authorised to make or grant offers, agreements or options which would or might require shares to be issued after the expiration of the approval hereof."

**(Ordinary Resolution 7)**

## NOTICE OF ANNUAL GENERAL MEETING (cont'd)

### 7. **Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transaction(s) of A Revenue or Trading Nature ("Proposed Shareholders' Mandate")**

"THAT, subject always to the provisions of the Companies Act, 1965 ("the Act"), the Memorandum & Articles of Association of the Company, the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the regulations, guidelines and guidance notes issued from time to time by Bursa Securities or any other regulatory authorities, approval be and is hereby given to the Company and/or its subsidiary companies to enter into recurrent related party transaction(s) of a revenue or trading nature in the ordinary course of business as set out in Section 2.3 of the Circular, which are necessary for the day-to-day operations; and undertaken in the ordinary course of business, on arm's length basis, on normal commercial terms which were not more favourable to the related party than those generally available to the public and are not detrimental to the minority shareholders of the Company.

THAT such approval shall continue to be in force until:

- (a) the conclusion of the next AGM of the Company at which time it will lapse, unless by a resolution passed at the next AGM, the authority is again renewed;
- (b) the expiration of the period within which the next AGM after the forthcoming AGM is required to be held pursuant to Section 143(1) of 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 resolution passed by the shareholders in a general meeting,

whichever is earlier;

AND THAT authority be and is hereby given to the Directors of the Company to complete and do all such acts and things (including executing such documents as may be required) to give effect to such transaction(s) as authorised by this Ordinary Resolution.

AND THAT the estimates given of the recurrent related party transaction(s) specified in Section 2.3 of the Circular being provisional in nature, the Directors and/or any of them be and are hereby authorised to agree to the actual amount(s) thereof provided that such amount(s) comply with the procedures set out in Section 2.5 of the Circular."

**(Ordinary Resolution 8)**

By Order of the Board

**LIM LEE KUAN (MAICSA 7017753)**

**ANNA LEE AI LENG (LS 0009729)**

Company Secretaries

Selangor Darul Ehsan

29 April 2016

# NOTICE OF ANNUAL GENERAL MEETING (cont'd)

## Notes:

- (A) *This Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders and hence, is not put forward for voting.*
- (1) *A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. A member may appoint any person to be his proxy without limitation. If the proxy is not a member, he need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.*
- (2) *A member shall be entitled to appoint more than one proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportions of his shareholdings to be represented by each proxy.*
- (3) *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
- (4) *If no name is inserted in the space provided for the name of your proxy, the Chairman of the meeting will act as your proxy.*
- (5) *The instrument appointing a proxy must be deposited at the Registered Office of the Company at 10th Floor, Menara Hap Seng, No. 1 & 3 Jalan P. Ramlee, 50250 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.*
- (6) *If the appointer is a corporation, the instrument appointing a proxy must be executed under its Common Seal or under the hand of its attorney.*
- (7) *The Date of Record of Depositors for the purpose of determining Members' entitlement to attend, vote and speak at the Meeting is 18 May 2016.*
- (8) *Explanatory Notes on Special Business:*

**(i) Ordinary Resolution 7**

**Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965 ("Authority to Issue Shares")**

The proposed Ordinary Resolution 7, if passed, will give flexibility to the Directors of the Company to issue shares up to a maximum of ten per centum (10%) of the issued share capital of the Company at the time of such issuance of shares and for such purposes as they consider would be in the best interest of the Company without having to convene separate general meetings. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

This is the renewal of the mandate obtained from the shareholders at the last AGM ("the previous mandate"). The previous mandate had been utilised for the proposed private placement of up to 10% of the issued share capital of the Company ("Proposed Private Placement") as announced to Bursa Malaysia Securities Berhad on 26 November 2015. For further information, please refer to the Statement Accompanying Notice of AGM on page 7 in the Annual Report 2015.

The purpose for this mandate is for possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of borrowings and/or acquisitions.

**(ii) Ordinary Resolution 8**

**Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transaction(s) of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")**

The proposed Ordinary Resolution 8, if passed, will allow the Group to enter into Recurrent Related Party Transaction(s) of a Revenue or Trading Nature pursuant to the provisions of the Listing Requirements of Bursa Malaysia Securities Berhad.

Please refer to the Circular to Shareholders dated 29 April 2016 despatched together with the Annual Report 2015.

# STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Rule 8.29(2) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad

- **Details of individuals who are standing for election as Directors**

The Directors who are standing for election at the Eleventh Annual General Meeting are Mr Wan Thean Hoe and Mr Chan Man Chung and their details are set out in the Directors' Profile on page 10 to 12 of the Annual Report.

- **General Mandate for issue of securities in accordance with Rule 6.04(3) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad**

The Company has obtained the mandate from the members at the last Annual General Meeting held on 22 June 2015 ("the Previous Mandate"). The Previous Mandate had been utilised for the private placement of up to 10% of the issued share capital of the Company ("Private Placement") as announced to Bursa Malaysia Securities Berhad on 26 November 2015.

Bursa Malaysia Securities Berhad had on 15 December 2015 granted its approval for the Private Placement. Pursuant thereto, the Company had issued 29,500,000 ordinary shares of RM0.10 each at an issue price of RM0.165 each. With the completion of the Private Placement, the Company has raised a total proceeds of RM4,867,500, which is expected to be utilised in the following manner:-

	<b>RM'000</b>	<b>Expected time frame for utilisation of proceeds (from listing date)</b>
Working capital	768	Within 6 months
Deposit for banking facilities	4,000	Within 12 months
Estimated expenses in relation to the Proposed Private Placement	100	Within 1 month
<b>Total estimated proceeds</b>	<b>4,868</b>	



# CHAIRMAN'S STATEMENT

## COMMENTARIES ON OUR GROUP'S FINANCIAL PERFORMANCE

The year under review was a year of progress for the Group. The year under review saw the Group improve on its 2014 results in all key areas. For FYE 31 December 2015, the Group recorded a revenue of RM68.11 million, an increase of RM26.81 million from RM41.30 million posted in FYE 31 December 2014.

For FYE 31 December 2015, the Civil Engineering & Construction Services was the largest contributor to the Group revenue at RM41.43 million representing 60.83% of total Group revenue. The Mechanical & Electrical Engineering Services continues to contribute strongly to the Group with revenue of RM21.89 million or 32.14% of total Group revenue. The remaining revenues are contributed from the manufacturing of Low Voltage Switchboard and Trading of Equipment business segments.

The Group recorded a profit before taxation of RM0.94 million for the current year under review. This is an increase of RM5.97 million as compared to the previous financial year's loss before tax of RM5.03 million. The substantial increase was mainly attributed to escalating activities on our on-going Civil Engineering & Construction, and Mechanical & Electrical Engineering Services projects.

## DIVIDEND

The Board of Directors of the Group has not recommended any dividend payment in respect of the current financial year.

## PROSPECTS AND FUTURE OUTLOOK

The main revenue driver of the Group for the current year to date is mainly from Civil Engineering & Construction Services projects and moving forward the Group shall continue developing and expanding its foot hold in this segment. However, intense competitive market and continued pressure on pricing will remain significant factors that may have an adverse impact on the Group's earnings, while the availability of resources to undertake large projects remains a challenge to the Group.

The Group shall focus its resources on implementing its existing contracts. In addition, the Group is in the midst of identifying and pursuing various new contracts to expand the Group's business and future profitability. With continuous marketing efforts to secure new contracts from both local and overseas clients, it is expected that the Group would be able to improve earnings and profitability for the foreseeable financial years.

Moving forward, the Group will continue to aggressively identifying Civil Engineering & Construction, and Mechanical & Electrical Engineering Services projects.

The members of the Board of Directors and I are of the view that the Group is expected to achieve a better financial performance in the coming years.

## CORPORATE GOVERNANCE

Throughout the years, the Group and its Board of Directors has been resolute in ensuring that the Group's business and affairs are in line to the principles of good corporate governance such as integrity, transparency, accountability and responsible business conduct. We adhere to laws and regulations to ensure a proper and well-structured management.

# CHAIRMAN'S STATEMENT (cont'd)

## CORPORATE SOCIAL RESPONSIBILITY

The Group believes that effective corporate responsibility can deliver benefits to its business and, in turn, to its shareholders by enhancing the Group's reputation and business trust, staff motivation and retention, customer loyalty and long-term shareholder value.

The Group has consistently sent its staff for training to upgrade their knowledge and enhance their specific skills which would contribute to the well-being of the Group throughout in the years to come.

The Group also pays particular attention to the well-being of its staff notably in the area of improving the workplace, the community and the environment it operates to ensure the welfare and safety of its employees. The Group covers the cost of outpatient medical expenses for all eligible employees.

## ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I would like to express my deep appreciation to the management and staff, business associates and shareholders of the Group for their continuous commitment, contribution and support to the Group.

I also would like to take this opportunity to welcome Mr Wan Thean Hoe who has been appointed as an Executive Director of the Company on 4th November 2015 and Mr Chan Man Chung who has been appointed as a Non-Independent and Non-Executive Director of the Company on 24th November 2015.

Thank you.

**DATO' SRI TENG AH KIONG**  
Chairman

## DIRECTORS' PROFILE

### **DATO' SRI TENG AH KIONG**

Malaysian, Age 63  
*Executive Chairman*

Dato' Sri Teng Ah Kiong was appointed to the Board on 19 May 2011 as the Executive Chairman cum Managing Director of the Company. Subsequently, he relinquished his position as the Managing Director on 1 January 2016 and continued to assume the role as the Executive Chairman of the Company.

Dato' Sri Teng completed his secondary school examination in 1971 and accumulated various on-the-job experiences before pursuing a Masters of Business Administration Degree from University of East London, UK, which was completed in 2009. He started his career as an electrician in 1971 with an electrical contracting company based in Butterworth, Penang. In 1977, he joined a sugar mill in Indonesia as the Head of the Electrical Unit where he was responsible for overseeing the maintenance of all electrical equipment and operation of the power house with three (3) electrical engineers and 28 electricians under his supervision. In 1980, he joined a Hong Kong-based turnkey construction company, Kerry Engineering Pte Ltd as the Head of Electrical Division and oversaw the electrical and mechanical installation works projects. In 1985, he co-founded Pasukhas Sdn Bhd ("PSB") with his brother, Dato' Teng Yoon Kooi. PSB is a subsidiary of the Company in which he is also a director.

Dato' Sri Teng is responsible for the Group's strategic operations and business development activities, the overall operations and management of the Group as well as overseeing the sales and marketing functions.

He is the brother to Dato' Teng Yoon Kooi, the Executive Director of the Company. His shareholding in the Company is disclosed on page 104 of the Annual Report.

Dato' Sri Teng does not hold any directorship in any other public company. Save as disclosed, he does not have any family relationship with any Director and/or major shareholder of Pasukhas Group Berhad, has no conflict of interest with the Company and has not been convicted of any offences within the past 10 years other than traffic offences, if any.

### **DATO' TENG YOON KOOI**

Malaysian, Age 59  
*Executive Director*

Dato' Teng Yoon Kooi was appointed to the Board on 19 May 2011 and is an Executive Director of the Company.

Dato' Teng completed his secondary school examination in 1974 and holds a Wireman Nil and Chargeman certificate from the Energy Commission of Malaysia. He has over 20 years of working experience in the electrical engineering industry. He began his career as a wireman apprentice in 1976 with Genelite Electric Sdn Bhd. In 1985, he co-founded Pasukhas Sdn Bhd ("PSB"), a subsidiary of the Company with his brother, Dato' Sri Teng Ah Kiong who is the Chairman and Managing Director of the Company and since then, has been responsible for the execution of all the site projects for water treatment plants, palm oil mills and other industrial projects in the M&E engineering services industry. He is also a director of PSB.

Dato' Teng is responsible for overseeing the overall operations of the M&E engineering services division, the strategic planning and the overall management of M&E engineering projects, and the marketing and business development activities.

He is the brother to Dato' Sri Teng Ah Kiong, the Executive Chairman of the Company. His shareholding in the Company is disclosed on page 104 of the Annual Report.

Dato' Teng does not hold any directorship in any other public company. Save as disclosed, he does not have any family relationship with any Director and/or major shareholder of Pasukhas Group Berhad, has no conflict of interest with the Company and has not been convicted of any offences within the past 10 years other than traffic offences, if any.

## DIRECTORS' PROFILE (cont'd)

### **BAKHTIAR JAMILEE BIN HJ ABDUL**

Malaysian, Age 56

*Independent Non-Executive Director*

Mr Bakhtiar Jamilee Bin Hj Abdul was appointed to the Board on 7 November 2014 as an Independent Non-Executive Director. He is the member of the Chairman of Nomination Committee and is also a member of Audit Committee and the Remuneration Committee.

Mr Bakhtiar holds a Bachelor in Social Sciences (Hons) majoring in Development and Management from the University Sains Malaysia.

Mr Bakhtiar has more than 25 years of working experience in various companies and has been responsible for the operation and maintenance function as well as project management. Currently, he is an Entrepreneur Consultant to the University Malaysia Kelantan (UMK).

He does not hold any directorship in any other public company. He does not have any family relationship with any Director and/or major shareholder of Pasukhas Group Berhad, has no conflict of interest with the Company and has not been convicted of any offences within the past 10 years other than traffic offences, if any.

### **CHAN MAN CHUNG**

Malaysian, Age 49

*Non-Independent Non-Executive Director*

Mr Chan Man Chung was appointed to the Board on 24 November 2015 as a Non-Independent Non-Executive Director.

He completed his secondary school education in 1984 and has 20 years experiences in Business Development and Strategic Planning.

Mr Chan started his early career in 1988 as a marketing Executive with Elken Malaysia, overseeing in marketing and sales of cosmetics products. In 1990, he is placed in charge of Hong Kong Branch for MBTS Group as General Manager overseeing operation and business development activity. He briefly joined CNI Malaysia in 1992, a company focusing on health care product as marketing executive. In 1993, he joined Fulli-Strong as General Manager based in Indonesia.

Four years later in 1997, he joined DXN Malaysia as Marketing Director overseeing and developing oversea market in Asia particularly Indonesia, Philippines, Thailand, India and Australia. He also assisted in the listing exercise of DXN in Bursa Malaysia.

In 2006, he left and pursue his interest in Property Development and became a shareholder of PT Panca Tunggal Sapta and PT Panca Pilar Mas Indonesia until current.

Mr Chan is deemed to has interest in the Company by virtue of him being the ultimate beneficial owner of Tara Temasek Sdn Bhd, a substantial shareholder of the Company. His shareholding in the Company is disclosed on page 104 of the Annual Report.

He does not hold any directorship in any other public company. He does not have any family relationship with any Director and/or major shareholder of Pasukhas Group Berhad, has no conflict of interest with the Company and has not been convicted of any offences within the past 10 years other than traffic offences, if any.

### **TEOH KIM HOOI**

Malaysian, Age 61

*Independent Non-Executive Director*

Mr Teoh Kim Hooi was appointed to the Board on 8 February 2012 as an Independent Non-Executive Director. He is the Chairman of the Audit Committee and is also a member of the Nomination Committee and the Remuneration Committee.

Mr Teoh graduated with a professional certification from the Association of Chartered Certified Accountants ("ACCA"), UK in 1980 and was admitted as an Associate Member of ACCA in 1982. He obtained his Fellowship of ACCA in 1987 and his audit licence from the MOF in 1986. He started his career in auditing as an audit assistant with a medium-sized audit firm from January 1979 to 1980. Thereafter, he joined K K San & Liew, a medium-sized audit firm, as a Senior Associate and rose up to the ranks of

## DIRECTORS' PROFILE (cont'd)

### **TEOH KIM HOOI (cont'd)**

Audit Manager and also Tax Manager before he commenced his own practice in 1986. He currently practices under the name of TKH & Partners. He was also actively involved in the business advisory and company secretarial sectors. He is currently a Fellow Member of ACCA, a Licence Auditor and Tax Agent, a member of the Malaysian Institute of Accountants and a Fellow Member of the Chartered Tax Institute of Malaysia.

His shareholding in the Company is disclosed on page 104 of the Annual Report.

He does not hold any directorship in any other public company. He does not have any family relationship with any Director and/or major shareholder of Pasukhas Group Berhad, has no conflict of interest with the Company and has not been convicted of any offences within the past 10 years other than traffic offences, if any.

### **WAN THEAN HOE**

Malaysian, Age 47

*Executive Director cum Chief Executive Officer*

Mr Wan Thean Hoe was appointed to the Board on 4 November 2015 as an Executive Director and subsequently, he was re-designated as the Chief Executive Officer of the Company on 4 December 2015.

Mr Wan is a member of the Malaysian Institute of Accountants and an associate member of The Chartered Institute of Management Accountants.

He started as an account executive in Maju Associate Sdn Bhd in 1993 before joining Tan Chong Motor Assemblies Sdn Bhd as an Accountant in 1995. Mr Wan subsequently joined DXN Holdings Bhd as the Group Financial Controller in 1998. In 2000, he joined Yunque Automotive (China) Co Ltd and Jiang Yin Cheng Chang Auto Parts (China) Co Ltd as Deputy General Manager. After came back from China, he joined Toptrans Engineering Group as Group Financial Controller in 2010 and started off Tara Temasek Sdn Bhd and Clean Tech Waste Solutions Sdn Bhd after he left Toptrans.

Mr Wan has extensive knowledge in corporate finance, business planning and development.

He is deemed to have interest in the Company by virtue of him being the ultimate beneficial owner of Tara Temasek Sdn Bhd, a substantial shareholder of the Company. His shareholding in the Company is disclosed on page 104 of the Annual Report.

He does not hold any directorship in any other public company. He does not have any family relationship with any Director and/or major shareholder of Pasukhas Group Berhad, has no conflict of interest with the Company and has not been convicted of any offences within the past 10 years other than traffic offences, if any.

### **YAP CHEE KEONG**

Malaysian, Age 61

*Independent Non-Executive Director*

Mr Yap Chee Keong was appointed to the Board on 19 August 2013 as an Independent Non-Executive Director. He is the Chairman of the Remuneration Committee and is also a member of the Audit Committee and the Nomination Committee.

Mr Yap holds a Bachelor of Arts (First Class Honours) degree in Economics from the University of Leeds, United Kingdom (1978). He is also a Chartered Accountant of the Institute of Chartered Accountants of Scotland (1981).

Mr Yap has auditing experience in England from 1978 to 1981. He also has extensive financial experience gained from his career in merchant banking from 1981 to 1997 with Bumiputra Merchant Bankers Berhad. Mr Yap Chee Keong is now a Financial Adviser and Company Director.

He does not hold any directorship in any other public company. He does not have any family relationship with any Director and/or major shareholder of Pasukhas Group Berhad, has no conflict of interest with the Company and has not been convicted of any offences within the past 10 years other than traffic offences, if any.

# AUDIT COMMITTEE REPORT

The Board of Directors of Pasukhas Group Berhad (“the Board”) is pleased to present the Audit Committee Report for the financial year ended 31 December 2015.

## COMPOSITION AND MEETINGS

As at the date of this Annual Report, the Audit Committee comprises three (3) Directors as follows:

### Chairman

Mr Teoh Kim Hooi - Independent Non-Executive Director

### Members

Mr Yap Chee Keong - Independent Non-Executive Director

Mr Bakthiar Jamilee Bin Hj Abdul - Independent Non-Executive Director

The Audit Committee met five (5) times during the financial year ended 31 December 2015 and the details of attendance of the Audit Committee Members are as follows:

Name of Director	Attendance
Mr Teoh Kim Hooi – Chairman <i>Independent Non-Executive Director</i>	5/5
Mr Yap Chee Keong – Member <i>Independent Non-Executive Director</i>	3/5
Mr Bakthiar Jamilee Bin Hj Abdul – Member <i>Independent Non-Executive Director</i>	4/5

Details of the members of the Audit Committee are contained in the Profile of Directors as set out on pages 10 to 12 of this Annual Report.

Senior Management staff, the external auditors and internal auditors are invited to attend the meeting when considered necessary. The Company Secretary is responsible for distributing the agenda of the meetings and relevant information to the Audit Committee members well in advance of their meetings, and recording the proceedings of the Audit Committee meetings.

## SUMMARY OF TERMS OF REFERENCE

### 1. Composition

The members of the Audit Committee shall be appointed from amongst the Board and shall comprise no fewer than three (3) members all of whom must be Non-Executive Directors, with majority of them being Independent Directors. At least one (1) member of the Audit Committee must be a member of the Malaysian Institute of Accountants or possesses such other qualifications and/or experience as approved by Bursa Malaysia Securities Berhad.

### 2. Meetings

The Audit Committee shall meet at least four (4) times in each financial year. The quorum for a meeting shall be no less than two (2) members, provided that the majority of members present shall be Independent Directors.

The Audit Committee may invite any member from the Management, the head of finance and the representatives of the internal auditors and the external auditors to attend the meeting. The Committee should also meet with the external auditors without Executive Board members present at least twice a year.

The external auditors may also request for a meeting when deemed necessary.

Minutes of each meeting shall be kept and distributed to each member of the Audit Committee.

## AUDIT COMMITTEE REPORT (cont'd)

**SUMMARY OF TERMS OF REFERENCE (CONT'D)****3. Key Functions and Responsibilities**

The key functions and responsibilities of the Audit Committee are as follows:

- (a) To discuss with the external auditors before the audit commences, the nature and scope of audit, and ensure co-ordination where more than one audit firm is involved;
- (b) To review the adequacy of the scope, functions, competency and resources and set the standards of the internal audit function;
- (c) To evaluate the quality and effectiveness of the Company's Internal Control system and management information systems, including compliance with applicable laws, rules, corporate governance requirements and guidelines;
- (d) To recommend to the Board the Director's Statement on Risk Management and Internal Control and any changes to the said Statement;
- (e) To review the internal audit program and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
- (f) To review the quarterly results and annual financial statements of the Group, focusing particularly on changes in accounting policies and practices, significant adjustments arising from the audit, going concern assumption, and compliance with accounting standards and other legal requirements;
- (g) To consider any related party transactions that may arise within the Company or Group;
- (h) To consider the appointment of external auditors, the audit fee and any questions of resignation or dismissal;
- (i) To consider the major findings of internal investigations and Management's response; and
- (j) To verify all Employees' Share Option Scheme allocations, if any, to ensure that they are done in compliance with the criteria disclosed by the Company to its employees.

**4. Rights**

The Audit Committee shall:

- (a) has authority to investigate any matter within its terms of reference;
- (b) has full and unrestricted access to any information and resources which are required to perform its duties;
- (c) be able to obtain, if it considers necessary, external independent professional advice;
- (d) be able to invite outsiders with relevant experience to attend meeting if necessary;
- (e) be able to convene meetings with the external auditors, internal auditors or both, excluding the attendance of other Directors and employees, whenever deemed necessary;
- (f) be given full report upon completion of the internal audit reviews to be taken from time to time;
- (g) has direct communication channels with the external auditors and internal auditors;
- (h) be able to make prompt reports to Bursa Securities Malaysia Berhad when the Audit Committee is of the view that a matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of listing requirements; and
- (i) be authorised to pass resolutions in writing and by circular provided always that such resolution(s) shall be executed by all members. Any such resolution(s) may consist of several documents in like form, each signed by one or more members of the Audit Committee.

**5. Review of Audit Committee**

The Board shall review the term of office and performance of the Audit Committee and each of its members at least once every three (3) years to determine whether the Audit Committee and its members have carried out their duties in accordance with their terms of reference.

# AUDIT COMMITTEE REPORT (cont'd)

## SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

In accordance with the Terms of Reference of the Audit Committee, the following activities were undertaken by the Audit Committee during the financial year ended 31 December 2015, including the deliberation on and review of:

- (a) the unaudited quarterly financial statements of the Group to ensure adherence to the regulatory reporting requirements and appropriate resolution prior to submission to the Board of Directors for approval;
- (b) the annual audited financial statements of the Company and of the Group prior to the submission to the Board of Directors for consideration and approval;
- (c) the audit plan of the external auditors in terms of their scope of audit prior to their commencement of their annual audit;
- (d) the related party transactions to ensure that they were not detrimental to the interests of the minority shareholders;
- (e) the internal audit report which outlined the recommendations towards correcting areas of weaknesses and ensured that there were management action plans established for the implementation of the internal auditors' recommendations;
- (f) the audit reports from the external auditors in relation to audit and accounting matters arising from the statutory audit, matters arising from the audit of the Group in meetings with the external auditors without the presence of the executive Board members and management;
- (g) the re-appointment of external auditors and their audit fees, after taking into consideration the independence and objectivity of the external auditors and the cost effectiveness of their audit, before the recommendation to the Board of Directors for approval; and
- (h) the necessary training attended by members of the Audit Committee, which are as set out on page 24 of this Annual Report.

## INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit functions to an independent professional consulting firm, who reports to the Audit Committee as well as to the Board. The scope of the internal audit covers the identification, assessment, examination and evaluation of the adequacy and effectiveness of the Group's system of internal control, the efficiency of its processes and their standard of performance in carrying out assigned responsibilities.

The internal auditors' main function is to submit audit reports that highlight risk and control weaknesses and provide suitable recommendations for improvement to reassure the senior management and the Audit Committee on the state of its internal control and that of the Group. The internal audit reports issued during the year incorporated findings and recommendations with regard to its system, control and processes, weaknesses highlighted in the course of audit, management responses, addressing and proposing remedial actions on the findings in its review process.

The annual Internal Audit Plan is reviewed and approved by the Audit Committee prior to each financial year. The plan is developed based on the analysis of the businesses of the Group, as well as on past experience. The internal audit will focus its resources on areas with high risks, the Internal Auditors will first discuss with Management and the AC, review management reports and financial statements.

During the financial year under review, the Internal Auditors carried out reviews on the Inventory management and control system of the business units to assess the adequacy and effectiveness of the internal control system, compliance with regulations and the Group's policies and procedures.

The cost incurred in maintaining the outsourced Internal Audit function for the financial year ended 31 December 2015 was amounted to RM12,000.

The report is made in accordance with the resolution of the Board of Directors dated 14 April 2016.

# STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors (“the Board”) of Pasukhas Group Berhad (“Pasukhas” or “the Group” or “the Company”) strives to ensure good corporate governance practices are implemented and maintained throughout the Company and its subsidiaries (“Group”) as a fundamental part of discharging its duties to enhance shareholders’ values consistent with the principles and best practices set out in the Malaysian Code on Corporate Governance (“MCCG”). The Board will continuously evaluate the Group’s corporate governance practices and procedures, and where appropriate will adopt and implement the best practices as enshrined in MCCG to the best interest of the shareholders of the Company.

The Board is pleased to report its adherence to the principles and complies with the best practices of good governance that were adopted throughout the financial year, unless otherwise stated herein.

## 1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

### 1.1 Clear functions of the Board and those delegated to Management

The Board is responsible for formulating and reviewing the strategic plans and key policies of the Company, and charting the course of the Group’s business operations whilst providing effective oversight of Management’s performance, risk assessment and controls over business operations.

The Board delegates and confers some of its authority and discretion on the Chairman, Executive Directors, and Management as well as on properly constituted Board Committees comprising mainly/exclusively of Non-Executive Directors.

There is a clear division of responsibilities between the Chairman of the Board and the Chief Executive Officer (“CEO”) to ensure that there is a balance of power and authority. The Chairman is responsible for running the Board and ensuring that all Directors receive sufficient and reliable information on financial and non-financial matters to enable them to participate actively in Board decisions whilst the CEO is responsible over the operating units, organisation effectiveness and implementation of the Board’s policies and decisions.

The role of Management is to support the Executive Directors and implement the running of the general operations and business of the Company, in accordance with the delegated authority of the Board.

The Board Committees comprise the Audit Committee (“AC”), Nomination Committee (“NC”) and Remuneration Committee (“RC”); and are entrusted with specific responsibilities to oversee the Group’s affairs, with authority to act on behalf of the Board in accordance with their respective Terms of Reference. At each Board meeting, minutes of the Board Committee meetings are presented for notation. The Chairman of the relevant Board Committees also reports to the Board on key issues deliberated by the Board Committees at their respective meetings.

In general, the Non-Executive Directors are independent of Management. Their roles are to constructively challenge Management and monitor the success of Management in delivering the approved targets and business plans within the risk appetite set by the Board. They have free and open contact with Management at all levels, and they engage with the external and internal auditors to address matters concerning Management and oversight of the Company’s business and operations.

Key matters reserved for the Board’s approval include the annual business plan and budget, capital management and investment policies, authority limits/levels, risk management policies, declaration of dividends, business continuity plan, issuance of new securities, business restructuring, expenditure above a certain limit, material acquisitions and disposals of assets.

# STATEMENT ON CORPORATE GOVERNANCE

(cont'd)

## 1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

### 1.2 Clear roles and responsibilities in discharging fiduciary and leadership functions

The Board has discharged its responsibilities in the best interests of the Company. The following are among the key responsibilities of the Board:

#### (a) Reviewing and adopting the Company's strategic plans

The Board has in place a strategy planning process, whereby Management presents and proposes to the Board the Management's business plans for the ensuing year for the Board's review and approval. The Board will deliberate both Management's and its own perspectives, and challenge the Management's views and assumptions to ensure the best outcome.

#### (b) Overseeing the conduct of the Company's business

The CEO is responsible for the day-to-day management of the business and operations of the Group in respect to both its regulatory and commercial functions. He is supported by Management and the Chief Financial Officer ("CFO").

The Management's performance, under the leadership of the CEO, is assessed by the Board through monitoring of the success in delivering the approved targets and business plans against the performance of the Group.

#### (c) Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures

The AC, through the internal audit function, advises the Board on areas of high risk faced by the Group and the adequacy of compliance and control throughout the organisation. The AC reviews the action plan implemented and makes relevant recommendations to the Board to manage risks.

#### (d) Succession planning

The Board has entrusted the NC and RC with the responsibilities to review candidates for the Board and key management positions and to determine remuneration packages for these appointments, as well as to formulate nomination, selection, remuneration and succession policies for the Group.

The NC will also undertake yearly evaluation of the performance of the CFO.

#### (e) Overseeing the development and implementation of a shareholder communications policy for the Company

The Company strongly believes that effective and timely communication is essential in maintaining good relations with the shareholders, investors and investment community.

In addition to the above, shareholders and investors can make inquiries about investor relations matters with designated management personnel directly responsible for investor relations matters via dedicated e-mail address available on the corporate website.

#### (f) Reviewing the adequacy and integrity of management information and internal control system of the Company

The Board is ultimately responsible for the adequacy and integrity of the Company's internal control system. Details pertaining to the Company's internal control system and the reviews of its effectiveness are set out in the Statement on Risk Management and Internal Control of this Annual Report.

# STATEMENT ON CORPORATE GOVERNANCE

(cont'd)

## 1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

### 1.3 Ethical standards through Code of Conduct

The Group is committed to achieving and monitoring high standards pertaining to behaviour at work.

The Board is guided by the Company's Code of Conduct ("the Code") as set out in the Board Charter. The Code requires all Directors to observe high ethical business standards, and to apply these values to all aspects of the Group's business and professional practice and act in good faith in the best interests of the Group and its shareholders. A summary of the Code had been published on the corporate website.

### 1.4 Strategies promoting sustainability

The Board formalised the Company's strategies on promoting sustainability. A Corporate Sustainability Statement is set out on page 26 of this Corporate Governance Statement and the same had also been published on the corporate website.

### 1.5 Access to information and advice

The Directors have individual and independent access to the advice and dedicated support services of the Company Secretaries in ensuring the effective functioning of the Board. The Directors may seek advice from Management on issues under their respective purview. The Directors may also interact directly with Management, or request further explanation, information or updates on any aspect of the Company's operations or business concerns from them.

In addition, the Board may seek independent professional advice at the Company's expense on specific issues to enable it to discharge its duties in relation to matters being deliberated.

A formal and structured agenda as well as comprehensive set of Board papers encompassing qualitative and quantitative information relevant to the business are to be circulated at least three (3) to five (5) days prior to the Board meetings in order to give the Directors sufficient time to review any such materials in order to facilitate meaningful deliberation during each meeting.

### 1.6 Qualified and competent company secretaries

Both Company Secretaries of the Company are qualified to act as company secretary under Section 139A of the Companies Act 1965. One of them is licensed by the Registrar of Companies whilst the other is an Associate member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA").

The Board is regularly updated and apprised by the Company Secretaries on new regulation issued by the regulatory authorities. The Company Secretaries also serve notice to the Directors and Principal Officers to notify them of closed periods for trading in the Company's shares.

Apart from playing an active role in advising the Board on governance and regulatory matters, the Company Secretaries organise and attend all Board and Board Committee meetings and ensures meetings are properly convened and ensure accurate and proper records of the proceedings and resolutions passed are maintained accordingly at the registered office of the Company.

The Company Secretaries are also responsible to maintain the documentation of the Board such as meeting papers and minutes of the Board and its committees to be produced for inspection, if required. The Company Secretaries work closely with Management to ensure that there are timely and appropriate information flows within and to the Board and Board Committees.

All Board members have independent access to the advice and services of the Company Secretaries to ensure effective functioning of the Board. The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in the discharge of their functions.

# STATEMENT ON CORPORATE GOVERNANCE

(cont'd)

## 1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

### 1.7 Board Charter

The Company has in place a Board Charter that sets out, among others, the responsibilities, authorities, procedures, evaluations and structures of the Board and Board Committees, as well as the relationship between the Board with its Management and shareholders.

The Board Charter will be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities. More information on the Board Charter can be found on the Company's website at [www.pasukhasgroup.com](http://www.pasukhasgroup.com).

## 2.0 STRENGTHEN COMPOSITION

### 2.1 NC

The NC was established primarily for the nomination of the Directors and assessment on the overall effectiveness of the Board as well as individual Director's appraisal. The NC comprises entirely of Independent Non-Executive Directors and the members of the NC are as follows:

1. Mr Bakhtiar Jamilee Bin Hj Abdul (Chairman)
2. Mr Yap Chee Keong
3. Mr Teoh Kim Hooi

The NC is guided by specific terms of reference and the NC's duties are as follows:

- To recommend candidates for Board membership;
- To recommend candidates to fill the seats on Board Committees;
- To assess the contribution of each individual Director;
- To review annually the Board structure, size, composition and the balance between Executive Directors, Non-Executive Directors and Independent Directors to ensure that the Board has the appropriate mix of skills and experience including core competencies which Directors should bring to the Board and other qualities to function effectively and efficiently;
- To take the necessary steps to ensure that women candidates are sought as part of the Company's recruitment exercise to meet its gender diversity policy;
- To review annually the independence of Independent Directors;
- To ensure existence of an appropriate framework and succession plan for the Executive Directors and senior management of the Company;
- To identify suitable orientation, educational and training programmes for continuous development of Directors;
- To establish and implement processes for assessing the effectiveness of the Board as a whole, the Board Committees and assessing the contribution of each Director; and
- To consider other matters as referred to the Committee by the Board.

The NC shall meet at least once a year. Additional meetings can be arranged as and when required. The Company Secretary is the Secretary to the NC.

### 2.2 Develop, maintain and review criteria for recruitment and annual assessment of Directors

#### Board appointment process

The NC is responsible for identifying and recommending suitable candidates for Board membership and also for assessing the performance of the Directors on an on-going basis. The Board will have the ultimate responsibility and final decision on the appointment. This process shall ensure that the Board membership accurately reflects the long-term strategic direction and needs of the Company while it determines the skills matrix needed to support strategic direction and needs of the Company.

# STATEMENT ON CORPORATE GOVERNANCE

(cont'd)

## 2.0 STRENGTHEN COMPOSITION (CONT'D)

### 2.2 Develop, maintain and review criteria for recruitment and annual assessment of Directors (cont'd)

#### Board appointment process (cont'd)

The NC evaluates and matches the criteria of the candidate, and will consider diversity, including gender, where appropriate, and recommends to the Board for appointment. In its effort to promote boardroom diversity, the NC has taken various steps to ensure that women candidates are sought from various sources as part of its recruitment exercise.

The NC will contact those persons identified to determine interest in serving the Company. This communication will ensure that prospective Board members have clarity regarding the nominating process as well as Director/Board profiles, roles and responsibilities, expectations of time commitments and other information as required.

According to the Articles of Association of the Company, all Directors are required to submit themselves for re-election at intervals of not more than three (3) years. The Articles of Association also state that one-third (1/3) of the Board members shall retire from office at the Annual General Meeting ("AGM") and shall be eligible for re-election at the same AGM.

The new Director(s) duly appointed by the Board are then recommended for re-election at the AGM.

The Company shall then provide orientation and on-going education to the Board.

In making the selection, the Board is assisted by the NC to consider the following aspects:

- Probity, personal integrity and reputation – the person must have the personal qualities such as honesty, integrity, diligence and independence of mind and fairness.
- Competence and capability – the person must have the necessary skills, ability and commitment to carry out the role.

#### Annual Assessment

The Board is tasked to review and evaluate its own performance and the performance of its Committees on an annual basis. The Board evaluation comprises a Board Assessment, an Individual (Self & Peer) Assessment and an Assessment of Independence of Independent Directors.

The assessment of the Board is based on specific criteria, covering areas such as the Board structure, Board operations, roles and responsibilities of the Board, the Board Committees and the Chairman's role and responsibilities.

For Individual (Self & Peer) Assessment, the assessment criteria include interactive contribution, quality of input, and understanding of role.

The results of the assessment would form the basis of the NC's recommendation to the Board for the re-election of Directors at the next AGM.

#### Senior Independent Non-Executive Director

The Board has yet to identify a Senior Independent Non-Executive Director to whom concerns may be conveyed by shareholders and the general public.

# STATEMENT ON CORPORATE GOVERNANCE

(cont'd)

## 2.0 STRENGTHEN COMPOSITION (CONT'D)

### 2.2 Develop, maintain and review criteria for recruitment and annual assessment of Directors (cont'd)

#### Gender diversity policy

The Board is supportive of gender diversity in the boardroom as recommended by the MCCG 2012 and endeavour to appoint at least one (1) female director by 2016 but however, the Board has yet to identify a suitable candidate as of the reporting period as it is of the view, the Board membership should be determined based on candidate's merits, capability, experience, skill-sets and integrity. The Board through the NC shall take steps to ensure that due consideration is given to female candidates as directors and/or Board Committee members and shall review any potential candidate wherever reasonably possible.

### 2.3 Remuneration Policies and Procedures

The RC is assigned with the duty to assist the Board in the review of remuneration policy for the Board and make recommendation thereof. The RC comprises entirely of Independent Non-Executive Directors and the members of the RC are as follows:

1. Mr Yap Chee Keong (Chairman)
2. Mr Teoh Kim Hooi
3. Mr Bakhtiar Jamilee Bin Hj Abdul

The RC and the Board ensure that the Company's remuneration policy remains supportive of the Company's corporate objectives and is aligned with the interest of shareholders, and that the remuneration packages of Directors and key Senior Management Officers are sufficiently attractive to attract and to retain persons of high calibre.

The RC is tasked to review annually the performance of the Executive Directors and submit recommendations to the Board on specific adjustments in remuneration and/or reward payments that reflect their respective contributions for the year, and which depend on the performance of the Group, achievement of goals and/or quantified organisational targets as well as strategic initiatives set at the beginning of each year.

The Board as a whole determines the remuneration of Non-Executive Directors and recommends the same for shareholders' approval.

The remuneration package of the Executive Directors consists of monthly salary, bonus (if any) and fees and Directors and Officers Liability Insurance in respect of any liabilities arising from acts committed in their capacity as Directors and Officers of the Company.

Details of the Directors' remuneration during the financial year 2015 are as follows:

	Salary	Fees	Total
	RM	RM	RM
Executive Directors	1,262,440	220,000	1,482,440
Non-Executive Directors	-	74,500	74,500

# STATEMENT ON CORPORATE GOVERNANCE

(cont'd)

## 2.0 STRENGTHEN COMPOSITION (CONT'D)

### 2.4 Remuneration Policies and Procedures (cont'd)

Notes:

The number of Directors whose remuneration falls within the following bands is tabulated as below:

Range of Remuneration (RM)	Executive Directors	Non-Executive Directors
50,000 and below	1	4
400,001 to 500,000	1	-
900,001 to 1,000,000	1	-

## 3.0 REINFORCE INDEPENDENCE

### 3.1 Annual Assessment of Independence

The Board, through the NC, shall assess the independence of Independent Directors annually. The criteria for assessing the independence of an Independent Director include the relationship between the Independent Director and the Company and his involvement in any significant transaction with the Group.

Based on the above assessment in 2015, the Board is generally satisfied with the level of independence demonstrated by all the Independent Directors, and their ability to bring independent and objective judgement to board deliberations.

### 3.2 Tenure of Independent Directors

Independence is important for ensuring objectivity and fairness in Board's decision making. All Independent Directors of the Board comply with the criteria of 'independent directors' as prescribed in Listing Requirements.

The Board has adopted a nine-year policy for Independent Non-Executive Directors. An Independent Director may continue to serve on the Board subject to the director's re-designation as a Non-Independent Director. Otherwise, the Board will justify and seek shareholders' approval at the AGM in the event it retains the director as an Independent Director.

### 3.3 Shareholders' approval for the Continuance Office as Independent Directors

Currently, none of the Independent Non-Executive Directors has served the Board for more than 9 years in the Company. Hence, no shareholders' approval; will be sought for this purpose at the forthcoming AGM.

### 3.4 Separation of positions of the Chairman and CEO

The positions of the Chairman and the CEO are held by two different individuals. Dato' Sri Teng Ah Kiong, an Executive Chairman whereas Mr Wan Thean Hoe, is the Executive Director cum CEO. The distinct and separate roles of the Chairman and CEO, with a clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making.

# STATEMENT ON CORPORATE GOVERNANCE

(cont'd)

## 3.0 REINFORCE INDEPENDENCE (CONT'D)

### 3.5 Composition of the Board

The Board of Directors currently comprises seven (7) members, of whom three (3) are Independent Non-Executive Directors, three (3) Executive Directors including the Chairman and one (1) Non-Independent Non-Executive Director. The three (3) Independent Non-Executive Directors fulfilled the criteria of independence as defined in the ACE Market Listing Requirements ("AMLR"). The Independent Non-Executive Directors do not participate in the day-to-day management of the Company and do not involve themselves in business transactions or relationships with the Company, in order not to compromise their objectivity. In staying clear of any potential conflict of interest, the Independent Non-Executive Directors remain in a position to fulfil their responsibility to provide check and balance to the Board.

Board independence is maintained with three (3) Independent Non-Executive Directors who comprise at least two (2) directors or one-third (1/3) of the Board, whichever is higher to be independent. These Independent Non-Executive Directors individually and collectively through Board Committees carry out the monitoring and oversight functions to ensure that the interests of all stakeholders are well served and protected. The Board shall review this leadership structure regularly.

The Independent Non-Executive Directors are of the calibre necessary to provide an independent judgment on the issues of strategy, performance and resource allocation. They carry sufficient weight in Board decisions to ensure long-term interest of the shareholders, employees, customers and other stakeholders.

The seven (7) members of the Board are persons of high calibre and integrity, and they possess the appropriate skills and provide a wealth of knowledge, experience and skills in the key areas of accountancy, business operations and development, finance and risk management, amongst others.

Jointly with the CFO, the CEO is accountable to the Board over the daily management and development of the Company.

The profile of each of the Member of the Board is presented on the pages 10 to 12 of this Annual Report.

## 4.0 FOSTER COMMITMENT

### 4.1 Time Commitment

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the attendance record of the Directors at Board Meetings during the financial year under review, as set out in the table below:

Name of Director	No. of Meetings Attended
Dato' Sri Teng Ah Kiong	5/5
Dato' Teng Yoon Kooi	5/5
Mr Teoh Kim Hooi	5/5
Mr Yap Chee Keong	3/5
Mr Bakthiar Jamilee Bin Hj Abdul	4/5
Mr Wan Thean Hoe*	1/1
Mr Chan Man Chung**	1/1

\* Appointed on 4 November 2015

\*\* Appointed on 24 November 2015

# STATEMENT ON CORPORATE GOVERNANCE

(cont'd)

## 4.0 FOSTER COMMITMENT (CONT'D)

### 4.1 Time Commitment (cont')

To ensure that the Directors have the time to focus and fulfil their roles and responsibilities effectively, the Directors must not hold directorships in more than five (5) public listed companies and shall notify the Chairman before accepting any new directorship.

To facilitate the Directors' time planning, an annual meeting schedule is prepared and circulated at the beginning of every year, as well as the tentative closed periods for dealings in securities by Directors based on the targeted dates of announcements of the Group's quarterly results.

### 4.2 Training

The Board acknowledge the importance of continuous training to keep abreast with regulatory updates and development in the business environment.

All the Directors have completed the mandatory accreditation program and attended various training programs. The training program, conferences, seminars and exhibitions attended by the Director during the financial year are as follows:

Attended by	Training/Program/Seminars	Date attended
Mr Teoh Kim Hooi	National Tax Conference 2015	25 - 26 August 2015
	2016 Budget Seminar	5 November 2015

## 5.0 UPHOLD INTEGRITY IN FINANCIAL REPORTING

### 5.1 Compliance with applicable financial reporting standards

The Board is committed to provide a balanced, clear and meaningful assessment of the financial performance and prospects of the Company via all disclosures and announcements made.

The Board is assisted by the AC to oversee and scrutinise the process and quality of the financial reporting which includes reviewing and monitoring the integrity of the financial statements and the appropriateness of the Company's accounting policies to ensure accuracy, adequacy and completeness of the report, as well as in compliance with the relevant accounting standards.

### 5.2 Assessment of suitability and independence of external auditors

The AC is responsible for reviewing audit, recurring audit-related and non-audit services provided by the external auditors. These recurring audit-related and non-audit services comprise regulatory reviews and reporting, interim reviews, tax advisory and compliance services.

The terms of engagement for services provided by the external auditors are reviewed by the AC prior to submission to the Board for approval.

The AC has reviewed the provision of non-audit services by the external auditors during the year and concluded that the provision of these services did not compromise the external auditors' independence and objectivity as the amount of the fees paid for these services was not significant when compared to the total fees paid to the external auditors.

Having satisfied itself with Messrs Crowe Horwath's performance, the AC will recommend their re-appointment to the Board, upon which the shareholders' approval will be sought at the AGM.

# STATEMENT ON CORPORATE GOVERNANCE

(cont'd)

## 6.0 RECOGNISE AND MANAGE RISKS

### 6.1 Sound framework to manage risks

The Board oversees, reviews and monitors the operation, adequacy and effectiveness of the Group's system of internal controls.

The AC oversees the risk management framework of the Group and advises the Board on areas of high risk faced by the Group and the adequacy of compliance and control throughout the organisation. The AC also reviews the action plan implemented and makes relevant recommendations to the Board to manage residual risks.

The Company continues to maintain and review its internal control procedures to ensure the protection of its assets and its shareholders' investment.

### 6.2 Internal Audit Function

The Company has outsourced its internal audit function to a professional services firm namely CAS Consulting Services Sdn Bhd to assist the AC in discharging its duties and responsibilities in respect of reviewing the adequacy and effectiveness of the Group's risk management and internal control systems.

The Statement on Risk Management and Internal Control as included on page 27 of this Annual Report provides an overview of the internal control framework adopted by the Company during the financial year ended 31 December 2015.

## 7.0 ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

### 7.1 Corporate Disclosure Policy and Procedures

The Board shall ensure that all communication to the public are timely, factual, accurate, complete, broadly disseminated and where necessary, filed with regulators in accordance with applicable laws.

The GEO and CFO are responsible for determining the materiality of the information and ensuring timely, complete and accurate disclosure of material information to the investing public in accordance with securities laws and stock exchange rules and regulations, monitoring compliance with this policy and overseeing the disclosure controls and procedures.

Sufficient information would be provided to the Company Secretary for drafting of the necessary announcement.

The Board is mindful that information which is expected to be material must be announced immediately, and that the confidential information should be handled properly to avoid leakage and improper use of such information.

### 7.2 Leverage on information technology for effective dissemination of information

The Company's website provides all relevant corporate information and it is accessible by the public. The Company's website includes all announcements made by the Company as well as its financial results.

Through the Company's website, the stakeholders are able to direct queries to the Company.

## 8.0 STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

### 8.1 Encourage shareholder participation at general meetings

In an effort to encourage greater shareholders' participation at the AGM, the Board takes cognisance in serving longer than the required minimum notice period for AGMs, whenever possible. The Chairman shall ensure that the Board is accessible to shareholders and an open channel of communication is cultivated.

# STATEMENT ON CORPORATE GOVERNANCE

(cont'd)

## 8.0 STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS (CONT'D)

### 8.1 Encourage shareholder participation at general meetings (cont'd)

The Company allows shareholders to appoint a proxy who may not be a member of the Company. If the proxy is not a member of the Company, he/she need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.

To further promote participation of members through proxies, which is in line with the AMLR, the Company had amended its Articles of Association to include explicitly the right of proxies to speak at general meetings.

### 8.2 Encourage poll voting

The Chairman would ensure that shareholders are duly informed of their rights to demand a poll vote at the commencement of the AGM.

### 8.3 Effective communication and proactive engagement

From the Company's perspective, the AGM also serves as a forum for Directors and Management to engage with the shareholders personally to understand their needs and seek their feedback. The Board welcomes questions and feedback from shareholders during and at the end of shareholders' meeting and ensures their queries are responded in a proper and systematic manner.

## 9.0 Corporate Sustainability Statement

The Board believes that it is crucial in driving interest and investments towards sustainability to the mutual benefit of the Company and its investors.

Pasukhas' focus on sustainability are marked on achieving long-term shareholder value by gearing their strategies and management to harness the market's potential for sustainable products and services while at the same time minimising sustainability costs and mitigating any sustainability risks. The Group's overall strategy involves continuously integrating long-term economic, environmental, governance and social aspects in their business strategies while maintaining competitiveness and brand reputation in the industry, based upon the four (4) pillars as set out below:

- Financial  
Meeting shareholders' demands for reasonable financial returns, long-term economic growth, open communication and transparent financial accounting.
- Environmental  
Investing in technologies and systems, which use financial, natural and social resources in an efficient, effective and economic manner over the long-term.
- Governance and Stakeholder  
Embracing standards of corporate governance including corporate codes of conduct and public reporting.
- People  
Managing human resources to maintain workforce capabilities and employee satisfaction through learning and knowledge management practices as well as remuneration and benefit programs.

## COMPLIANCE STATEMENT

The Board is satisfied that the Company has in 2015 complied with the principles and recommendations of the Code.

This CG statement is made in accordance with the resolution of the Board dated 14 April 2016.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Malaysian Code on Corporate Governance 2012 requires listed companies to maintain a sound system of internal control to safeguard shareholders' investment and the company's assets. This Statement had been prepared in accordance with the Guidelines for Directors of Listed Issuers issued by Bursa Malaysia Securities Berhad ("Bursa Securities") on the issuance of Statement on Risk Management and Internal Control pursuant to Paragraph 15.26(b) of the ACE Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad. The Board of Directors ("the Board") of Pasukhas Group Berhad ("the Company") is pleased to provide the following statement on the state of the Company and its subsidiaries' ("the Group") internal controls and risk management.

## BOARD'S RESPONSIBILITY

The Board acknowledges its responsibility in establishing an efficient and effective sound risk management framework and internal control system, which includes the Board's overall responsibility to maintain and review the adequacy and integrity of the Group's internal control system. In addition, the Board also affirms its overall responsibility to identify principal risks, ensure the implementation of an appropriate control environment and framework to manage risks, and evaluate the operational effectiveness and efficiency of the Group.

In view of the limitations that are inherent in any system of internal control, this system is designed to manage, rather than eliminate the risk of failure to achieve corporate objectives. Accordingly, the system can only provide reasonable but not absolute assurance against material misstatement, operational failures, fraud or loss.

## RISK MANAGEMENT FRAMEWORK AND CONTROL SELF-ASSESSMENT

The Board believes firmly that risk management is essential for continued profitability and to safeguard shareholders' investment. Hence, the Company has a system of risk management and internal controls comprising of clear structures and accountabilities, well-understood policies, budgeting and review process. The senior executive management of the Group is responsible for identifying, managing and reporting on significant risks on an on-going basis and has been entrusted to formulate plans and implementation of plans to address risks and control of issues identified. The management selects appropriate control objectives and procedures from the ISO 9001: 2008 standard on Mechanical & Electrical ("M&E") Contractor and Switchboard Manufacturer to mitigate the risks to acceptable residual level.

The Board meets on a quarterly basis to discuss matters brought to its attention, thus ensuring effective supervision over the operations of the Group. The Board is updated on the operations and activities of the Group which include the strategies and goals and an assessment of its current position and future prospects.

The Board is committed towards operating and maintaining a sound system of internal control and recognizes that the system must continuously evolve to support the type of business and size of operations of the Group. As such, the Board will, when necessary, put in place appropriate action plans to rectify any potential weaknesses or further enhance the system of internal control. There were no material losses incurred during the financial year as a result of weaknesses in internal control.

## INTERNAL AUDIT FUNCTION

The Board recognizes that effective monitoring on a continuous basis is a vital component of a sound internal control system. In this respect, the Board through the Audit Committee is responsible for the review of the reports on internal control from its internal audit function.

The Group's internal audit function is outsourced to an independent professional firm, namely CAS Consulting Services Sdn Bhd, which reports directly to the Audit Committee on a regular basis. Observations from internal audits will be presented to the Audit Committee together with management's response and proposed action plans for its review. The action plans will then be followed up during subsequent internal audits with implementation status reported to the Audit Committee.

During the financial year, the results of findings by the internal audit function, including the recommended corrective actions, were reported directly to the Audit Committee. The Board is of the opinion that there were no material losses incurred during the financial year as a result of weakness in internal control. The Audit Committee considers report from the internal audit function and comments from Management before making recommendation to the Board to strengthen the internal control system.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

## KEY ELEMENTS OF THE GROUP'S INTERNAL CONTROL ARE AS FOLLOWS:

- A functional organization that clearly defines the level of authority and responsibilities for managing activities.
- Policies and procedures, updated as necessary, are documented and formalized for compliance purposes.
- Other Board committees have been established with clear terms of reference to ensure effective management.
- An internal audit service has been outsourced to conduct ongoing audits to assess the effectiveness of internal control and highlighting significant risks impacting the Group.
- Operating results are closely monitored by the Management against budget and key performance indicators.
- The scheduled and ad hoc meetings are held at all levels to identify, discuss and resolve business and operating issues.
- The Board reviews the operational and financial performance of the Group every quarter and management meetings are conducted regularly.
- Existence of organizational structure with clear responsibilities.
- The Audit Committee reviews the internal audit plan for the year, and reviews and holds discussions on the actions taken on internal control issues.

The system of internal controls described in this statement is considered by the Board to be adequate and the risks are considered by the Board to be at an acceptable level within the Group's business. However, such system does not eliminate the possibility of human error, collusion and others. The Board is satisfied that for the financial year under review, there is no material control failure or weakness that would have resulted in any material losses and contingencies that would require disclosure in the Annual Report.

## ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Board has received assurance from the 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, based on the risk management and internal control system of the Group.

## REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to Rule 15.23 of the Listing Requirements, the external auditors have reviewed this Statement for inclusion in the Annual Report of the Group for the financial year ended 31 December 2015 in accordance with Recommended Practice Guide 5 (Revised): Guidance for Auditors on the Review of Statement on Risk Management and Internal Control ("RPG 5"), issued by the Malaysian Institute of Accountants, and reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of internal controls of the Group. RPG 5 does not require the external auditors to, and they did not, consider whether this Statement covers all risks and controls, or to form an opinion on the effectiveness of the Group's risk and control procedures.

This Statement is issued in accordance with a resolution of the Board dated 14 April 2016.

# ADDITIONAL COMPLIANCE INFORMATION

## 1. Utilisation of Proceeds

There were no proceeds raised by the Company from any corporate proposals during the financial year ended 31 December 2015 except as below:

The Company had on 26 November 2015 proposed to undertake a private placement of up to 29,500,000 new ordinary shares of RM0.10 each in the Company representing approximately ten percent (10%) of the total issued and paid-up share capital of the Company ("Private Placement") to independent third party investor(s) to be identified.

Bursa Malaysia Securities Berhad had on 15 December 2015 granted its approval for the Private Placement. As at the date of the printing of the Annual Report, the Company had issued 29,500,000 ordinary shares of RM0.10 each at an issue price of RM0.165 each. With the completion of the Private Placement, the Company has raised a total proceeds of RM4,867,500, which is expected to be utilised in the following manner:-

	RM'000	Expected time frame for utilisation of proceeds (from listing date)
Working capital	768	Within 6 months
Deposit for banking facilities	4,000	Within 12 months
Estimated expenses in relation to the Proposed Private Placement	100	Within 1 month
Total estimated proceeds	4,868	

## 2. Share Buy-Back

The Company does not have a share buy-back scheme.

## 3. Employees' Share Option Scheme

The Company does not have any employees' share option scheme.

## 4. Options, Warrants or Convertible Securities

The Company did not issue any options, warrants and convertible securities during the financial year under review.

## 5. American Depository Receipt (ADR) / Global Depository Receipt (GDR)

The Company did not sponsor any ADR / GDR Programme during the financial year ended 31 December 2015.

## 6. Sanctions and/or Penalties Imposed

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies.

## 7. Non-Audit Fees

The amount of non-audit fees paid to the external auditors by the Group for the financial year ended 31 December 2015 was RM5,000.00.

## 8. Variation in Results

There were no variations between the audited results for the financial year ended 31 December 2015 and the announced unaudited results.

The Group did not issue any profit estimate, forecast or projection in any public documents during the financial year.

## ADDITIONAL COMPLIANCE INFORMATION (cont'd)

### 9. Profit Guarantee

There was no profit guarantee issued by the Group during the financial year ended 31 December 2015.

### 10. Material Contracts

During the financial year, there were no material contracts entered by the Group involving the directors' and substantial shareholders' interest during the financial year ended 31 December 2015.

### 11. Recurrent Related Party Transaction(s)

The Company obtained the shareholders' mandate for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue and trading nature ("RRPT") in their ordinary course of business at the Annual General Meeting held on 22 June 2015.

The Company will be seeking the shareholders' approval for renewal of the shareholders' mandate for the existing RRPT at the forthcoming Annual General Meeting to be held on Wednesday, 25 May 2016. The details of the new mandate to be sought are furnished in the Circular to Shareholders despatched together with this Annual Report.

In accordance with Guidance Note 8 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the details of the RRPT conducted during the financial year ended 31 December 2015 pursuant to the shareholders' mandate are as follows:

Transacting Party	Company within the Group	Nature of Transaction	Related parties	Actual value of transaction for the financial year ended 31 December 2015 (RM)
Modal Khas Holdings	PSB	Rental of office premises to PSB located at Lot 5815-A, Jalan Mawar, Taman Bukit Serdang, Seksyen 9, 43300 Seri Kembangan, Selangor Darul Ehsan	Dato' Sri Teng Ah Kiong and Dato' Teng Yoon Kooi are the direct/ indirect shareholders and directors of PSB and Modal Khas Holdings	RM644,000

Abbreviations:

Modal Khas Holdings : Modal Khas Holdings Sdn Bhd  
 PSB : Pasukhas Sdn Bhd

# STATEMENT OF DIRECTORS' RESPONSIBILITY

In Respect of the Preparation of the Financial Statements

The Directors are required to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of their results and cash flows for that financial year.

In preparing the financial statements of the Company and of the Group for the financial year ended 31 December 2015, the Directors have:

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

The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company which enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

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# DIRECTORS' REPORT

The directors of Pasukhas Group Berhad hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

## RESULTS

	The Group RM	The Company RM
Profit/(Loss) after taxation for the financial year attributable to owners of the Company	897,046	(693,677)

## DIVIDENDS

No dividend was paid since the end of the previous financial year and the directors do not recommend the payment of any dividend for the current financial year.

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

## ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) there were no changes in the authorised and issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

## OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

## DIRECTORS' REPORT (cont'd)

### **BAD AND DOUBTFUL DEBTS**

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that there are no known bad debts and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

### **CURRENT ASSETS**

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

### **VALUATION METHODS**

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

### **CONTINGENT AND OTHER LIABILITIES**

The contingent liabilities are disclosed in Note 33 to the financial statements. At the date of this report, there does not exist:-

- (a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

### **CHANGE OF CIRCUMSTANCES**

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

# DIRECTORS' REPORT (cont'd)

## ITEMS OF AN UNUSUAL NATURE

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

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

## DIRECTORS

The directors who served since the date of the last report are as follows:-

Dato' Sri Teng Ah Kiong  
 Wan Thean Hoe (Appointed on 4.11.2015)  
 Bakhtiar Jamilee Bin Hj Abdul  
 Dato' Teng Yoon Kooi  
 Teoh Kim Hooi  
 Yap Chee Keong  
 Chan Man Chung (Appointed on 24.11.2015)

## DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests of directors in office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows:-

	Number of Ordinary Shares of RM0.10 Each			
	At 1.1.2015	Bought	Sold	At 31.12.2015
THE COMPANY				
<i>Direct Interests</i>				
Dato' Sri Teng Ah Kiong	17,980,000	-	(6,500,000)	11,480,000
Dato' Teng Yoon Kooi	5,735,000	-	-	5,735,000
Teoh Kim Hooi	300,000	-	-	300,000
<i>Indirect Interests</i>				
Dato' Sri Teng Ah Kiong	143,501,000	-	(143,501,000)	-
Wan Thean Hoe	-	56,000,000	-	56,000,000
Dato' Teng Yoon Kooi	143,501,000	-	(143,501,000)	-
Chan Man Chung	-	56,000,000	-	56,000,000

By virtue of their shareholdings in the Company, Wan Thean Hoe and Chan Man Chung are deemed to have interests in shares in its related corporation during the financial year to the extent of the Company's interests, in accordance with Section 6A of the Companies Act 1965.

The other directors holding office at the end of the financial year had no interest in the shares and options over shares of the Company or its related corporations during the financial year.

## DIRECTORS' REPORT (cont'd)

### **DIRECTORS' BENEFITS**

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 34 to the financial statements.

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

### **SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

The significant events during the financial year are disclosed in Note 39 to the financial statements.

### **AUDITORS**

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the directors dated 11 March 2016.

**Dato' Sri Teng Ah Kiong**

**Wan Thean Hoe**

## STATEMENT BY DIRECTORS

We, Dato' Sri Teng Ah Kiong and Wan Thean Hoe, being two of the directors of Pasukhas Group Berhad state that, in the opinion of the directors, the financial statements set out on pages 40 to 103 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 of 31 December 2015 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 40, which is not part of the financial statements, is prepared in all material respects, in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the directors dated 11 March 2016.

**Dato' Sri Teng Ah Kiong**

**Wan Thean Hoe**

## STATUTORY DECLARATION

I, Wan Thean Hoe, being the director primarily responsible for the financial management of Pasukhas Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 40 to 103 are, to the best of my knowledge and belief, 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  
Wan Thean Hoe,  
at Kuala Lumpur in the Federal Territory  
on this 11 March 2016

**Wan Thean Hoe**

Before me  
**Lai Din (W-668)**  
Commissioner of Oaths

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PASUKHAS GROUP BERHAD (Incorporated in Malaysia) Company No : 686389 - A

## Report on the Financial Statements

We have audited the financial statements of Pasukhas Group Berhad, which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 40 to 103.

### *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 of 31 December 2015 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

### *Emphasis of Matter*

Without qualifying our opinion, we draw attention to Note 12 to the financial statements, the trade receivables include an overdue amount of RM1,422,261 owing from a customer for completed project works. The customer has withheld the amount in view to reach a global settlement for compensation claim on another engagement. The Group is currently negotiating with the customer for the quantum of the compensation. The directors are of the opinion that the amount owing is fully recoverable and no allowance for impairment is required.

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF PASUKHAS GROUP BERHAD

(Incorporated in Malaysia) Company No : 686389 - A (cont'd)

### Report on Other Legal and Regulatory Requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary 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 of the subsidiary of which we have not acted as auditors, which is indicated in Note 5 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

### Other Reporting Responsibilities

The supplementary information set out in Note 40 on page 103 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.

**Crowe Horwath**  
Firm No: AF 1018  
Chartered Accountants

**Ong Beng Chooi**  
Approval No: 3155/05/17 (J)  
Chartered Accountant

Kuala Lumpur

# STATEMENTS OF FINANCIAL POSITION

## AT 31 DECEMBER 2015

	Note	The Group		The Company	
		2015 RM	2014 RM	2015 RM	2014 RM
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Investments in subsidiaries	5	-	-	20,525,070	20,525,070
Investments in associates	6	490,512	337,964	343,000	343,000
Plant and equipment	7	3,767,754	6,395,714	282	322
Deferred tax assets	8	1,142,000	1,184,000	-	-
Other investments	9	104,250	104,250	-	-
		<b>5,504,516</b>	<b>8,021,928</b>	<b>20,868,352</b>	<b>20,868,392</b>
<b>CURRENT ASSETS</b>					
Inventories	10	1,929,482	1,651,833	-	-
Amount owing by contract customers	11	7,297,329	8,148,302	-	-
Trade receivables	12	34,889,505	22,773,793	-	-
Other receivables, deposits and prepayments	13	1,288,949	1,644,729	22,513	3,075
Amount owing by subsidiaries	14	-	-	4,006,607	5,330,267
Amount owing by an associate	15	694,205	686,205	-	-
Amount owing by related parties	16	-	49,491	-	-
Tax refundable		361,905	1,125,119	1,700	4,000
Short-term investment	31	3,008,142	1,161,716	3,008,142	1,161,716
Fixed deposits with licensed banks	17	10,531,208	10,433,973	-	-
Cash and bank balances		2,822,612	3,239,027	137,399	1,354,516
		<b>62,823,337</b>	<b>50,914,188</b>	<b>7,176,361</b>	<b>7,853,574</b>
<b>TOTAL ASSETS</b>		<b>68,327,853</b>	<b>58,936,116</b>	<b>28,044,713</b>	<b>28,721,966</b>

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

## STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2015 (cont'd)

	Note	The Group		The Company	
		2015 RM	2014 RM	2015 RM	2014 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	18	29,500,100	29,500,100	29,500,100	29,500,100
Share premium	19	933,233	933,233	933,233	933,233
Merger deficit	20	(10,500,000)	(10,500,000)	-	-
Fair value reserve	21	17,000	17,000	-	-
Retained profits/(Accumulated losses)		10,449,579	9,552,533	(2,468,301)	(1,774,624)
<b>TOTAL EQUITY</b>		<b>30,399,912</b>	<b>29,502,866</b>	<b>27,965,032</b>	<b>28,658,709</b>
NON-CURRENT LIABILITY					
Hire purchase payables	22	45,785	138,548	-	-
CURRENT LIABILITIES					
Amount owing to contract customers	11	1,695,545	2,415,749	-	-
Trade payables	23	17,895,502	15,616,091	-	-
Other payables and accruals	24	1,804,356	1,678,135	79,681	63,257
Amount owing to an associate	15	3,817,590	706,125	-	-
Short-term borrowings	25	12,669,163	7,910,108	-	-
Bank overdrafts	26	-	968,494	-	-
		37,882,156	29,294,702	79,681	63,257
<b>TOTAL LIABILITIES</b>		<b>37,927,941</b>	<b>29,433,250</b>	<b>79,681</b>	<b>63,257</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>68,327,853</b>	<b>58,936,116</b>	<b>28,044,713</b>	<b>28,721,966</b>

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

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

	Note	The Group		The Company	
		2015 RM	2014 RM	2015 RM	2014 RM
REVENUE	27	68,109,092	41,304,449	-	-
CONTRACT EXPENSES		(59,741,838)	(38,623,893)	-	-
GROSS PROFIT		8,367,254	2,680,556	-	-
OTHER OPERATING INCOME		1,367,571	587,194	45,238	165,344
		9,734,825	3,267,750	45,238	165,344
ADMINISTRATIVE EXPENSES		(7,014,544)	(6,786,365)	(738,875)	(764,125)
OTHER EXPENSES		(1,583,815)	(1,177,977)	(40)	(40)
FINANCE COSTS		(349,968)	(325,633)	-	-
SHARE OF RESULTS IN ASSOCIATES, NET OF TAX		152,548	(3,367)	-	-
PROFIT/(LOSS) BEFORE TAXATION	28	939,046	(5,025,592)	(693,677)	(598,821)
INCOME TAX (EXPENSE)/CREDIT	29	(42,000)	731,414	-	-
PROFIT/(LOSS) AFTER TAXATION		897,046	(4,294,178)	(693,677)	(598,821)
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE FINANCIAL YEAR		897,046	(4,294,178)	(693,677)	(598,821)

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

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

	Note	The Group		The Company	
		2015 RM	2014 RM	2015 RM	2014 RM
PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		897,046	(4,294,178)	(693,677)	(598,821)
TOTAL COMPREHENSIVE INCOME/(EXPENSES) ATTRIBUTABLE TO:-					
Owners of the Company		897,046	(4,294,178)	(693,677)	(598,821)
EARNINGS/(LOSS) PER SHARE (SEN)	30				
Basic		0.30	(1.46)		
Diluted		Not Applicable	Not Applicable		

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

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	← NON-DISTRIBUTABLE →			← DISTRIBUTABLE →			Attributable To Owners Of The Company RM	Total Equity RM
	Share Capital RM	Fair Value Reserve RM	Share Premium RM	Merger Deficit RM	Retained Profits RM			
<b>The Group</b>								
Balance at 1.1.2014	29,500,100	17,000	933,233	(10,500,000)	13,846,711	33,797,044	33,797,044	
Loss after taxation/Total comprehensive expenses for the financial year	-	-	-	-	(4,294,178)	(4,294,178)	(4,294,178)	
Balance at 31.12.2014/1.1.2015	29,500,100	17,000	933,233	(10,500,000)	9,552,533	29,502,866	29,502,866	
Profit after taxation/Total comprehensive income for the financial year	-	-	-	-	897,046	897,046	897,046	
Balance at 31.12.2015	29,500,100	17,000	933,233	(10,500,000)	10,449,579	30,399,912	30,399,912	

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

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

	← Non-Distributable →		→ Distributable	Total Equity RM
	Share Capital RM	Share Premium RM	Accumulated Losses RM	
<b>The Company</b>				
Balance at 1.1.2014	29,500,100	933,233	(1,175,803)	29,257,530
Loss after taxation/Total comprehensive expenses for the financial year	-	-	(598,821)	(598,821)
Balance at 31.12.2014/1.1.2015	29,500,100	933,233	(1,774,624)	28,658,709
Loss after taxation/Total comprehensive expenses for the financial year	-	-	(693,677)	(693,677)
Balance at 31.12.2015	29,500,100	933,233	(2,468,301)	27,965,032

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

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	The Group		The Company	
		2015 RM	2014 RM	2015 RM	2014 RM
CASH FLOWS FOR OPERATING ACTIVITIES					
Profit/(Loss) before taxation		939,046	(5,025,592)	(693,677)	(598,821)
Adjustments for:-					
Accretion of trade receivables		-	(55,204)	-	-
Amortisation of trade payables		-	16,997	-	-
Depreciation of plant and equipment		170,245	1,351,984	40	40
Impairment loss:					
- trade receivables		-	373,884	-	-
- other receivables		1,040	-	-	-
- plant and equipment		-	551,300	-	-
Interest expense		349,968	325,414	-	-
Written off:					
- deposits		319,869	-	-	-
- plant and equipment		1,168,468	-	-	-
Gain on disposal of plant and equipment		(110,732)	-	-	-
Interest income		(322,668)	(441,517)	(43,698)	(165,222)
Share of results in associates		(152,548)	3,367	-	-
Unrealised gain on foreign exchange		(83,205)	(25,098)	(1,540)	(122)
Write back of allowance for impairment losses on trade receivables		-	(3,000)	-	-
<hr/>					
Operating profit/(loss) before working capital changes carried forward		2,279,483	(2,927,465)	(738,875)	(764,125)

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

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

	Note	The Group		The Company	
		2015 RM	2014 RM	2015 RM	2014 RM
Operating profit/(loss) before working capital changes brought forward		2,279,483	(2,927,465)	(738,875)	(764,125)
(Increase)/Decrease in inventories		(277,649)	84,314	-	-
Decrease/(Increase) in amount owing by contract customers		130,769	(3,923,620)	-	-
Increase in trade and other receivables		(12,080,841)	(6,153,947)	(19,438)	(2,075)
Increase in trade and other payables		2,274,015	5,861,842	16,424	41,509
Decrease in deferred income		-	(2,445,095)	-	-
Increase in amount owing to an associate		3,111,465	706,125	-	-
Decrease in amount owing by related parties		49,491	56,807	-	-
Decrease in amount owing to related parties		-	(40,051)	-	-
<b>CASH FLOWS FOR OPERATING ACTIVITIES</b>		<b>(4,513,267)</b>	<b>(8,781,090)</b>	<b>(741,889)</b>	<b>(724,691)</b>
Interest paid		(349,968)	(325,414)	-	-
Income tax refund/(paid)		763,214	(208,631)	2,300	(2,000)
<b>NET CASH FOR OPERATING ACTIVITIES</b>		<b>(4,100,021)</b>	<b>(9,315,135)</b>	<b>(739,589)</b>	<b>(726,691)</b>
<b>CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES</b>					
Repayment from/(Advances to) subsidiaries		-	-	1,323,660	(5,328,767)
Advances to an associate		(8,000)	(371,250)	-	-
Interest received		322,668	441,517	43,698	165,222
Purchase of plant and equipment	7	(297,438)	(121,281)	-	-
Proceeds from disposal of plant and equipment		1,697,417	-	-	-
Placement of fixed deposits pledged		(97,235)	(338,107)	-	-
<b>NET CASH FROM/(FOR) INVESTING ACTIVITIES</b>		<b>1,617,412</b>	<b>(389,121)</b>	<b>1,367,358</b>	<b>(5,163,545)</b>

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

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

	Note	The Group		The Company	
		2015 RM	2014 RM	2015 RM	2014 RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Net drawdown in/(Repayment of) bankers' acceptances		4,825,000	(1,229,000)	-	-
Drawdown in revolving credits		-	3,000,000	-	-
Repayment of hire purchase obligations		(158,708)	(86,598)	-	-
NET CASH FROM FINANCING ACTIVITIES		4,666,292	1,684,402	-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		2,183,683	(8,019,854)	627,769	(5,890,236)
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		214,822	25,098	1,540	122
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		3,432,249	11,427,005	2,516,232	8,406,346
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	31	5,830,754	3,432,249	3,145,541	2,516,232

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

### 1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of the Company is Malaysia. The registered office and principal place of business are as follows:-

Registered office : 10th Floor, Menara Hap Seng,  
No. 1 & 3, Jalan P. Ramlee,  
50250 Kuala Lumpur.

Principal place of business : Lot 5815-A, Jalan Mawar,  
Taman Bukit Serdang,  
Seksyen 9, 43300 Seri Kembangan,  
Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 11 March 2016.

### 2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

### 3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

3.1 During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments, if any):-

#### **MFRSs and/or IC Interpretations (Including The Consequential Amendments)**

Amendments to MFRS 119: Defined Benefit Plans – Employee Contributions

Annual Improvements to MFRSs 2010 – 2012 Cycle

Annual Improvements to MFRSs 2011 – 2013 Cycle

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

### 3. BASIS OF PREPARATION (CONT'D)

3.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:-

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011): Investment Entities – Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 101: Presentation of Financial Statements – Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants	1 January 2016
Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016

The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group's operations except as follows:-

- (a) MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking 'expected loss' impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. The Group is currently assessing the financial impact of adopting MFRS 9.
- (b) MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognise 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 customers. In addition, extensive disclosures are required by MFRS 15. The Group anticipates that the application of MFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the financial statements. However, it is not practicable to provide a reasonable estimate of the financial impacts of MFRS 15 until the Group performs a detailed review.

### 4. SIGNIFICANT ACCOUNTING POLICIES

#### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

##### (a) Depreciation of Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

##### (b) Construction Contracts

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

###### (i) Contract Revenue

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

###### (ii) Contract Costs

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

##### (c) Income Taxes

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

##### (d) Impairment of Non-financial Assets

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

##### (e) Write-down of Inventories

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

##### (f) Impairment of Trade and Other Receivables

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

##### (g) Impairment of Available-for-sale Financial Assets

The Group reviews its available-for-sale financial assets at the end of each reporting period to assess whether they are impaired. The Group also records impairment loss on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

##### (h) Fair Value Estimates for Certain Financial Assets and Financial Liabilities

The Group carry certain financial assets and financial liabilities at fair value, which require extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group use different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

#### 4.2 FINANCIAL INSTRUMENTS

Financial assets and liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.2 FINANCIAL INSTRUMENTS (CONT'D)

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

##### (a) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets or available-for-sale financial assets, as appropriate.

##### (i) Financial Assets at Fair Value Through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges. Fair value through profit or loss category also comprises contingent consideration in a business combination.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

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

##### (ii) Held-to-maturity Investments

As at the end of the reporting period, there were no financial assets classified under this category.

##### (iii) Loans and Receivables Financial Assets

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.2 FINANCIAL INSTRUMENTS (CONT'D)

##### (a) Financial Assets (Cont'd)

###### (iv) Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Investments in equity instruments whose fair values cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

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.

##### (b) Financial Liabilities

All financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges. Fair value through profit or loss category comprises contingent consideration in a business combination.

Financial liabilities 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.

##### (c) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.2 FINANCIAL INSTRUMENTS (CONT'D)

##### (d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

#### 4.3 FUNCTIONAL AND FOREIGN CURRENCIES

##### (a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

##### (b) Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

##### (c) Foreign Operations

Assets and liabilities of foreign operations are translated to RM at the rates of exchange ruling at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates ruling at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity, attributed to the owners of the Company and non-controlling interests, as appropriate.

Goodwill and fair value adjustments arising from 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 end of the reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.4 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

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

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

#### (a) Business Combinations

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory.

Subsidiaries acquired which have met the criteria for pooling of interest are accounted for using merger accounting principles. Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been effected throughout the current financial year.

The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. No amount is recognised in respect of goodwill and excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets and liabilities and contingent liabilities over cost at the time of the common control business combination to the extent of the continuation of the controlling party and parties' interests.

When the merger method is used, the cost of investment in the Company's books is recorded at the nominal value of shares issued. The difference between the carrying value of the investment and the nominal value of the shares of the subsidiaries is treated as a merger deficit or merger reserve as applicable. The results of the subsidiaries being merged are included for the full financial year.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.4 BASIS OF CONSOLIDATION (CONT'D)

##### (b) Acquisition Method of Accounting for Non-Common Control Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

##### (c) Non-Controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

##### (d) Changes In Ownership Interests In Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

##### (e) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.5 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting periods if events or changes in circumstances indicate that their carrying values may not be recoverable. The cost of the investments includes transaction costs.

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

#### 4.6 INVESTMENTS IN ASSOCIATES

An associate is an entity in which the Group and the Company have a long-term equity interest and where it exercises significant influence over the financial and operating policies.

Investments in associates are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investment includes transaction costs.

The investment in an associate is accounted for in the consolidated financial statements using the equity method, based on the financial statements of the associate made up to 31 December 2015. The Group's share of the post acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gains on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 139. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate into profit or loss when the equity method is discontinued.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.7 PLANT AND EQUIPMENT

Plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives.

Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Air conditioners	10%
Cables	over the remaining project duration
Motor vehicles	20%
Office equipment, furniture and fittings	10%
Plant and machinery	10%
Renovation	10%
Signboard	10%

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.8 IMPAIRMENT

##### (a) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be an objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and 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.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity into profit or loss.

With the exception of available-for-sale debt instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

##### (b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow using a pre-tax discount rate. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.8 IMPAIRMENT (CONT'D)

##### (b) Impairment of Non-financial Assets (cont'd)

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating units and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rate basis.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 4.9 ASSETS UNDER HIRE PURCHASE

Assets acquired under hire purchase are capitalised as plant and equipment in the financial statements and the correspondence obligations are treated as hire purchase payables. The assets capitalised are measured at the lower of the fair value of the leased assets and the present value of the minimum lease payments and are depreciated on the same basis as owned assets. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of charge on the hire purchase outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

#### 4.10 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis and comprises the purchase price, production or conversion costs and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

#### 4.11 AMOUNTS OWING BY/(TO) CONTRACT CUSTOMERS

The amounts owing by/(to) contract customers are stated at cost plus profits attributable to contracts in progress less progress billings and allowance for foreseeable losses, if any. Cost includes direct materials, labour and applicable overheads.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.12 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

#### 4.13 REVENUE AND OTHER INCOME

##### (a) Contract Income

Revenue on contracts is recognised on the percentage of completion method unless the outcome of the contracts cannot be reliably determined, in which case revenue on contracts is only recognised to the extent of contract costs incurred that are recoverable. Foreseeable losses, if any, are provided for in full as and when it can be reasonably ascertained that the contract will result in a loss.

The stage of completion is determined based on the following:-

- (i) the survey of work performed;
- (ii) the proportion that contract costs incurred for work performed to-date bear to the estimated total contract costs; or
- (iii) the completion of a physical proportion of contract work;

whichever is applicable.

##### (b) Sale of Goods

Revenue is measured at fair value of the consideration received or receivable and is recognised upon delivery of goods and customers' acceptance and where applicable, net of goods and services tax, returns, cash and trade discounts.

##### (c) Services

Revenue is recognised upon rendering of services and when the outcome of the transaction can be estimated reliably by reference to the stage of completion at the end of the reporting period. The stage of completion is determined by reference to the proportion of costs incurred for work performed to date bear to the estimated total costs. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

##### (d) Rental Income

Rental income is accounted for on a straight-line method over the lease term.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.13 REVENUE AND OTHER INCOME (CONT'D)

**(e) Dividend Income**

Dividend income from investment is recognised when the right to receive dividend payment is established.

**(f) Interest Income**

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

#### 4.14 BORROWING COSTS

Borrowing costs, directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they incurred.

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

#### 4.15 INCOME TAXES

Income tax for the reporting period comprises current tax and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the reporting period and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

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

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

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 transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.16 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

#### 4.17 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

#### 4.18 EMPLOYEE BENEFITS

##### (a) Short-term Benefits

Wages, salaries, paid annual leave, bonuses, and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

##### (b) Defined Contribution Plans

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

#### 4.19 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.20 RELATED PARTIES

A party is related to an entity (referred to as the "reporting entity") if:-

- (a) A person or a close member of that person's family is related to a reporting entity if that person:-
  - (i) has control or joint control over the reporting entity;
  - (ii) has significant influence over the reporting entity; or
  - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

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

- (b) An entity is related to a reporting entity if any of the following conditions applies:-
  - (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a) above.
  - (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the reporting entity either directly or indirectly, including any director (whether executive or otherwise) of that entity.

#### 4.21 OPERATING SEGMENTS

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.22 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For 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.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

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

### 5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2015 RM	2014 RM
Unquoted shares, at cost		
- in Malaysia	20,500,000	20,500,000
- outside Malaysia	25,070	25,070
	20,525,070	20,525,070

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business	Effective Equity Interest		Principal Activities
		2015	2014	
Pasukhas Sdn. Bhd.	Malaysia	100%	100%	Designing, system integration, fabrication, installation, testing and commissioning of electrical and mechanical works for specified industries.  Civil engineering and construction business segment.
Pasukhas Lanka (Pvt) Ltd*	Sri Lanka	100%	100%	Dormant.

\* Not audited by Messrs. Crowe Horwath.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

### 6. INVESTMENTS IN ASSOCIATES

	The Group		The Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Unquoted shares in Malaysia, at cost	343,045	343,045	343,000	343,000
Share of post acquisition profits/(losses)	147,467	(5,081)	-	-
	490,512	337,964	343,000	343,000

The details of the associates are as follows:-

Name of Associate	Principal Place of Business	Effective Equity Interest		Principal Activities
		2015	2014	
Dyna Energy Sdn. Bhd.*	Malaysia	49%	49%	Dormant.
Essential Value Sdn. Bhd.	Malaysia	45%	45%	Engaged in electrical and mechanical works for specified industries.

\* Not audited by Messrs. Crowe Horwath.

The summarised financial information for each associate that is material to the Group is as follows:-

	Dyna Energy Sdn. Bhd.		Essential Value Sdn. Bhd.	
	2015 RM (Unaudited)	2014 RM (Unaudited)	2015 RM (Audited)	2014 RM (Audited)
<u>At 31 December</u>				
Non-current assets	-	-	6,626,760	6,762,000
Current assets	711,073	695,814	3,824,276	713,467
Current liabilities	(25,834)	(18,770)	(10,120,963)	(7,771,121)
Net assets/(liabilities)	685,239	677,044	330,073	(295,654)

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

### 6. INVESTMENTS IN ASSOCIATES (CONT'D)

The summarised financial information for each associate that is material to the Group is as follows (Cont'd):-

	Dyna Energy Sdn. Bhd.		Essential Value Sdn. Bhd.	
	2015 RM	2014 RM	2015 RM	2014 RM
<u>Financial year ended 31 December</u>				
Revenue	-	-	5,692,925	226,491
Profit/(Loss) after taxation/Total comprehensive income/(expenses) for the financial year	8,195	(6,872)	625,727	(302,451)
Group's share of profit/(loss) for the financial year	4,015	(3,367)	148,533	-
<u>Reconciliation of net assets to carrying amount</u>				
Group's share of net assets above Goodwill	335,767	331,752	148,533	-
	6,212	6,212	-	-
Carrying amount of the Group's interests in the associate	341,979	337,964	148,533	-

The Group has not recognised losses relating to Essential Value Sdn. Bhd. in previous financial year, where its share of losses exceeds the Group's interest in this associate. The Group's cumulative share of unrecognised losses at the end of the previous financial year was RM138,593. The Group has no obligation in respect of these losses.

### 7. PLANT AND EQUIPMENT

The Group	At 1.1.2015 RM	Additions RM	Disposals RM	Write-Off RM	Depreciation Charge RM	At 31.12.2015 RM
<b>2015</b>						
Net Book Value						
Air conditioners	4,709	10,835	-	-	(874)	14,670
Cables	5,627,240	-	(1,427,889)	(1,168,468)	-	3,030,883
Motor vehicles	254,108	-	(158,796)	-	(44,417)	50,895
Office equipment, furniture and fittings	406,399	44,543	-	-	(81,647)	369,295
Plant and machinery	69,354	233,460	-	-	(36,749)	266,065
Renovation	30,847	8,600	-	-	(6,094)	33,353
Signboard	3,057	-	-	-	(464)	2,593
Total	6,395,714	297,438	(1,586,685)	(1,168,468)	(170,245)	3,767,754

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

### 7. PLANT AND EQUIPMENT (CONT'D)

	At 1.1.2014 RM	Additions RM	Impairment Loss RM	Depreciation Charge RM	At 31.12.2014 RM
<b>2014</b>					
Net Book Value					
Air conditioners	2,538	2,500	-	(329)	4,709
Cables	7,307,043	-	(551,300)	(1,128,503)	5,627,240
Motor vehicles	375,350	-	-	(121,242)	254,108
Office equipment, furniture and fittings	390,801	93,431	-	(77,833)	406,399
Plant and machinery	61,952	25,350	-	(17,948)	69,354
Renovation	36,510	-	-	(5,663)	30,847
Signboard	3,523	-	-	(466)	3,057
<b>Total</b>	<b>8,177,717</b>	<b>121,281</b>	<b>(551,300)</b>	<b>(1,351,984)</b>	<b>6,395,714</b>

The Group	At Cost RM	Accumulated Depreciation RM	Net Book Value RM
<b>2015</b>			
Air conditioners	16,215	(1,545)	14,670
Cables	7,577,210	(4,546,327)	3,030,883
Motor vehicles	506,463	(455,568)	50,895
Office equipment, furniture and fittings	1,452,644	(1,083,349)	369,295
Plant and machinery	1,380,694	(1,114,629)	266,065
Renovation	65,238	(31,885)	33,353
Signboard	4,644	(2,051)	2,593
<b>Total</b>	<b>11,003,108</b>	<b>(7,235,354)</b>	<b>3,767,754</b>

	At Cost RM	Accumulated Impairment Losses RM	Accumulated Depreciation RM	Net Book Value RM
<b>2014</b>				
Air conditioners	5,380	-	(671)	4,709
Cables	15,446,350	(551,300)	(9,267,810)	5,627,240
Motor vehicles	920,713	-	(666,605)	254,108
Office equipment, furniture and fittings	1,408,101	-	(1,001,702)	406,399
Plant and machinery	1,147,234	-	(1,077,880)	69,354
Renovation	56,638	-	(25,791)	30,847
Signboard	4,644	-	(1,587)	3,057
<b>Total</b>	<b>18,989,060</b>	<b>(551,300)</b>	<b>(12,042,046)</b>	<b>6,395,714</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

### 7. PLANT AND EQUIPMENT (CONT'D)

	At 1.1.2015 RM	Depreciation Charge RM	At 31.12.2015 RM
<b>The Company</b>			
<b>2015</b>			
Net Book Value			
Office equipment, furniture and fittings	322	(40)	282
	At 1.1.2014 RM	Depreciation Charge RM	At 31.12.2014 RM
<b>2014</b>			
Net Book Value			
Office equipment, furniture and fittings	362	(40)	322
	At Cost RM	Accumulated Depreciation RM	Net Book Value RM
<b>The Company</b>			
<b>2015</b>			
Office equipment, furniture and fittings	399	(117)	282
<b>2014</b>			
Office equipment, furniture and fittings	399	(77)	322

Included in plant and equipment of the Group are motor vehicles with a total net book value of RM50,000 (2014 - RM252,446) acquired under hire purchase terms.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

### 8. DEFERRED TAX ASSETS

	The Group	
	2015 RM	2014 RM
At 1 January	1,184,000	421,000
Recognised in profit or loss (Note 29)	(42,000)	763,000
	<hr/>	<hr/>
At 31 December	1,142,000	1,184,000
	<hr/>	<hr/>
The components of the deferred tax assets before offsetting are as follows:-		
Deferred tax assets:-		
Unutilised tax losses	1,131,000	963,000
Unabsorbed capital allowances	300,000	901,000
Other deductible temporary differences	186,000	104,000
	<hr/>	<hr/>
	1,617,000	1,968,000
	<hr/>	<hr/>
Deferred tax liabilities:-		
Accelerated capital allowances on qualifying plant and equipment	(475,000)	(778,000)
Other taxable temporary differences	-	(6,000)
	<hr/>	<hr/>
	(475,000)	(784,000)
	<hr/>	<hr/>
	1,142,000	1,184,000
	<hr/>	<hr/>

### 9. OTHER INVESTMENTS

	The Group	
	2015 RM	2014 RM
Quoted shares	12,000	12,000
Transferable club membership	100,000	100,000
	<hr/>	<hr/>
	112,000	112,000
	<hr/>	<hr/>
Allowance for impairment losses:		
- At 1 January/31 December	(7,750)	(7,750)
	<hr/>	<hr/>
	104,250	104,250
	<hr/>	<hr/>
Represented by:-		
At fair value	104,250	104,250
	<hr/>	<hr/>

Other investments of the Group are designated as available-for-sale financial assets and are measured at fair value.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

### 10. INVENTORIES

	The Group	
	2015 RM	2014 RM
Materials and electrical parts	1,929,482	1,651,833

None of the inventories is carried at net realisable value.

The amount of inventories recognised as an expense in cost of sales was RM16,308,703 (2014 - RM12,607,507).

### 11. AMOUNTS OWING BY/(TO) CONTRACT CUSTOMERS

	The Group	
	2015 RM	2014 RM
Contract costs incurred	112,611,406	109,945,047
Attributable profits	13,122,203	18,025,985
	125,733,609	127,971,032
Progress billings	(120,131,825)	(122,238,479)
	5,601,784	5,732,553
Represented by:		
Amount owing by contracts customers	7,297,329	8,148,302
Amount owing to contracts customers	(1,695,545)	(2,415,749)
	5,601,784	5,732,553

The amount owing by contract customers included the following expenses:

	RM	RM
Depreciation of plant and equipment	-	1,128,503
Staff costs	2,483,106	1,363,892

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

### 12. TRADE RECEIVABLES

	The Group	
	2015 RM	2014 RM
Gross trade receivables	35,552,156	23,436,444
Allowance for impairment losses:		
- At 1 January	(662,651)	(346,971)
- Addition during the financial year (Note 28)	-	(373,884)
- Accretion during the financial year (Note 28)	-	55,204
- Writeback during the financial year (Note 28)	-	3,000
- At 31 December	(662,651)	(662,651)
	34,889,505	22,773,793

The Group's normal trade credit terms range from 14 to 120 (2014 - 14 to 90) days.

Included in trade receivables of the Group are retention sums of RM7,905,176 (2014 - RM5,343,546).

Retention monies represent a portion of progress billings which are due and receivable upon expiry of the warranty period and the satisfaction of conditions specified in the relevant contracts.

Included in trade receivables of the Group is an amount owing by a customer for M&E works which has been outstanding for more than 1 year amounting to RM1,422,261. The said customer during the year handed over cables leased from the Group upon the expiry of the lease. A portion of the said cables were not returned.

In accordance with the terms of the lease, the said customer is required to replace or compensate for the cables not returned. The customer has withheld the outstanding payment with a view to reach a global settlement for the compensation claim on the cables not returned. The Group is currently negotiating with the said customer for an amicable settlement on the quantum of the compensation.

The directors are of the opinion that the amount is recoverable and no allowance for impairment loss is deemed necessary.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

### 13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Advance payment to trade suppliers	431,873	932,673	-	-
Other receivables	421,363	14,355	21,513	-
Deposits	348,345	582,021	1,000	1,000
Prepayments	87,368	115,680	-	2,075
	<u>1,288,949</u>	<u>1,644,729</u>	<u>22,513</u>	<u>3,075</u>

Advance payment to trade suppliers is payment for future purchase of project materials. These advances shall be recoverable by way of set-off against the purchase of these project materials.

### 14. AMOUNT OWING BY SUBSIDIARIES

The amount owing by subsidiaries is non-trade in nature, unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

### 15. AMOUNTS OWING BY/(TO) AN ASSOCIATE

	The Group	
	2015 RM	2014 RM
Amount owing by an associate:		
Non-trade balance	694,205	686,205
Amount owing to an associate:		
Trade balance	(3,817,590)	(706,125)

The amount owing by is non-trade in nature, unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

The trade balance is subjected to the normal credit term of 30 (2014 - 30) days.

Included in the amount owing to an associate are retention sums of RM530,180 (2014 - RM70,613).

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

### 16. AMOUNTS OWING BY RELATED PARTIES

	The Group	
	2015 RM	2014 RM
Amount owing by related parties:		
Trade balance	-	49,491

In the previous financial year, the trade balance was subjected to a normal credit term of 60 days.

Included in the amount owing by the related parties in the previous financial year were retention sums of RM10,116.

### 17. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits with licensed banks of the Group have been pledged to banks as security for banking facilities granted to the Group.

The effective interest rates of the fixed deposits at the end of the reporting period ranged from 2.70% to 3.45% (2014 - 2.70% to 3.45%) per annum.

The fixed deposits have maturity periods ranging from 1 month to 12 months (2014 - 1 month to 12 months).

### 18. SHARE CAPITAL

	The Company			
	2015 Number Of Shares	2014	2015 RM	2014 RM
Ordinary share of RM0.10 each:-				
Authorised	500,000,000	500,000,000	50,000,000	50,000,000
Issued and fully paid-up	295,001,000	295,001,000	29,500,100	29,500,100

### 19. SHARE PREMIUM

The share premium reserve represents the premium paid on subscription of ordinary shares in the Company over and above the par value of the shares issued, net of transaction costs (if any). The share premium reserve is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act 1965.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

### 20. MERGER DEFICIT

The merger deficit relates to a subsidiary which was consolidated under the merger method of accounting.

The merger deficit arose from the difference between the nominal value of shares issued for the acquisition of a subsidiary and the nominal value of the shares acquired.

### 21. FAIR VALUE RESERVE

The fair value reserve represents the cumulative fair value changes (net of tax, where applicable) of available-for-sale financial assets until they are disposed of or impaired.

### 22. HIRE PURCHASE PAYABLES (SECURED)

	The Group	
	2015 RM	2014 RM
Minimum hire purchase payables:		
- not later than 1 year	14,088	85,808
- later than 1 year and not later than 5 years	50,443	148,537
	64,531	234,345
Future finance charges	(7,583)	(18,689)
	56,948	215,656

The hire purchase payables are repayable as follows:-

	The Group	
	2015 RM	2014 RM
Current:		
- not later than 1 year (Note 25)	11,163	77,108
Non-current:		
- later than 1 year and not later than 5 years	45,785	138,548
	56,948	215,656

(a) The hire purchase payables of the Group are secured by the Group's motor vehicles under hire purchase.

(b) The hire purchase payables of the Group at the end of the reporting period bore effective interest rates of 5.75% (2014 - 4.55% to 5.75%). The interest rates are fixed at the inception of the hire purchase arrangements.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

### 23. TRADE PAYABLES

Included in the trade payables of the Group are retention sums of RM2,414,338 (2014 - RM1,076,128).

Retention monies represent a portion of progress billings which are due and payable upon expiry of the warranty period and the satisfaction of conditions specified in the relevant contracts.

The normal trade credit terms granted to the Group range from 30 to 120 (2014 - 30 to 120) days.

### 24. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Other payables	784,255	927,388	9,030	41,000
Accruals	1,020,101	750,747	70,651	22,257
	<u>1,804,356</u>	<u>1,678,135</u>	<u>79,681</u>	<u>63,257</u>

### 25. SHORT-TERM BORROWINGS

	The Group	
	2015 RM	2014 RM
Hire purchase payables (Note 22)	11,163	77,108
Bankers' acceptances	9,658,000	4,833,000
Revolving credits	3,000,000	3,000,000
	<u>12,669,163</u>	<u>7,910,108</u>

The weighted average effective interest rate of the bankers' acceptances at the end of the reporting period is 5.44% (2014 - 4.69%) per annum.

The weighted average effective interest rate of the revolving credits at the end of the reporting period is 5.54% (2014 - 5.19%) per annum.

The bankers' acceptances and revolving credits are secured by:-

- (i) a pledge of fixed deposits of the Group;
- (ii) a joint and several guarantee of certain directors of the Company; and
- (iii) a corporate guarantee of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

### 26. BANK OVERDRAFTS

The bank overdrafts in the previous financial year are secured by a fixed charge over the Group's fixed deposits with licensed banks.

### 27. REVENUE

	The Group	
	2015 RM	2014 RM
Contract revenue	63,327,524	41,234,800
Sale of goods and rendering of services	4,781,568	69,649
	68,109,092	41,304,449

### 28. PROFIT/(LOSS) BEFORE TAXATION

	The Group		The Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Profit/(Loss) before taxation is arrived at after charging/(crediting):-				
Accretion of trade receivables	-	(55,204)	-	-
Impairment loss:				
- trade receivables	-	373,884	-	-
- other receivables	1,040	-	-	-
- plant and equipment	-	551,300	-	-
Amortisation of trade payables	-	16,997	-	-
Audit fee:				
- current financial year	75,660	70,000	16,000	15,000
- underprovision in the previous financial year	5,000	-	1,000	-
Directors' remuneration (Note 32)	1,912,882	2,112,050	184,152	160,000
Depreciation of plant and equipment	170,245	1,351,984	40	40
Hiring charges	673,775	631,853	-	-
Interest expense				
- bank overdraft	22,888	44,405	-	-
- revolving credit	155,644	12,625	-	-
- bankers' acceptances	163,193	252,660	-	-
- bank guarantee	2,371	2,529	-	-
- hire purchase	5,205	12,953	-	-
- letters of credit	-	206	-	-
- others	667	255	-	-
Loss/(Gain) on foreign exchange:				
- realised	224,188	12,315	-	-
- unrealised	(83,205)	(25,098)	(1,540)	(122)

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

### 28. PROFIT/(LOSS) BEFORE TAXATION (CONT'D)

	The Group		The Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Profit/(Loss) before taxation is arrived at after charging/(crediting) (cont'd):-				
Rental of premises	713,510	687,710	-	-
Share of results of associates	(152,548)	3,367	-	-
Staff costs (including other key management personnel as disclosed in Note 32)				
- salaries, bonus and allowances	4,783,602	3,054,262	212,055	180,405
- defined contribution plan	421,391	325,557	25,200	21,564
- other benefits	317,478	155,683	6,716	3,164
Gain on disposal of plant and equipment	(110,732)	-	-	-
Interest income	(322,668)	(441,517)	(43,698)	(165,222)
Write back of allowance for impairment losses on trade receivables	-	(3,000)	-	-
Written off:				
- deposits	319,869	-	-	-
- plant and equipment	1,168,468	-	-	-

### 29. INCOME TAX EXPENSE

	The Group		The Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Current tax expense:				
- for the financial year	-	-	-	-
- underprovision in the previous financial year	-	31,586	-	-
	-	31,586	-	-
Deferred tax expense (Note 8):				
- for the financial year	441,000	(725,000)	-	-
- overprovision in the previous financial year	(399,000)	(38,000)	-	-
	42,000	(763,000)	-	-
	42,000	(731,414)	-	-

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

### 29. INCOME TAX EXPENSE (CONT'D)

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

	The Group		The Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Profit/(Loss) before taxation	939,046	(5,025,592)	(693,677)	(598,821)
Tax at the statutory tax of 25% (2014 - 25%)	234,762	(1,256,398)	(173,419)	(149,705)
Tax effects of:-				
Share of results in associates	(38,137)	842	-	-
Non-deductible expenses	244,375	530,556	173,419	149,705
(Over)/Under provision in the previous financial year:				
- current tax	-	31,586	-	-
- deferred tax	(399,000)	(38,000)	-	-
	42,000	(731,414)	-	-

The statutory tax rate will be reduced to 24% from the current financial year's rate of 25%, effective year of assessment 2016.

### 30. EARNINGS/(LOSS) PER SHARE

The basic earnings/(loss) per share is arrived at by dividing the Group's profit/(loss) attributable to owners of the Company for the financial year by the weighted average number of ordinary shares in issue during the financial year, as follows:-

	The Group	
	2015 RM	2014 RM
Profit/(Loss) attributable to owners of the Company (RM)	897,046	(4,294,178)
Weighted average number of ordinary shares	295,001,000	295,001,000
Basic earnings/(loss) per share (Sen)	0.30	(1.46)

The diluted earnings per share was not applicable as there were no dilutive potential ordinary shares outstanding at the end of the reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

### 31. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

	The Group		The Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Short-term funds	3,008,142	1,161,716	3,008,142	1,161,716
Fixed deposits with licensed banks	10,531,208	10,433,973	-	-
Cash and bank balances	2,822,612	3,239,027	137,399	1,354,516
Bank overdrafts	-	(968,494)	-	-
	16,361,962	13,866,222	3,145,541	2,516,232
Less: Deposits pledged to licensed banks	(10,531,208)	(10,433,973)	-	-
	5,830,754	3,432,249	3,145,541	2,516,232

Short-term funds represent investment in income trust fund in Malaysia and is carried at fair value. The trust fund is highly liquid assets which are readily convertible to cash.

### 32. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

(a) The key management personnel compensation during the financial year are as follows:-

	The Group		The Company	
	2015 RM	2014 RM	2015 RM	2014 RM
<b>Directors</b>				
<i>Directors of the Company</i>				
Executive Directors				
Short-term employee benefits:				
- fee	220,000	276,000	76,000	92,000
- salaries, bonuses and other benefits	1,062,760	1,265,000	30,052	-
	1,282,760	1,541,000	106,052	92,000
- defined contribution benefits	199,680	240,350	3,600	-
	1,482,440	1,781,350	109,652	92,000
<i>Non-executive Directors</i>				
Short-term employee benefits:				
- fees	74,500	68,000	74,500	68,000
	1,556,940	1,849,350	184,152	160,000

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

### 32. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

(a) The key management personnel compensation during the financial year are as follows (cont'd):-

	The Group		The Company	
	2015 RM	2014 RM	2015 RM	2014 RM
<b>Directors (Cont'd)</b>				
<i>Director of a Subsidiary</i>				
<i>Executive Director</i>				
Short-term employee benefits:				
- fee	24,000	24,000	-	-
- salaries, bonuses and other benefits	296,434	213,000	-	-
	320,434	237,000	-	-
- defined contribution benefits	35,508	25,700	-	-
	355,942	262,700	-	-
Total directors' remuneration (Note 28)	1,912,882	2,112,050	184,152	160,000
<b>Other Key Management Personnel</b>				
Short-term employee benefits	218,771	183,569	218,771	183,569
Defined contribution benefits	25,200	21,564	25,200	21,564
Total compensation for other key management personnel (Note 28)	243,971	205,133	243,971	205,133

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

### 32. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

(b) The number of the Company's directors with total remuneration falling in bands of RM50,000 are as follows:-

	The Group		The Company	
	2015 RM	2014 RM	2015 RM	2014 RM
	Number of Directors		Number of Directors	
Executive Directors:				
Below RM50,000	1	-	3	3
RM350,001-RM400,000	-	1	-	-
RM450,001-RM500,000	1	1	-	-
RM900,001-RM950,000	-	1	-	-
RM950,001-RM1,000,000	1	-	-	-
Non-executive directors:				
Below RM50,000	4	4	4	4
	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>

### 33. CONTINGENT LIABILITIES

No provisions are recognised on the following matters as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement:-

	The Group		The Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Corporate guarantee given to licensed banks for credit facilities granted to a subsidiary	-	-	12,658,000	7,946,753
Corporate guarantee given to a licensed bank for credit facilities granted to an associate	2,115,000	2,115,000	-	-
Corporate guarantee given to third parties	2,859,977	3,044,429	2,859,977	3,044,429
Bank guarantee issued by a subsidiary to third parties	3,722,060	7,002,574	-	-

The bank guarantees issued by a subsidiary to third parties are for the supply of materials in the ordinary course of business.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

### 34. SIGNIFICANT RELATED PARTY DISCLOSURES

#### (a) Identities of Related Parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, significant investors, associates, key management personnel and entities within the same group of companies.

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

Other than those disclosed elsewhere in the financial statements, the Group and the Company carried out the following transactions with the related parties during the financial year:-

	The Group		The Company	
	2015 RM	2014 RM	2015 RM	2014 RM
(i) Holding company				
- Rental of premises	-	(642,000)	-	-
(ii) Subsidiaries				
- Advances to subsidiaries	-	-	-	(6,328,759)
- Payment on behalf	-	-	(2,024)	-
(iii) Associates				
- Advances to an associate	-	(371,250)	-	-
- Contract expenses	(6,577,006)	(706,125)	-	-
- Payment on behalf	(827,032)	-	-	-
(iv) Related parties				
- Disposal of motor vehicle to a director	180,000	-	-	-
- Purchases	(47,399)	(4,315)	-	-
- Rental of premises	(642,000)	-	-	-

The significant outstanding balances of the related parties together with their terms and conditions are disclosed in the respective notes to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

### 35. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Executive Committee as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into 4 main reportable segments as follows:-

- (i) M&E Engineering Services ("M&E") - involved in the provision of water treatment and sewerage industry, palm oil and sugar mills and refineries, and other factories.
- (ii) Manufacturing of LV Switchboards ("LV") - involved in sub-distribution for the generation, transmission, distribution and conversion of electric energy and for the control of equipment that consume electric energy.
- (iii) Trading of Equipment ("EQ") - involved in trading in distribution, power and converter transformers.
- (iv) Property Development ("PD") - involved in civil engineering and construction.

The Group's contract expenses, operating expenses, financing (including finance costs), income taxes, assets and liabilities are managed on a group and are not allocated to operating segments.

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

### 35. OPERATING SEGMENTS (CONT'D)

#### BUSINESS SEGMENTS

	M&E RM	LV RM	EQ RM	PD RM	Group RM
<b>2015</b>					
<b>Revenue</b>					
External revenue	21,892,704	150,812	4,634,596	41,430,980	68,109,092
Inter-segment revenue	-	-	-	-	-
	21,892,704	150,812	4,634,596	41,430,980	68,109,092
Adjustments and eliminations					-
Consolidated revenue					68,109,092
<b>Results</b>					
Segment profit before interest and taxation					1,136,466
Finance costs					(349,968)
Share of results in associates					152,548
Consolidated profit before taxation					939,046
Segment profit before interest and taxation includes the followings:-					
Interest income					322,668
Depreciation of plant and equipment					(170,245)
Impairment loss on other receivable					(1,040)
Written off of plant and equipment					(1,168,468)
Gain on disposal of plant and equipment					110,732
Unrealised gain on foreign exchange					83,205

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

### 35. OPERATING SEGMENTS (CONT'D)

#### BUSINESS SEGMENTS (CONT'D)

	<b>Group RM</b>
<b>2015</b>	
<b>Assets</b>	
Segment assets	70,830,555
Unallocated assets:	
- deferred tax assets	1,142,000
- tax refundable	361,905
Elimination	(4,006,607)
	<hr/>
Consolidated total assets	68,327,853
	<hr/>
<b>Other segment items</b>	
Additions to non-current assets other than financial instruments and deferred tax assets are:	
- plant and equipment	297,438
	<hr/>
<b>Liabilities</b>	
Segment liabilities	41,934,548
Elimination	(4,006,607)
	<hr/>
Consolidated total liabilities	37,927,941
	<hr/>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

### 35 OPERATING SEGMENTS (CONT'D)

#### BUSINESS SEGMENTS (CONT'D)

	M&E RM	LV RM	PD RM	Group RM
<b>2014</b>				
<b>Revenue</b>				
External revenue	22,700,989	69,649	18,533,811	41,304,449
Inter-segment revenue	-	-	-	-
	<u>22,700,989</u>	<u>69,649</u>	<u>18,533,811</u>	<u>41,304,449</u>
Adjustments and eliminations				<u>-</u>
Consolidated revenue				<u>41,304,449</u>
<b>Results</b>				
Segment loss before interest and taxation				(4,696,592)
Finance costs				(325,633)
Share of results in associates				(3,367)
Consolidated loss before taxation				<u>(5,025,592)</u>
Segment profit before interest and taxation includes the followings:-				
Interest income				441,517
Depreciation of plant and equipment				(1,351,984)
Impairment loss:				
- trade receivables				(373,884)
- plant and equipment				(551,300)
Unrealised gain on foreign exchange				<u>25,098</u>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

### 35. OPERATING SEGMENTS (CONT'D)

#### BUSINESS SEGMENTS (CONT'D)

	Group RM
<b>2014</b>	
<b>Assets</b>	
Segment assets	61,957,264
Unallocated assets:	
- deferred tax assets	1,184,000
- tax refundable	1,125,119
Elimination	(5,330,267)
Consolidated total assets	<u>58,936,116</u>
<b>Other segment items</b>	
Additions to non-current assets other than financial instruments and deferred tax assets are:	
- plant and equipment	<u>121,281</u>
<b>Liabilities</b>	
Segment liabilities	34,763,517
Elimination	(5,330,267)
Consolidated total liabilities	<u>29,433,250</u>

#### GEOGRAPHICAL INFORMATION

	Revenue		Non-current Assets	
	2015 RM	2014 RM	2015 RM	2014 RM
<b>Group</b>				
Malaysia	68,109,092	41,304,449	5,504,516	8,021,928

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

### 35. OPERATING SEGMENTS (CONT'D)

#### MAJOR CUSTOMERS

The following are major customers with revenue equal to or more than 10% of Group is total revenue:-

	Revenue		Segment
	2015 RM	2014 RM	
Customer A *	416,000	2,699,000	M&E engineering services - Water transfer tunnel.
Customer B	7,485,000	9,659,000	M&E engineering services.
Customer C *	808,000	1,790,000	Property developer - Civil engineering and construction.
Customer D	28,427,000	15,498,000	Property developer - Civil engineering and construction.
Customer E	12,198,000	1,246,000	Property developer - Civil engineering and construction.

\* During the financial year, the revenue for these customers were less than 10% of Group revenue.

### 36. CAPITAL COMMITMENT

	The Group	
	2015 RM	2014 RM
<b>Contracted but not provided for:</b>		
Purchase of plant and equipment	159,300	220,500

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

### 37. FOREIGN EXCHANGE RATES

The principal closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to RM equivalent) for the translation of foreign currency balances at the end of the reporting period are as follows:-

	The Group	
	2015 RM	2014 RM
United States Dollar	4.29	3.49

### 38. FINANCIAL INSTRUMENTS

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

#### 38.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

##### (a) Market Risk

###### (i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currency giving rise to this risk is primarily United States Dollar. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) that based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

### 38. FINANCIAL INSTRUMENTS (CONT'D)

#### 38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (a) Market Risk (Cont'd)

##### (i) Foreign Currency Risk (Cont'd)

##### *Foreign Currency Exposure*

<b>The Group</b>	<b>United States Dollar RM</b>
2015	
<b>Financial Asset</b>	
Cash and bank balances	17,290
<b>Net currency exposure</b>	<u>17,290</u>
2014	
<b>Financial Asset</b>	
Cash and bank balances	31,299
<b>Net currency exposure</b>	<u>31,299</u>

##### *Foreign Currency Risk Sensitivity Analysis*

A 10% strengthening of the RM against the United States Dollar at the end of the reporting period would have increased profit/(loss) after taxation and equity respectively by RM1,297 (2014 - RM2,347). A 10% weakening in the foreign currency would have had an equal but opposite effect on the profit/(loss) after taxation and equity respectively. This assumes that all other variables remain constant.

##### (ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio of mix of fixed and floating rate borrowings.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

### 38. FINANCIAL INSTRUMENTS (CONT'D)

#### 38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (a) Market Risk (Cont'd)

##### (ii) Interest Rate Risk (Cont'd)

The Group's exposure to interest rate risk that based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Notes 25 and 26 to the financial statements.

##### *Interest Rate Risk Sensitivity Analysis*

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

	The Group		The Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Effects on profit/(loss) after taxation and equity				
Increase of 100 basis points ("bp")	15,951	12,244	-	-
Decrease of 100 bp	(15,951)	(12,244)	-	-

##### (iii) Equity Price Risk

The Group's principal exposure to equity price risk arises mainly from changes in quoted investment prices. The Group's exposure to equity price risk is minimal as the Group only maintains a small portfolio of equities as disclosed in Note 9 to the financial statements. The Group's exposure to equity price risk at the end of the reporting period would have an immaterial impact on the profit/(loss) after taxation and equity respectively. As such, sensitivity analysis is not disclosed.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

### 38. FINANCIAL INSTRUMENTS (CONT'D)

#### 38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (b) Credit Risk

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

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

##### (i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by four major customers which constituted approximately 79% of its trade receivables (including related parties) at the end of the reporting period.

##### (ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

### 38. FINANCIAL INSTRUMENTS (CONT'D)

#### 38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (b) Credit Risk (Cont'd)

##### (iii) Ageing analysis

The ageing analysis of the Group's trade receivables (including amount owing by a related party) is as follows:-

The Group	Gross Amount RM	Individual Impairment RM	Carrying Value RM
<b>2015</b>			
Not past due	8,937,232	-	8,937,232
Past due:			
- less than 3 months	10,820,602	-	10,820,602
- 3 to 9 months	3,571,851	-	3,571,851
- over 9 months	4,070,329	(415,685)	3,654,644
	18,462,782	(415,685)	18,047,097
Non-retention sum portion	27,400,014	(415,685)	26,984,329
Retention sum portion	8,152,142	(246,966)	7,905,176
Total trade receivables	35,552,156	(662,651)	34,889,505

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

### 38. FINANCIAL INSTRUMENTS (CONT'D)

#### 38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (b) Credit Risk (Cont'd)

##### (iii) Ageing analysis (Cont'd)

The Group	Gross Amount RM	Individual Impairment RM	Carrying Value RM
<b>2014</b>			
Not past due	6,665,249	-	6,665,249
Past due:			
- less than 3 months	4,814,483	-	4,814,483
- 3 to 9 months	3,641,857	-	3,641,857
- over 9 months	2,773,834	(415,685)	2,358,149
	11,230,174	(415,685)	10,814,489
Non-retention sum portion	17,895,423	(415,685)	17,479,738
Retention sum portion	5,590,512	(246,966)	5,343,546
Total trade receivables	23,485,935	(662,651)	22,823,284

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

The Group believes that no impairment allowance is necessary in respect of trade receivables that are past due but not impaired because they are companies with good collection track record and no recent history of default.

##### (c) Liquidity Risk

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

### 38. FINANCIAL INSTRUMENTS (CONT'D)

#### 38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (c) Liquidity Risk (Cont'd)

###### *Maturity Analysis*

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

The Group	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM
<b>2015</b>					
Hire purchase payables	5.75	56,948	64,531	14,088	50,443
Trade payables	5.05	17,895,502	17,895,502	17,895,502	-
Other payables and accruals	-	1,804,356	1,804,356	1,804,356	-
Amount owing to an associate	-	3,817,590	3,817,590	3,817,590	-
Bankers' acceptances	5.44	9,658,000	9,658,000	9,658,000	-
Revolving credits	5.54	3,000,000	3,000,000	3,000,000	-
		<b>36,232,396</b>	<b>36,239,979</b>	<b>36,189,536</b>	<b>50,443</b>
<b>2014</b>					
Hire purchase payables	4.94	215,656	234,345	85,808	148,537
Trade payables	4.87	15,616,091	15,616,091	15,616,091	-
Other payables and accruals	-	1,678,135	1,678,135	1,678,135	-
Amount owing to an associate	-	706,125	706,125	706,125	-
Bankers' acceptances	4.69	4,833,000	4,833,000	4,833,000	-
Revolving credits	5.19	3,000,000	3,000,000	3,000,000	-
Bank overdrafts	7.88	968,494	968,494	968,494	-
		<b>27,017,501</b>	<b>27,036,190</b>	<b>26,887,653</b>	<b>148,537</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

### 38. FINANCIAL INSTRUMENTS (CONT'D)

#### 38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (c) Liquidity Risk (Cont'd)

###### *Maturity Analysis (Cont'd)*

The Company	Contractual Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM
<b>2015</b>				
Other payables and accruals	-	79,681	79,681	79,681
<b>2014</b>				
Other payables and accruals	-	63,257	63,257	63,257

#### 38.2 CAPITAL RISK MANAGEMENT

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

### 38. FINANCIAL INSTRUMENTS (CONT'D)

#### 38.2 CAPITAL RISK MANAGEMENT (CONT'D)

The Group manages its capital based on the debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total equity.

The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the Group. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:

	The Group	
	2015 RM	2014 RM
Hire purchase payables	56,948	215,656
Trade payables	17,895,502	15,616,091
Other payables and accruals	1,804,356	1,678,135
Amount owing to an associate	3,817,590	706,125
Bankers' acceptances	9,658,000	4,833,000
Revolving credits	3,000,000	3,000,000
Bank overdrafts	-	968,494
	<hr/>	<hr/>
	36,232,396	27,017,501
Less: Short-term investment	(3,008,142)	(1,161,716)
Less: Fixed deposits with licensed banks	(10,531,208)	(10,433,973)
Less: Cash and bank balances	(2,822,612)	(3,239,027)
	<hr/>	<hr/>
Net debt	19,870,434	12,182,785
	<hr/>	<hr/>
Total equity	30,399,912	29,502,866
	<hr/>	<hr/>
Debt-to-equity ratio	0.65	0.41
	<hr/>	<hr/>

There was no change in the Group's approach to capital management during the financial year.

Under the requirement of Bursa Malaysia Guidance Note No. 3/2006, the Company is required to maintain its shareholders' equity more than the 25% of the issued and paid-up share capital (excluding treasury shares) of the Company. The Company has complied with this requirement.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

### 38. FINANCIAL INSTRUMENTS (CONT'D)

#### 38.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2015 RM	2014 RM	2015 RM	2014 RM
<b>Financial Assets</b>				
<u>Available-for-sale</u>				
<u>Financial Asset</u>				
Other investments	104,250	104,250	-	
<u>Loans and Receivables</u>				
<u>Financial Assets</u>				
Trade receivables	34,889,505	22,773,793	-	-
Other receivables and deposits	769,708	596,376	22,513	1,000
Amount owing by subsidiaries	-	-	4,006,607	5,330,267
Amount owing by an associate	694,205	686,205	-	-
Amount owing by related parties	-	49,491	-	-
Fixed deposits with licensed banks	10,531,208	10,433,973	-	-
Cash and bank balances	2,822,612	3,239,027	137,399	1,354,516
	49,707,238	37,778,865	4,166,519	6,685,783
<u>Fair Value through Profit or Loss</u>				
Short-term investment	3,008,142	1,161,716	3,008,142	1,161,716
<b>Financial Liability</b>				
<u>Other Financial Liabilities</u>				
Hire purchase payables	56,948	215,656	-	-
Trade payables	17,895,502	15,616,091	-	-
Other payables and accruals	1,804,356	1,678,135	79,681	63,257
Amount owing to an associate	3,817,590	706,125	-	-
Bankers' acceptances	9,658,000	4,833,000	-	-
Revolving credits	3,000,000	3,000,000	-	-
Bank overdrafts	-	968,494	-	-
	36,232,396	27,017,501	79,681	63,257

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

### 38. FINANCIAL INSTRUMENTS (CONT'D)

#### 38.4 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group that maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period.

The Group	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			Total Fair Value RM	Carrying Amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
<b>2015</b>								
<u>Financial Assets</u>								
Other investments:								
- quoted shares	4,250	-	-	-	-	-	4,250	4,250
- transferable club membership	-	100,000	-	-	-	-	100,000	100,000
Short-term investment	3,008,142	-	-	-	-	-	3,008,142	3,008,142
<u>Financial Liability</u>								
Hire purchase payables	-	-	-	-	45,785	-	45,785	45,785

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

## 38. FINANCIAL INSTRUMENTS (CONT'D)

### 38.4 FAIR VALUE INFORMATION (CONT'D)

The Group	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			Total Fair Value RM	Carrying Amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
<b>2014</b>								
<u>Financial Assets</u>								
Other investments:								
- quoted shares	4,250	-	-	-	-	-	4,250	4,250
- transferable club membership	-	100,000	-	-	-	-	100,000	100,000
Short-term investment	1,161,716	-	-	-	-	-	1,161,716	1,161,716
<u>Financial Liability</u>								
Hire purchase payables	-	-	-	-	138,548	-	138,548	138,548

The fair values above have been determined using the following basis:

- (a) The fair values of the quoted investment, the investment in club membership and short-term investment are estimated based on their quoted closing bid prices at the end of the reporting period.
- (b) The fair values of the hire purchase payables are determined by discounting the relevant cash flows using interest rates for similar instruments at the end of the reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

### 39. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 1 July 2015, a wholly-owned subsidiary of the Group, Pasukhas Sdn. Bhd., accepted a purchase order from Salcon MMCES AZSB JV Sdn. Bhd. for supply and delivery of low voltage switchboard, motor control centre, local control panel and distribution board c/w accessories and spares for a contract sum of RM9,177,876.
- (b) On 15 October 2015, a wholly-owned subsidiary of the Group, Pasukhas Sdn. Bhd., accepted a letter of award from Empire Multiple Sdn. Bhd. for the construction and completion of the following Apartment Housing Scheme for a contract sum of RM25,080,000:
- (i) Apartment block A (14 storey)
    - 13 storey (130 units) apartment
    - 1 storey carpark
    - 1 unit electrical sub-station
  - (ii) Apartment block B (14 storey)
    - 13 storey (130 units) apartment
    - 1 storey carpark
  - (iii) 1 storey club house and swimming pool
  - (iv) Guard house

### 40. SUPPLEMENTARY INFORMATION - DISCLOSURE OF REALISED AND UNREALISED PROFIT/LOSSES

The breakdown of the retained profits of the Group and of the Company at the end of the reporting period into realised and unrealised profits/(losses) are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad 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, as follows:-

	The Group		The Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Total retained profits/(accumulated losses) of the Company and its subsidiaries:				
- realised	9,221,968	8,343,435	(2,468,301)	(1,774,624)
- unrealised	1,227,611	1,209,098	-	-
At 31 December	10,449,579	9,552,533	(2,468,301)	(1,774,624)

# ANALYSIS OF SHAREHOLDINGS

## AS AT 1 APRIL 2016

Authorised Share Capital	:	RM50,000,000.00
Issued and Fully Paid-Up Capital	:	RM29,500,100.00
Class of Shares	:	Ordinary shares of RM0.10 each
Voting Right	:	Every member of the Company, present in person or by proxy, shall have on a show of hands, one (1) vote or on a poll, one (1) vote for each share he holds.
Number of Shareholders	:	1,784

### ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	3	0.17	100	0.00
100 to 1,000	75	4.20	46,300	0.02
1,001 to 10,000	431	24.16	3,073,900	1.04
10,001 to 100,000	978	54.82	42,968,500	14.57
100,001 to 14,750,049	295	16.54	162,912,200	55.22
14,750,050 and above	2	0.11	86,000,000	29.15
<b>Total</b>	<b>1,784</b>	<b>100.00</b>	<b>295,001,000</b>	<b>100.00</b>

### SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Names	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
1 Tara Temasek Sdn Bhd	56,000,000	18.98	-	-
2 Wan Thean Hoe	-	-	56,000,000 <sup>(1)</sup>	18.98
3 Chan Man Chung	-	-	56,000,000 <sup>(1)</sup>	18.98
4 Yew Ai Boon	30,000,000	10.17	-	-

**Note:**

<sup>(1)</sup> Deemed interested under Section 6A of the Companies Act, 1965 by virtue of his shareholding in Tara Temasek Sdn Bhd.

### DIRECTORS' SHAREHOLDINGS

Names	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
1 Dato' Sri Teng Ah Kiong	11,480,000	3.89	-	-
2 Dato' Teng Yoon Kooi	5,735,000	1.94	-	-
3 Wan Thean Hoe	-	-	56,000,000 <sup>(1)</sup>	18.98
4 Chan Man Chung	-	-	56,000,000 <sup>(1)</sup>	18.98
5 Teoh Kim Hooi	300,000	0.10	-	-
6 Yap Chee Keong	-	-	-	-
7 Bakhtiar Jamilee Bin Hj Abdul	-	-	-	-

**Note:**

<sup>(1)</sup> Deemed interested under Section 6A of the Companies Act, 1965 by virtue of his shareholding in Tara Temasek Sdn Bhd.

## ANALYSIS OF SHAREHOLDINGS

AS AT 1 APRIL 2016 (cont'd)

## LIST OF THIRTY (30) LARGEST SHAREHOLDERS

No.	Names	No. of Shares	%
1.	Tara Temasek Sdn Bhd	56,000,000	18.98
2.	Yew Ai Boon	30,000,000	10.17
3.	Dato' Sri Teng Ah Kiong	11,480,000	3.89
4.	Yeong Kin Sing	8,500,000	2.88
5.	Affin Hwang Nominees (Asing) Sdn Bhd Exempt An for Phillip Securities (Hong Kong) Ltd (Client's Account)	6,780,000	2.30
6.	Dato' Teng Yoon Kooi	5,735,000	1.94
7.	Saw Kong Beng	5,011,600	1.70
8.	Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Wai Kong (473303)	5,000,000	1.69
9.	Voo Hing Loon	4,101,200	1.39
10.	Liew Sze Fook	3,300,000	1.12
11.	Chan Pik Wan	3,060,000	1.04
12.	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Kim Kwan (STA 2)	2,764,200	0.94
13.	Tan Eng Hoo	2,550,000	0.86
14.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yap Ching Cheong (6000187)	2,500,000	0.85
15.	Chia Chee Seng	1,966,900	0.67
16.	Kong Nyuk Moi	1,800,000	0.61
17.	Chan Sooi Mun	1,700,000	0.58
18.	Kong Nyuk Moi	1,650,000	0.56
19.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tong Kok Hing	1,620,000	0.55
20.	T Ramesh Chitty A/L K T Chitty	1,600,000	0.54
21.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Kooi Phing (6000914)	1,467,000	0.50
22.	Ng Sok Siah	1,450,000	0.49
23.	Maybank Nominees (Asing) Sdn Bhd Pledged Securities Account for Lim Chai Leong Edmund	1,250,400	0.42
24.	S P Thiagarajan A/L Suppiah	1,250,000	0.42
25.	Hing Wai Keong	1,230,000	0.42
26.	Lim Ngjit Siew	1,200,000	0.41
27.	Maybank Nominees (Tempatan) Sdn Bhd Boey Cheng Hai	1,179,500	0.40
28.	Lim Joo Meng	1,085,000	0.37
29.	Loh Yun Chyi	1,020,000	0.35
30.	Teo Peng Boon	1,020,000	0.35

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# PROXY FORM

**PASUKHAS GROUP BERHAD** (Company No. 686389-A)  
(Incorporated in Malaysia under the Companies Act, 1965)

No. of ordinary shares held	CDS Account No.

I/We \_\_\_\_\_ NRIC No./Co. No. \_\_\_\_\_  
(full name in block letters)

of \_\_\_\_\_  
(full address)

Tel No. \_\_\_\_\_ being a member/members of **PASUKHAS GROUP BERHAD** hereby appoint the  
\*THE CHAIRMAN OF THE MEETING or failing him/her

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)
1.			
*And/or (delete as appropriate)			
2.			

as my/our proxy/proxies, to vote for me/us on my/our behalf at the Eleventh Annual Meeting of Pasukhas Group Berhad to be held at Wisma Modal Khas, Lot 5815-A, Jalan Mawar, Taman Bukit Serdang, Seksyen 9, 43300 Seri Kembangan, Selangor Darul Ehsan on Wednesday, 25 May 2016 at 10.30 a.m., or at any adjournment thereof.

\* If you wish to appoint other person(s) to be your proxy(ies), kindly delete the words "The Chairman of the Meeting or failing him/her" and insert the name(s) of the person(s) desired.

My/our proxy/proxies is/are to vote as indicated below:

Resolutions	For	Against
<b>Ordinary Business</b>		
1. To approve the Directors' Fees amounting to RM150,500.00 for the financial year ended 31 December 2015		
2. To re-elect Mr Teoh Kim Hooi as Director		
3. To re-elect Dato' Teng Yoon Kooi as Director		
4. To elect Mr Wan Thean Hoe as Director		
5. To elect Mr Chan Man Chung as Director		
6. To re-appoint Messrs Crowe Horwath (Firm No. AF 1018) as Auditors of the Company and to authorise the Directors to fix their remuneration		
<b>Special Business</b>		
7. Authority to Directors to issue shares pursuant to Section 132D of the Companies Act, 1965		
8. Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions		

(Please indicate with a cross (X) in the space provided, how you wish your vote to be cast in respect of the above resolutions. If you do not do so, the proxy may vote or abstain at his/her discretion.)

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016

\_\_\_\_\_  
Signature/Common Seal of Shareholder

## Notes:

- A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. A member may appoint any person to be his proxy without limitation. If the proxy is not a member, he need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.
- A member shall be entitled to appoint more than one proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportions of his shareholdings to be represented by each proxy.
- Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- If no name is inserted in the space provided for the name of your proxy, the Chairman of the meeting will act as your proxy.
- The instrument appointing a proxy must be deposited at the Registered Office of the Company at 10th Floor, Menara Hap Seng, No. 1 & 3 Jalan P. Ramlee, 50250 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
- If the appointer is a corporation, the instrument appointing a proxy must be executed under its Common Seal or under the hand of its attorney.
- The Date of Record of Depositors for the purpose of determining Members' entitlement to attend, vote and speak at the Meeting is 18 May 2016.

*Fold this flap for sealing*

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**Affix  
stamp**

THE COMPANY SECRETARY  
**PASUKHAS GROUP BERHAD**  
10th Floor, Menara Hap Seng  
No. 1 & 3, Jalan P. Ramlee  
50250 Kuala Lumpur

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[www.pasukhasgroup.com](http://www.pasukhasgroup.com)

**PASUKHAS GROUP BERHAD**

(Company No. 686389-A)

(Incorporated in Malaysia under the Companies Act, 1965)

Wisma Modal Khas, Lot 5815-A, Jalan Mawar, Taman Bukit Serdang, Seksyen 9,  
43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia.

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Website: [www.pasukhasgroup.com](http://www.pasukhasgroup.com)