ENCOMPASS A STRONGER

PESONA METRO

PESONA METRO HOLDINGS BERHAD
(957876-T)

annual report 2015

PESONA METRO

Our Vision

To be the preferred construction company in Malaysia as well as a trusted and passionate partner that delivers sustainable value and builds enduring relationships with all stakeholders.

Our Mission

To achieve excellence in all that we undertake by leveraging on exceptional performance, superior teamwork, strong value creation, good ethical conduct and unwavering customer satisfaction.

Contents

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fifth Annual General Meeting ("5th AGM") of the Company will be held at **Connexion@NEXUS Spectrum & Prism Room, Level 3A, No. 7, Jalan Kerinchi, Bangsar South City, 59200 Kuala Lumpur** on **Thursday, 16 June 2016** at **10:30 a.m.** for the following purposes:

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 the Explanatory Notes to the Agenda)**

2. To approve the payment of Directors' Fees of RM216,000.00 for the financial year ending 31 December 2016. **(Ordinary Resolution 1)**

3. To re-elect the following Directors retiring in accordance with Article 82 of the Articles of Association of the Company:

   (a) Wie Hock Beng **(Ordinary Resolution 2)**
   (b) Loh Kong Fatt. **(Ordinary Resolution 3)**

4. To approve the payment of a single tier final dividend of 1.0 sen per share for the year ended 31 December 2015. **(Ordinary Resolution 4)**

5. To re-appoint Messrs UHY as the Auditors of the Company and to authorise the Board of Directors to fix their remuneration. **(Ordinary Resolution 5)**

AS SPECIAL BUSINESS:

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

6. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

   "**THAT** approval be and is hereby given for the Proposed Renewal of Shareholders' Mandate for the Pesona Metro Holdings Berhad Group of Companies to enter into the categories of recurrent related party transactions of a revenue or trading nature falling within the nature of transactions set out in Section 2.4 of the Circular to Shareholders dated 29 April 2016 ("the Circular"), with the related parties falling within the classes of persons set out in Section 2.4 of the Circular, such transactions which are necessary for the Group's day-to-day operations and carried out in the ordinary course of business, on terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders.

   AND THAT the authority conferred by such mandate shall continue to be in force until:

   (i) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at the next AGM, the authority is renewed;
   (ii) the expiration of the period within which the next AGM is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
   (iii) revoked or varied by resolution passed by the shareholders in a general meeting,

   whichever is the earlier.

AND THAT the Directors of the Company be hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to this Ordinary Resolution." **(Ordinary Resolution 6)**

7. **Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965**

"**THAT**, subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965 to allot and issue shares in the Company at any time and upon such terms and conditions and for such purpose as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." **(Ordinary Resolution 7)**

8. **Proposed Amendments to the Articles of Association of the Company**

"**THAT** the following Articles of Association of the Company be hereby amended:

Existing Article	**Proposed Amended Article**
<u>Article 147</u> The Directors shall from time to time in accordance with Section 169 of the Act cause to be prepared and laid before the Company in General Meeting, such as statement of financial position, statement of comprehensive income and reports as are referred to in this section. The interval between the close of a financial year of the Company and the issue of the annual audited financial statements together with the Directors' and auditors' reports shall not exceed four (4) months, or such shorter period as may be prescribed by the Exchange. A copy of each such documents shall not be less than twenty-one (21) days before the date of the Meeting (if it is so agreed by all the members entitled to attend and vote at the Meeting) be sent to every member of the Company. Such documents may be in printed form or in electronic format. The requisite number of copies of each such documents as may be required by the Exchange or other stock exchange(s), if any, sent to each stock exchange provided that this Articles shall not require a copy of these documents to be sent to any person of whose address the Company is not aware but any member to whom a copy of these documents has not been sent, shall be entitled to receive a copy, free of charge on application at the registered office. In the event that the annual report is sent in electronic format and a member requires a printed form of such documents, the Company shall send such documents to the member within four (4) market days from the date of receipt of the members' request or such other period as may be prescribed by the Exchange.	<u>Article 147</u> The Directors shall from time to time in accordance with Section 169 of the Act cause to be prepared and laid before the Company in General Meeting, such as statement of financial position, statement of comprehensive income and reports as are referred to in this section. ~~The interval between the close of a financial year of the Company and the issue of the annual audited financial statements together with the Directors' and auditors' reports shall not exceed four (4) months, or such shorter period as may be prescribed by the Exchange~~. A copy of each such documents shall not be less than twenty-one (21) days before the date of the Meeting (if it is so agreed by all the members entitled to attend and vote at the Meeting) be sent to every member of the Company. Such documents may be in printed form or in electronic format. The requisite number of copies of each such documents as may be required by the Exchange or other stock exchange(s), if any, sent to each stock exchange provided that this Articles shall not require a copy of these documents to be sent to any person of whose address the Company is not aware but any member to whom a copy of these documents has not been sent, shall be entitled to receive a copy, free of charge on application at the registered office. In the event that the annual report is sent in electronic format and a member requires a printed form of such documents, the Company shall send such documents to the member within four (4) market days from the date of receipt of the members' request or such other period as may be prescribed by the Exchange."

(Special Resolution 1)

9. To transact any other business of which due notice shall have been given.

CLOSURE OF BOOKS

NOTICE IS ALSO HEREBY GIVEN that subject to the approval of the shareholders at the Fifth Annual General Meeting, a single tier final dividend of 1.0 sen per share will be payable on 30 June 2016 to shareholders whose name appear in the Record of Depositors at the close of business on 17 June 2016.

A Depositor shall qualify for entitlement only in respect of:

a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 17 June 2016 in respect of ordinary shares;
b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

LIM HOOI MOOI (MAICSA 0799764)
WONG WAI FOONG (MAICSA 7001358)
SUSIE CHEW WEI WEI (MAICSA 7054172)
Company Secretaries

Kuala Lumpur
Date : 29 April 2016

NOTES

1. *For the purposes of determining a member who shall be entitled to attend and vote at this meeting, the Company shall be requesting the Record of Depositors as at 9 June 2016. Only a depositor whose name appears on the Record of Depositors as at 9 June 2016 shall be entitled to attend the said meeting or appoint proxies to attend and vote on his/her stead.*

2. *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 at his stead. A proxy may but need not be a member of the Company. A member may appoint any person to be his proxy and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply.*

3. *Where a member appoints more than one (1) proxy to attend at the same meeting, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.*

4. *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), 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.*

5. *Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provision of subsection 25A(1) of SICDA.*

6. *A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.*

7. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation either under its common seal or under the hand of an officer or attorney duly authorised.*

8. *The Form of Proxy must be deposited at the Company's Registered Office at No. 19, Jalan SB Indah 1/18, Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*

EXPLANATORY NOTES TO THE AGENDA

Item 1 of the Agenda

This item is meant for discussion only. The provisions of Section 169 of the Companies Act, 1965 require that the audited financial statements and the Reports of the Directors and Auditors thereon be laid before the Company at its Annual General Meeting. As such this Agenda item is not a business which requires a motion to be put to vote by shareholders.

Item 6 of the Agenda – Ordinary Resolution 6
Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Ordinary Resolution 6 is to seek renewal of Shareholders' Mandate to allow the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature and to enable the Company to comply with Paragraph 10.09, Part E of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The mandate will take effect from the date of the passing of the Ordinary Resolution until the next Annual General Meeting of the Company.

Item 7 of the Agenda – Ordinary Resolution 7
Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965

The proposed Ordinary Resolution 7 is primarily to give authority to the Board of Directors to allot and issue up to 10% of the issued capital at any time in their absolute discretion and for such purpose as they consider would be in the interest of the Company without convening a general meeting. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

The Company continues to consider opportunities to broaden its earnings potential. If any of the expansion/diversification proposals involves the issue of new shares, the Directors, under certain circumstances when the opportunity arises, would have to convene a general meeting to approve the issue of new shares even though the number involved may be less than 10% of the issued share capital of the Company.

In order to avoid any delay and costs involved in convening a general meeting to approve such issue of shares when the needs may arise during the financial year, it is thus considered appropriate that the Directors be empowered to issue shares in the Company, up to any amount not exceeding in total 10% of the issued share capital of the Company for the time being, for such purpose.

Item 8 of the Agenda – Special Resolution 1
Proposed Amendments to the Articles of Association of the Company

The proposed amendments to the Articles of Association of the Company is to bring the Articles of Association of the Company to be in line with the amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and to enhance administrative efficiency.

Corporate Information

BOARD OF DIRECTORS

Dato' Lee Tuck Fook
Chairman
(Independent Non-Executive Director)

Datuk Hj Subhi Bin Dziyauddin
Deputy Chairman
(Non-Independent Non-Executive
Director)

Wie Hock Beng
Managing Director
(Non-Independent Executive Director)

Wie Hock Kiong
(Non-Independent Non-Executive Director)

Loh Kong Fatt
(Senior Independent Non-Executive Director)

COMPANY SECRETARIES

Wong Wai Foong
(MAICSA 7001358)
Lim Hooi Mooi
(MAICSA 0799764)
Susie Chew Wei Wei
(MAICSA 7054172)

REGISTERED OFFICE

No. 19, Jalan SB Indah 1/18
Taman Sungai Besi Indah
43300 Seri Kembangan
Selangor Darul Ehsan
Malaysia
Tel : +60 3 8941 0818
Fax : +60 3 8941 0817
Website : www.pesona.com.my

AUDIT COMMITTEE

Dato' Lee Tuck Fook *(Chairman)*
Wie Hock Kiong
Loh Kong Fatt

REMUNERATION COMMITTEE

Loh Kong Fatt *(Chairman)*
Dato' Lee Tuck Fook
Wie Hock Kiong

NOMINATION COMMITTEE

Dato' Lee Tuck Fook *(Chairman)*
Wie Hock Kiong
Loh Kong Fatt

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Market
Construction Sector

STOCK NAME AND CODE

PESONA *(8311)*
PESONA-WC *(8311-WC)*

AUDITORS

UHY Chartered Accountants *(AF1411)*
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia
Tel : +60 3 2279 3088
Fax : +60 3 2279 3099

REGISTRAR

Tricor Investor & Issuing House Services
Sdn Bhd *(11324-H)*
Unit 32 -01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

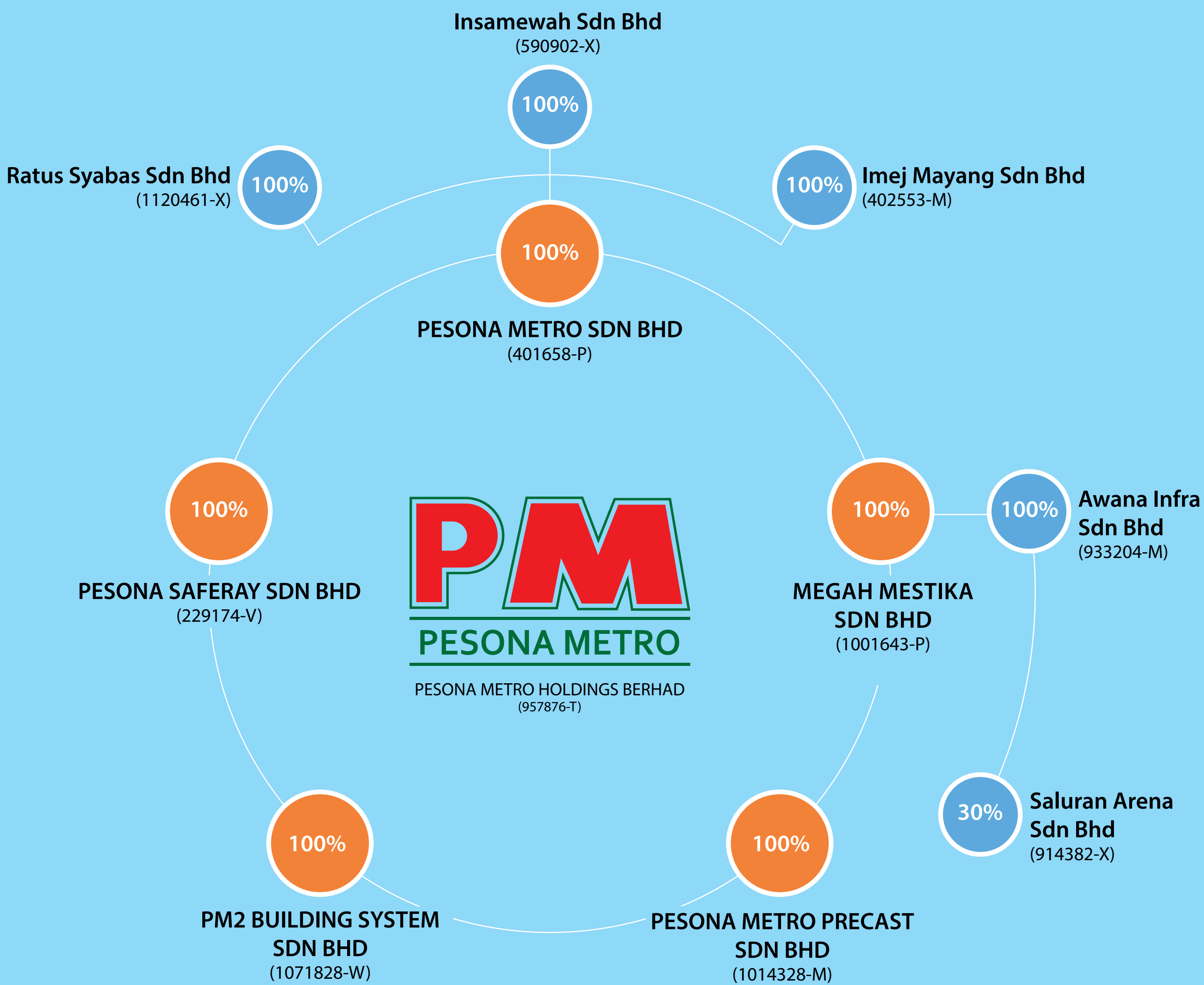
Customer Service Centre
Unit G-3, Ground Floor
Vertical Podium
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

Tel : +60 3 2783 9299
Fax : +60 3 2783 9222

BANKERS

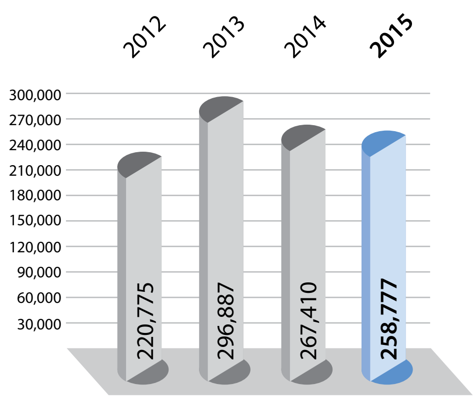
Alliance Bank Malaysia Berhad
AmBank (M) Berhad
United Overseas Bank (Malaysia) Berhad
Standard Chartered Bank Malaysia Berhad

Corporate Structure

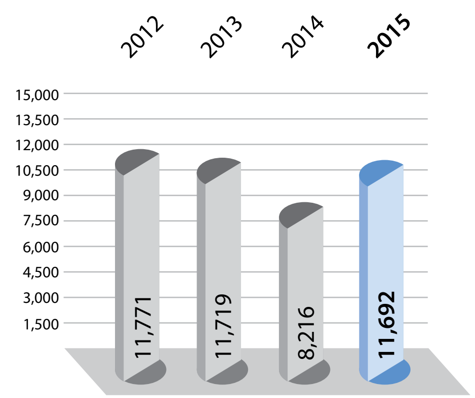


Financial Highlights

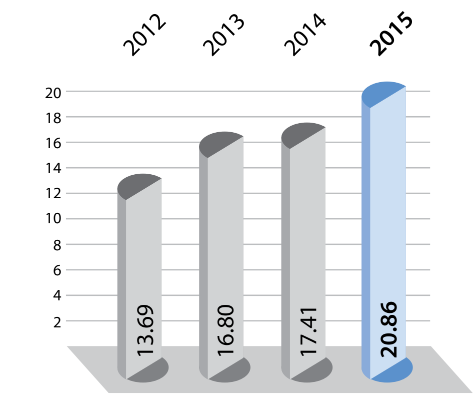
In RM'000 (Except otherwise indicated)	2015	2014	2013	2012
Revenue	**258,777**	267,410	296,887	220.775
Profit before tax	**16,099**	10,658	15,977	17,195
Profit after tax	**11,692**	8,216	11,719	11,771
Total assets	**283,511**	215,213	181,059	131,132
Share capital	**163,499**	127,551	127,551	115,955
Total equity attributable to owners of the parent	**136,391**	88,830	85,716	63,483
No. of shares ('000) of RM0.25 each (Unit)	**653,995**	510,203	510,203	463,820
Earnings per share (Sen)	**1.79**	1.61	2.52	2.91
Net assets per share (Sen)	**20.86**	17.41	16.80	13.69
Dividend (Sen)	**1.00**	1.00	1.00	1.00



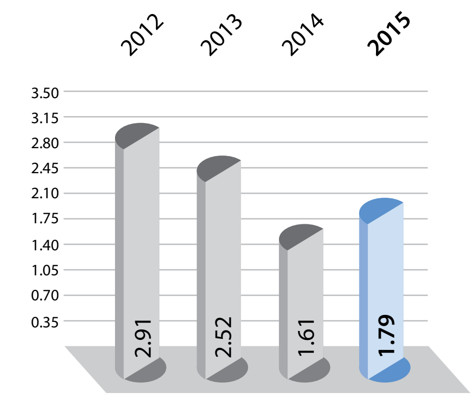
Revenue (RM '000)



Profit After Tax (RM '000)



Net Assets Per Share (Sen)



Earnings Per Share (Sen)

Board Of Directors

Wie Hock Beng
(Managing Director)

Loh Kong Fatt

Wie Hock Kiong

Dato' Lee Tuck Fook
(Chairman)

Datuk Hj Subhi Bin Dziyauddin
(Deputy Chairman)

Profile of Directors

Dato' Lee Tuck Fook

Chairman

(Independent Non-Executive Director)

Malaysian, Age 62

Dato' Lee Tuck Fook was appointed to the Board as the Chairman of the Company on 8 August 2012. On the same date, he was also appointed as the Chairman of the Audit Committee and Nomination Committee, and a member of the Remuneration Committee of the Company.

Dato' Lee is a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants. He also holds a Masters Degree in Business Administration from International Management Centre, Buckingham, United Kingdom.

He began his career with KPMG in 1974 under articleship and was subsequently admitted as a partner of the firm in 1985. He was responsible for KPMG's Malaysian management consultancy practice until he left the practice in 1990. From 1990 to 1992, Dato' Lee was appointed the Vice President of the Samling Group in Sarawak. He later joined the Renong Group as the Managing Director of Renong Oversea Corporation from 1992 - 1994. From 1994 to 2000, he was the Chairman of the Executive Committee of the board of Peremba-Kentz Ltd, an engineering company with operations from South Africa to the Middle East, Thailand, Ireland and Malaysia. He was the Managing Director of Cement Industries of Malaysia Bhd from 2001 to 2002.

From 2002 to 2006, Dato' Lee was the Managing Director of Paracorp Berhad. In 2003, he was appointed as the Executive Director of Malton Group, and was re-designated as its Managing Director in December 2003. He retired from the Board of Malton Berhad in 2009. From 2006 to 2007, he was the Non-Independent Non-Executive Director of Landmarks Berhad.

He is currently an Independent Non-Executive Director of SAM Engineering & Equipment Berhad, a company listed on Bursa Malaysia. He was appointed to the board in July 2008. He is also a member of its Audit & Risk Management Committee. He is also the Executive Director of Pavilion REIT Management Sdn Bhd and a Director of Kuala Lumpur Pavilion Sdn Bhd and Makna Mujur Sdn Bhd.

Dato' Lee does not have any family relationship with other Directors and/or major shareholders of the Company. He has no conflict of interest and does not hold any shares in the Company and its subsidiaries. He has no conviction of any offences within the past 10 years.

Dato' Lee attended all the seven (7) Board Meetings of the Company held during the financial year ended 31 December 2015.

DATUK HJ SUBHI BIN DZIYAUDDIN

Deputy Chairman

(Non-Independent Non-Executive Director)

Malaysian, Age 53

Datuk Hj Subhi was appointed to the Board as the Director and Deputy Chairman of the Company on 8 August 2012.

He graduated with a Bachelor of Science Degree in Engineering Physics from the University of Texas El Paso, Texas, USA. He began his career as a Pilot Trainer with the Royal Malaysian Air Force Flying School ("RMAF") in Kepala Batas, Alor Setar, Kedah with the rank of Lieutenant. In 1994, he left the RMAF Flying School and joined Indah Water Konsortium Sdn Bhd as a Senior Manager of the Entrepreneur Development Progam Department.

He later joined Puncak Niaga (M) Sdn Bhd ("Puncak Niaga") as the General Manager for Special Projects. His significant achievement during his tenure in Puncak Niaga played a vital role in the listing of Puncak Niaga Holdings Bhd on the then Main Board of the Kuala Lumpur Stock Exchange in 1997. In February 1999, he joined the Malaysian Resources Corporation Berhad as Director, responsible for Special Projects. In 2000, he was appointed as a Director in Puncak Niaga Overseas Capital Sdn Bhd, a subsidiary of Puncak Niaga. He was also previously a Director of Metronic Global Berhad.

Datuk Hj Subhi does not have any family relationship with other Directors and/or major shareholders of the Company. He has no conflict of interest and does not hold any shares in the Company and its subsidiaries. He has no conviction of any offences within the past 10 years.

Datuk Hj Subhi attended five (5) Board Meetings of the Company held during the financial year ended 31 December 2015.

WIE HOCK BENG

Managing Director

(Non-Independent Executive Director)

Malaysian, Age 44

Wie Hock Beng was appointed to the Board as the Managing Director of the Company on 8 August 2012. Wie Hock Beng, also the founder of Pesona Metro Sdn Bhd, has engineered the growth of the same until the commendable size as of today.

He obtained his Diploma in Civil Engineering from the Federal Institute of Technology Malaysia in 1995. He began his career with Invescor Venture Sdn Bhd and was involved in the construction of Starhill Shopping Centre in Kuala Lumpur. To date, he has 24 years of working experience in the rehabilitation and beautification of river and dam, constructions of bridge and flyover, roadwork, drainage, industrial, and high-rise as well as low-rise residential building projects.

Wie Hock Beng is the substantial and major shareholder of the Company and brother to another Director, Wie Hock Kiong. He has no conflict of interest other than disclosed under Additional Information (Recurrent Related Party Transactions) which appears on page 40 of this Annual Report. He has no conviction of any offences within the past 10 years.

Wie Hock Beng attended six (6) Board Meetings of the Company held during the financial year ended 31 December 2015.

WIE HOCK KIONG
Director
(Non-Independent Non-Executive Director)
Malaysian, Age 56

Wie Hock Kiong was appointed to the Board as a Director of the Company on 8 August 2012. He is also a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company.

Wie Hock Kiong is an engineer by profession with a Bachelor of Science (Hons) Degree in Civil and Structural Engineering from the University of Aberdeen, United Kingdom. He was previously the Chief Executive Officer of Putrajaya Perdana Berhad ("PPB") from 1998 to 2011. He has been overseeing the overall management, development and operations of PPB Group since the commencement of business in 1990 via Putra Perdana Construction Sdn Bhd, a wholly-owned subsidiary company of PPB. He has successfully transformed an infant company, Kamunting Construction Sdn Bhd into a giant construction and property developer conglomerate, PPB. Under his guidance, PPB has grown financially with an excellent track record of successful high quality construction projects. He resigned as the CEO of PPB in 2011.

Wie Hock Kiong is the substantial and major shareholder of the Company and brother to the Managing Director, Wie Hock Beng. He has no conflict of interest other than disclosed under Additional Information (Recurrent Related Party Transactions) which appears on page 40 of this Annual Report. He has no conviction of any offences within the past 10 years.

Wie Hock Kiong attended all the seven (7) Board Meetings of the Company held during the financial year ended 31 December 2015.

LOH KONG FATT
Director
(Senior Independent Non-Executive Director)
Malaysian, Age 62

Loh Kong Fatt was appointed as a Director of the Company on 8 August 2012. He is currently a member of Audit Committee, Nomination Committee, and the Chairman of the Remuneration Committee of the Company.

He holds a Bachelor of Business Degree from Deakin University, Warrnambool, Australia.

Loh Kong Fatt was principally involved in the formulation of new strategies, business plans and directions of UMBC Finance Bhd in his secondment from the parent company UMBC Bank Bhd in 1987. Leading to UMBC Finance Bhd's turnaround and set the company towards profitability. He was nominated by the UMBC Finance's Board and approved by Bank Negara Malaysia to assume the Chief Executive Officer's position for the then troubled financial institution, Kuala Lumpur Finance Bhd in 1989. He subsequently successfully paved the merger of two financial institutions and became the Head for Credit and Marketing of the enlarged portfolio thereafter.

In 1993 he returned to UMBC Bank to assume the post of General Manager, Corporate and Commercial Banking. The bank turned in very healthy profit by the time he left in 1996. He was also with Alliance Bank Bhd ("ABB") as the Senior General Manager for Corporate Banking. He was the Acting CEO of ABB for a short duration and left the position in 2005 when the new CEO came onboard.

Loh Kong Fatt does not have any family relationship with other Directors and/or major shareholders of the Company. He has no conflict of interest and does not hold any shares in the Company and its subsidiaries. He has no conviction of any offences within the past 10 years.

Loh Kong Fatt attended all the seven (7) Board Meetings of the Company held during the financial year ended 31 December 2015.

Corporate Milestone

1996

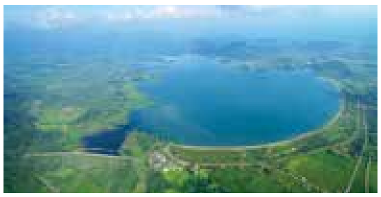
Pesona Metro Sdn Bhd ("PMSB") was established and commenced business as subcontractor.

2002

PMSB won its first "Design and Build" project as the main contractor. This "Rehabilitation and Beautification of Melaka River Project" Phase 1,2 and 3 ("Sg. Melaka Project") came with a contract value exceeding RM234 million.

2005

PMSB won its first "Design and Build" highway project at Jalan Pantai Laluan TI/T3 from Merang to Kuala Besut, Terengganu.



2006

PMSB secured its first high-rise residential project, Zehn Bukit Pantai, Kuala Lumpur comprising of two blocks of 25-storey luxury condonminium.

2008

Secured "Design and Build" for the Project Timah Tasoh Dam, Perlis.

2009

- PMSB was certified as having complied with ISO 9001:2008, the international standard for quality management systems.
- The Sg. Melaka project was named the Winner for Category 8 (Special Category) for PAM 2009 Awards.
- PMSB received a Letter of Appreciation from JKR Terengganu for the Jalan Pantai Laluan T1/T3 dari Merang ke Kuala Besut, Terengganu Project.
- PMSB received the 2009 Malaysia Independence Award under the Malaysia's Prominent Property Construction Company category.

2010

- PMSB received a Letter of Appreciation from the Melaka State Government for the Sg. Melaka Project.
- PMSB received a Letter of Appreciation from Juta Asia Properties & CapitaLand (Singapore) for the Zehn Bukit Pantai Project.

- PMSB won the Best Brand in Engineering and Construction in the BrandLaureate SME Chapter Award.
- PMSB emerged as the 2nd Runner Up for the Golden Bull Award.
- PMSB again was awarded with the Malaysia Independence Award under the Malaysia's Prominent Property Construction Company category.

2011

- PMSB received a Letter of Appreciation (Grade A Status) from JKR (HQ) in relation to the construction of a government building project in Johor.
- The Sg. Melaka Project received the FIABCI Award under the Special Category Award for National Contribution.

2012

The CIQ Melaka Project was named the Overall Champion or Best Project Management in the Design and Build Category from the Ministry of Work.

Pesona Metro Holdings Berhad ("PMHB") was listed on the Main Market of Bursa Malaysia Securities Berhad under the Construction Sector.

Sastra U-Thant project was certified as the First Condominium Construction Project to receive the 5-S certification in Malaysia.

2014

PMSB completed the construction of its first green building, Menara Technip at Kuala Lumpur, which carries a Gold Provisional GBI certification. This building achieved a score of 73% in QLASSIC by CIDB.

PMSB was certified as having complied with OHSAS 18001:2007, the international standard for occupational health and safety management systems.

Pesona Saferay Sdn Bhd received the Malaysia Good Design Mark 2013 from Majlis Rekabentuk Malaysia for the Architecture and Environment category.

PM2 obtained the IBS status as a manufacturer for EPS panels, a certified IBS component by CIDB.

The Central Spine Road Pakej 3: Gua Musang, Kelantan ke Kg. Relong, Pahang Seksyen 3F1: Kg. Kubang Rusa ke Kg. Sg. Yu project won the First Runner Up for the Innovative Project Management 2014 Award by the Ministry of Works Malaysia.

PM2 panel had been certified by Green Pages Malaysia as a sustainable building material which passed the application Green Building Index credits for (1) Energy efficiency (EE); (2) Indoor Environment Quality (EQ); (3) Sustainable Site Planning and management (SM); and (4) Material and Resource (MR).

2013

PMSB was certified as having complied with ISO14001:2004, the international standard for environmental management systems.

The Sg. Melaka Project received the Silver Award of Merit for Category 1-Infrastructure from ACEM.

The CIQ Project championed the Contractor Excellence Award for the Large Infrastructure Project Exceeding RM50 million category from JKR.

PMHB acquired the entire issued and paid-up capital of Pesona M2 Sdn Bhd ("PM2") making it a wholly-owned subsidiary of the Company. PM2 subsequently changed its name to PM2 Building System Sdn Bhd on 15 January 2014.

PSSB won the Silver Award for MIIP Interior Industry 2014 Awards under the Interior Products for Furniture, Furnishing & Fittings Category for Bibik Heritage project at KLIA 2, Sepang.

PMSB obtained 3 Green 5-S certifications of recognition from SIRIM Berhad for the implementation of Green 5-S Program according to SIRIM's Green 5-S Criteria at The Mews, Third Avenue and UniMap project sites respectively.

2015

The Suruhanjaya Pilihanraya project received the Highest Merit Points 2014 for Health, Safety and Environment category for high-rise buildings.

Subsequently, the same building achieved a score of 81% in QLASSIC by CIDB and 77.3% in CONQUAS by Building & Construction Authority Singapore. Both the scores are among the highest achieved by premium contractors in Malaysia.

Chairman's Statement

Dear Shareholders,

The year 2015 was both a challenging and opportunistic one for Pesona Metro Holdings Berhad. Amidst a challenging operating environment that had an impact on our sales of polyurethane products abroad, we made good strides forward on the financial and operational fronts to turn in a 51% hike in profit before tax despite a slight 3% dip in revenue. The year also saw us undertaking several strategic acquisitions to diversify our business, secure recurring long-term revenue streams and spread our business risk. As a result, we are today well poised to move confidently forward to make the most of the opportunities before us. On behalf of the Board of Directors, it is my privilege to present the Annual Report and Financial Statements of Pesona Metro Holdings Berhad ("PMHB" or "the Group") for the financial year ended 31 December 2015.

DATO' LEE TUCK FOOK
Chairman

Third Avenue, Cyberjaya

PERFORMING STEADFASTLY AMID 2015'S CHALLENGES

In 2015, the global economy grew by just 3.1%, its weakest pace since the 2009 recession. Global economic activity remained subdued even as growth in emerging markets and developing economies slowed for the fifth consecutive year while the advanced economies experienced a modest recovery.

The year saw Malaysia's real GDP dropping to some 5.0% from 6.0% previously. As a major producer and exporter of hydrocarbons and other commodities, Malaysia's economy was affected by plunging demand and prices on these fronts. Its GDP growth was also affected by the economic slowdown in China, its leading trade partner, and subdued expansion of household spending. Despite the headwinds surrounding the domestic economy, Malaysia's construction sector continued to outpace other economic activities to post a growth of 8.2% in 2015 (2014 : 11.8%).

Amidst this backdrop, the Group's Construction Division continued to perform steadily, deriving a steady stream of income from both government and commercial projects. The year's projects entailed planning and constructing a government complex in Johor; constructing serviced apartments, condominiums, office towers and medical facilities; as well as undertaking road construction activities. While the private development segment experienced a slowdown in 2015, our Construction Division remained active with plenty of tenders for residential and hospital developments.

Even when the value of the Ringgit dropped significantly over 2015, this did not affect the Construction Division significantly as we do not rely on imported materials but instead source our materials locally. The drop in steel prices over the year proved beneficial to our construction business. Today, with a solid pipeline of projects including government-commissioned hospitals already in hand, the Group expects to continue turning in a good performance despite the slowdown in the property development segment.

The performance of our Manufacturing Division, however, was impeded in 2015 due to the conflict in the Ukraine which continued to affect European demand for our polyurethane products. To offset the decline in demand from that part of the world, we shifted our focus to the domestic market as well as set our sights on export demand from Thailand, Japan and the Middle East.

SOUND FINANCIAL PERFORMANCE

For the financial year ended 31 December 2015, PMHB recorded total revenue of RM258.8 million, a 3% or RM8.6 million decrease from revenue of RM 267.4 million in the previous year. The lower revenue was mainly attributable to the completion of three projects during the year under review. Other contributing factors were the lower revenues from the polyurethane business which was affected by the conflict in Eastern Europe and the fall of the Rouble.

Port Klang Bridge, Selangor

Student hostels at Universiti Malaysia Perlis

Despite the lower revenue, the Group's profit before tax ("PBT") rose by 51.0% to RM16.1 million in 2015 as compared to PBT of RM10.7 million in the preceding year. This increase mainly came on the back of contributions from higher margin construction projects where the overall gross profit margin improved from 10% to 15%, as well as profit contributions from our Industrialised Building System ("IBS") segment. However, the higher PBT was offset by the impairment loss on receivables of RM1.7 million from the polyurethane products division, the additional cost of RM1.9 million incurred on a completed project, higher payroll costs and depreciation charges of RM2.0 million.

SHAREHOLDER VALUE CREATION

In respect of the financial year ended 31 December 2014, the Board declared a single tier interim dividend of 1 sen per ordinary share amounting to RM5.18 million which was paid out on 26 March 2015, in line with the preceding year's dividend payment.

The Board of Directors is pleased to recommend a single tier final dividend of 1 sen per ordinary share amounting to RM6.54 million, in respect of the financial year ended 31 December 2015, which is subject to shareholders' approval at the forthcoming Annual General Meeting.

Back in early January 2015, our shareholders approved the proposal to issue free warrants on the basis of one warrant for every two PMHB shares held by our shareholders as at 23 January 2015. As such, a total of 255,101,224 free warrants were issued on 28 January 2015. These free warrants are exercisable until 27 January 2020 at a price of RM0.25 per warrant, being the par value of PMHB shares. As of 31 December 2015, a total of 143,792,711 new ordinary shares of RM0.25 each were issued pursuant to the conversion of warrants. The proceeds amounting to RM35,948,177.75 have been utilised as working capital for the Group.

KEY CORPORATE DEVELOPMENTS IN 2015

For the year in review, the Group focused its efforts on diversifying its businesses to ensure future growth and to secure recurring revenue streams for the Group.

In line with the Group's goal of securing recurring income, 2015 saw us embarking on the acquisition of SEP Resources (M) Sdn Bhd for RM29.15 million. SEP Resources holds a 22-year concession valued at approximately RM600.0 million for managing and maintaining the Universiti Malaysia Perlis ("UniMAP") building on top of designing and developing the student hostels for RM129.8 million. The project, which is targeted to be completed by mid-2016, is expected to contribute positively to the Group's recurrent long-term revenue upon completion. The acquisition is targeted to be completed in 2016.

KPJ Specialist Hospital Bandar Dato' Onn, Johor

In early February 2015, PMHB entered into a sale of shares agreement ("SSA") with Wie Hock Kiong and Wie Jay Sern to acquire the entire equity interest in Megah Mestika Sdn Bhd ("MMSB") comprising 1,000 ordinary shares of RM1.00 each for a purchase consideration of RM1,000.00. PMHB also undertook to settle MMSB's liabilities to all its creditors amounting to RM3,027,497.00. MMSB, via its associated company, Saluran Arena Sdn Bhd, has submitted a proposal to the government for an expressway concession. In the event the associated company succeeds in securing the concession, PMHB may benefit immediately from the construction of the expressway and may become part of the expressway concessionaire holder. The SSA was completed in the year under review with full settlement of the liabilities due to all MMSB's creditors.

On 27 April 2015, the Company entered into a SSA with Semarak Korporat Sdn Bhd to acquire a 90% equity interest stake in Selasih Asli Sdn Bhd ("SASB") comprising 180,000 ordinary shares of RM1.00 each for a purchase consideration of RM60.0 million. A special-purpose vehicle, SASB, was incorporated to enter into a concession agreement with the relevant authorities for the design, development and maintenance of student hostels at a tertiary-level institution in Peninsular Malaysia.

With these acquisitions, PMHB is now poised to capitalise on opportunities that will provide recurring income and consistent cash flow once the projects are delivered. The acquisition of SASB will also provide a platform for the Group to bid for more projects such as student hostels.

On 29 May 2015, Ratus Syabas Sdn Bhd, a wholly-owned subsidiary of PMHB, entered into a sale and purchase agreement with Sri Jami Group (M) Sdn Bhd to acquire 62.69 acres of freehold agricultural land. Valued at some RM9.9 million, the land will serve as a site for future construction projects. The terms of the Agreement were fully satisfied on 29 January, 2016.

OUR COMMITMENT TO RESPONSIBLE PRACTICES

As a responsible corporate citizen, the Group is mindful of the need to strike a balance between our economic ambitions and environmental and societal considerations. To this end, our Corporate Responsibility ("CR") efforts in 2015 revolved around charity homes, the Group's Scholarship Programme, recycling programmes and workplace initiatives that encouraged teamwork and unity.

In September 2015, the Group organised five batches of teambuilding exercises for all employees under the theme "Together We Can." The programme, initiated by management as part of the Group's employee development efforts, sought to prepare and strengthen employees for 2016's challenging market conditions, as well as inculcate camaraderie and work ethics among them. A total of 225 employees, together with top management, attended the teambuilding sessions. Going forward, we are looking to organise similar events to align our workforce with the goals and objectives of the Group.

Home visit programme
at Persatuan Insan Istimewa Cheras,
Selangor

"Together We Can" Teambuilding, part of the Group's employee development efforts.

Today, the Group continues to engage in responsible waste management at our construction sites. We employ SIRIM's Green 5-S practices and implement waste management programmes to reduce, reuse, recycle and refuse all possible waste before discarding them into landfills. The details of these activities and our other corporate responsibility activities are spelt out on pages 24 to 28 of this Annual Report.

MOVING FORWARD

Global growth is projected to progressively increase to 3.4% and 3.6% in 2016 and 2017 respectively. The slowdown and rebalancing of the Chinese economy, lower commodity prices, and constraints in some large emerging market economies, will continue to impact growth prospects between 2016 and 2017. Growth in Malaysia too is expected to expand at a slower pace in 2016 and will further moderate in 2017 due to a slowdown in domestic demand. The expectation is for GDP growth of 4.5% per annum for Malaysia over the next two years as a result of easing private consumption growth, the continuation of low oil prices, and the effect of low commodity prices on exports.

The 2016 Malaysian Budget underscores the government's commitment to infrastructure development and supports ongoing developments plans such as the 11th Malaysia Plan and the Economic Transformation Programme. While public projects are expected to continue driving construction activity, the weakening residential and non-residential buildings segments will be a drag on overall growth. Real growth in Malaysia's construction sector is expected to moderate over the coming years, decelerating from 8.2% in 2015 to 7.9% in 2016 and 6.6% in 2017.

Amidst this challenging economic and industry scenario, the PMHB Group is confident of growing in strength by implementing sustainable and economically viable measures. These include investing in construction equipment and machinery, as well as securing more infrastructure projects for our Construction Division as infrastructure projects generally generate a higher profit margin. At the same time, we will closely monitor the deprecation of the Ringgit, rising operational costs such as the proposed 100% increase in the government-enforced labour levy, plus other factors that may affect our performance.

We will also work hard to leverage on the long-term projects that we have secured. The UniMAP project is expected to start generating income by August 2016 and our order book currently has projects that will carry us into 2018. As at 31 December 2015, the Group had an outstanding order book of RM699.88 million comprising six on-going projects. Coupled with the three new projects amounting to RM521.9 million secured in 2016, the Group will have a combined order book exceeding RM1.2 billion to be delivered over the next two years.

In line with our business strategy of ensuring sustainable growth, we will continue to explore recurring income businesses such as student hotels among other things. Our aim is to generate more regular income, as well as to diversify our business so as to reduce our reliance on the construction business which is cyclical. The Board is confident that the Group will deliver a satisfactory performance in 2016.

ACKNOWLEDGEMENTS

Our success is owing to many parties and we wish to acknowledge all who have played a part in helping us get where we are today. On behalf of the Board of PMHB, I wish to express my sincere appreciation to you, our valued shareholders for your steadfast trust and confidence in the Group. My heartfelt gratitude also goes to our valued customers and clients, bankers, government departments and agencies, vendors, suppliers and all others who continue to lend PMHB their unwavering support and kind cooperation.

To the many external partners that work with us and whose support and reliability has been critical to our success, a big thank you from us. To the management and employees of our new subsidiaries and associate companies, we appreciate your kind support and cooperation and look forward to maintaining a mutually beneficial relationship with you for many years to come.

To our employees and the management team, please accept my deep gratitude for your hard work, loyalty and commitment to excellence, especially amidst 2015's challenges. To my colleagues on the Board, thank you for your guidance and counsel that have helped steer PMHB forward amidst opportunistic and challenging times.

As the Group ventures forth on our journey to success, we ask that all our stakeholders continue to lend us their invaluable support.

DATO' LEE TUCK FOOK
Chairman
8 April 2016

Managing Director's
Review Of Operations

Dear Shareholders,

I am pleased to report that despite the challenges of a volatile operating environment, particularly on the overseas front, Pesona Metro Holdings Berhad ("the Group" or "PMHB") continued to deliver a sound performance in 2015 with our Construction Division under Pesona Metro Sdn Bhd ("PMSB") taking the lead.

WIE HOCK BENG
Managing Director

KEY ACHIEVEMENTS IN 2015

Over the course of 2015, PMSB acquired a score of 81% under the QLASSIC assessment for its work on the headquarters of the Elections Commission (also known as Suruhanjaya Pilihanraya or "SPR") in Putrajaya. The QLASSIC or Quality Assessment System in Construction is an independent method employed by the Construction Industry Development Board Malaysia ("CIDB Malaysia") to assess and evaluate the quality of workmanship of building projects based on approved standards. The SPR project also achieved a score of 77.3% under the CONQUAS or Construction Quality Assessment System assessment by the Building and Construction Authority Singapore. Both these scores are among the highest achieved by premium local contractors in Malaysia. The year also saw PMSB achieving a QLASSIC score of 73% for Menara Technip, the Group's first green building project.

In 2015, PMSB also went on to achieve a 4-Star rating under the SCORE Programme developed by CIDB Malaysia in collaboration with SME Corp. The SCORE assessment system aims to raise the level of professionalism of Malaysian contractors by assessing companies on their management strength, technical expertise, business performance and best practices.

We are elated yet humbled by these awards and accolades. They encourage us to work all the more harder to deliver innovation and value to our customers so that we can continue to build enduring relationships with them as well as stand apart from our competitors.

PERFORMANCE OF THE CONSTRUCTION DIVISION

Despite the external headwinds buffeting Malaysia's economy, the construction sector continued to outperform other economic sectors in the year under review. Our Construction Division under PMSB, continued to be the main contributor to the Group's overall performance accounting for 94% of the Group's revenue in 2015. The division achieved revenue of RM300.4 million and profit after tax ("PAT") of RM9.5 million in 2015, a 17% and 58% rise in revenue and PAT respectively from the preceding year. The division's good performance was attributable to a stable stream of income from both government and commercial projects.

Completed Projects

The year saw our construction arm bringing several projects to full completion. In early 2015, we completed Menara Technip which went on to receive Malaysian Green Building Index ("GBI") Gold provisional certification, thus cementing the Group's standing as a builder of high-quality sustainable buildings.

We also brought to completion the SPR headquarters in Putrajaya, which was formerly an abandoned structure. For the stringent health and safety practices that PMSB implemented throughout the duration of the project, it was recognised by Putrajaya Holdings as being the "Highest Merit Point Achiever in 2014" in the High Rise Building category.

In November 2015, PMSB completed the construction of a bridge across the railway tracks at Jalan Pelabuhan, Port Klang in Selangor. Commissioned by the Omazol Corporation Sdn Bhd-Interjuta Raya Sdn Bhd joint venture, the project involving design and construction works, took approximately four years to complete.

SPR Headquarters, Putrajaya

Menara Technip, Kuala Lumpur

Ongoing Projects

Today, the Group's ongoing projects include The Mews at Jalan Yap Kwan Seng, a luxury serviced apartment development that is being developed by renowned developers Eastern & Oriental Berhad. Located in the heart of Kuala Lumpur, this premium project places a demand on stringent quality and project management standards and is set to place PMSB on par with other prominent builders of luxury high-rise developments.

Among the other ongoing projects that will continue to generate income for the Group are the design and construction of Phase II of a government complex in Johor Bahru; as well as the design, construction and completion of the facilities and infrastructure relating to student hostels for Universiti Malaysia Perlis ("UniMAP").

New Projects

The year saw our construction arm continuing to work hard to secure new projects that will contribute to the Group's earnings over the next few years. In March 2015, PMSB secured the RM169.27 million 3E2 Gua Musang road works project in a joint venture with Pembinaan Kaleigh Sdn Bhd and Hanawin Sdn Bhd. The project commenced in March 2015 and is expected to run for a duration of 36 months. Located along the Central Spine Road (Package 3) which links Gua Musang to Kg. Relong, both in the state of Kelantan, the road works project is part of the East Coast Economic Region Plan. PMSB had previously completed the construction of Segment 5 and Section 3F of the road works between 2010 and 2013.

April 2015 saw PMSB receiving a letter of award from PBT Engineering Sdn Bhd, a subsidiary of Singapore-listed Tee International Ltd, to undertake construction works for the Third Avenue project in Cyberjaya. The RM266.75 million mixed-use project comprising retail and small flexible office units will see us involved in the construction of a 17-storey office block, one 30-storey and one 35-storey SOHO tower block, plus car parks over an estimated duration of 29 months.

PMSB also won a RM144.17 million contract to construct a 150-bed hospital block for KPJ Healthcare Berhad ("KPJ"). The project, which will involve building works on a nine-storey block for KPJ's Bandar Dato' Onn Specialist Hospital in Johor, kicked off in October 2015 and is expected to run for 15 months.

In January 2016, we were awarded a RM26.7 million project to construct a carpark block for Pantai Hospital in Ayer Keroh, Melaka. In February 2016, PMSB was awarded the construction project worth RM181.3 million for GenKL, a 31-storey luxury condominium with 325 units in Kuala Lumpur. In March 2016, PMHB in a joint venture with GPQ Sdn Bhd and Semarak Korporat Sdn Bhd, won a RM313.85 million contract to build Universiti Sultan Zainal Abidin's ("UniSZA") teaching hospital in Terengganu.

On another note, upon the completion of the acquisition of SEP Resources (M) Sdn Bhd in 2016, we will secure a 22-year concession (amounting to approximately RM600.0 million) to manage and maintain the UniMAP building. This project which is targeted for completion sometime in mid-2016, will contribute positively to our recurrent long-term revenue once it is up and running.

3E2 Gua Musang road works projects, Pahang

PERFORMANCE OF THE MANUFACTURING DIVISION

Despite experiencing a very challenging year, our Manufacturing Division's revenue grew by 49% to RM14.9 million in 2015 from RM10.0 million previously, while its PAT grew 25% to RM2.5 million in comparison to PAT of RM2.0 million previously. The Group's newly acquired subsidiary, PM2 Building System Sdn Bhd ("PM2") continues to be the main contributor to the division's earnings.

Pesona Saferay Sdn Bhd ("PSSB")

The year 2015 proved to be a year of transition for our subsidiary PSSB that produces polyurethane products. Following the decrease in our sales in Eastern Europe due to the Ukrainian crisis and the decline of the Russian Rouble, we were compelled to shift our target market elsewhere. We have since focused on building up our clientele base and market influence both locally and internationally in Thailand, Japan and the Middle East.

PM2 Building System Sdn Bhd ("PM2")

As the Group's supplier of expanded polystyrene EPS panels, PM2 continues to make good inroads into the industrialised building system ("IBS") as well as the green building segment. PM2's EPS products, which meet Malaysia's stringent GBI criteria, are today being used in the Group's numerous projects, including the UniMAP project in Perlis. Having fulfilled all orders for its IBS productions in 2015, PM2 temporarily ceased operations in the fourth quarter of 2015 while awaiting tenders for new projects.

QUALITY, HEALTH, SAFETY AND THE ENVIRONMENT ("QHSE")

Here at PMHB, we are committed to providing a safe and healthy environment for every individual within the Group, be it an employee, sub-contractor or visitor. We demonstrate this commitment through the enactment of several strategic QHSE initiatives which we update regularly. We continue to apply SIRIM's 5-S method in our implementation of QHSE best practices at all worksites.

Over the course of 2015, we launched our Green 5-S certification exercise with SIRIM Berhad whereby three of our construction projects, namely The Mews, Third Avenue and UniMAP, implemented a series of training, consultancy and auditing exercises before they were certified under the Green 5-S Recognition Scheme Awards 2015 initiative. The Green 5-S initiatives were also implemented at our headquarters.

PMSB continues to successfully maintain the OHSAS 18001:2007 system that it received certification for in March 2014. This international standard for occupational health and safety management systems attests to the company's commitment to ensure strict compliance in this area throughout its operations. PMSB also continues to successfully maintain its ISO 14001:2004 environmental management system that it received certification for in 2013 and ISO 9001:2008 quality management system that it received certification for in 2009.

2015 HSE Excellence Award

PM2's manufacturing plant in Perak

GOING FORWARD

Going forward into a new year, the Group will focus its efforts on strengthening the Construction Division by making the necessary investments in construction equipment and machinery as well as people development to ensure we maintain our competitive edge. In line with our strategy of ensuring sustainable growth, we will continue to explore recurring income businesses such as student hotels. We intend to generate more regular income and to diversify our businesses so as to reduce our reliance on the cyclical construction business.

As we look to add more projects to our portfolio, we will optimise operational and cost efficiencies as well as keep a close watch on developments surrounding the fluctuating Ringgit, the government-enforced labour levy and the tensions overseas, plus any other elements that may impinge on our performance.

As at end 2015, we had in hand six on-going projects which amounted to RM699.88 million. Together with the three new projects amounting to RM521.9 million secured in 2016, the Group has a combined order book of some RM1.2 billion which will carry us into 2018. Going forward, we anticipate turning in a satisfactory performance in financial year 2016.

IN APPRECIATION

I would like to place on record my sincere gratitude to our dedicated employees for their worthy efforts and loyalty to the Group. Their excellent service rendered to the Group amidst the most trying of moments in 2015 deserves our recognition and appreciation.

My heartfelt thanks also to my colleagues on the management team for their astute leadership and unwavering commitment to ensure that we delivered on all our promises. Their continuous efforts in rallying everyone to keep a steadfast focus on our Vision and Mission is admirable. We continue to win awards under their leadership and guidance, an achievement which we can all be especially proud of. My deep gratitude goes to the members of the Board for their wise counsel and insights that certainly helped us stay on course and deliver another good performance.

We call upon all our stakeholders to lend us their unwavering support as we work hard to deliver a sound performance in the coming year. Thank you.

Wie Hock Beng
Managing Director
8 April 2016

Carpark block project at
Pantai Hospital, Melaka

The Mews, Kuala Lumpur

GenKL, Kuala Lumpur

Corporate Responsibility Report

As a socially responsible corporate entity we are committed to giving back to our workplace, community, environment and marketplace. We do this through our daily engagement with our clients, consultants, suppliers, workers, employees and local community as well as through our efforts to preserve the environment.

We believe that our implementation of effective Corporate Responsibility ("CR") practices gives practical expression to what we stand for and assures stakeholders that we are committed to upholding our core values. In order to protect long-term shareholder value and the sustainability of the Group, our CR activities are aimed at providing a conducive workplace, improving the livelihood of our community, preserving our environment and maintaining a fair marketplace for all.

In 2015, Pesona Metro Holdings Berhad ("the Group" or "PMHB") and its subsidiaries carried out a series of CR activities that were in line with the Group's CR mission to "always be aware of our obligations to society and the environment, helping those in need, and making good our natural environment". Our CR practices also aligned with our business plans and strategies that aim to maximise returns for stakeholders.

WORKPLACE

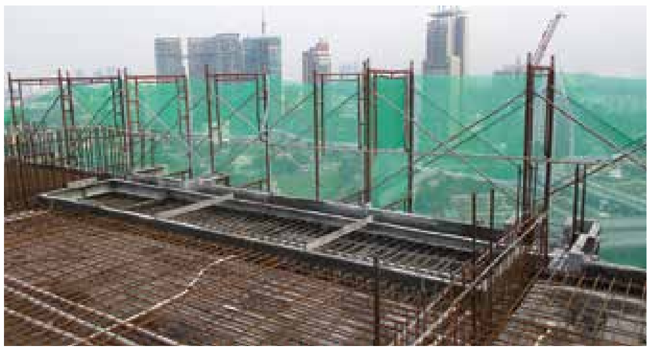
We believe that our success is driven by the strength of our employees, management and assets. To this end, the Group remains committed to creating a holistically safe and productive working environment in which our employees are able to thrive in and achieve their goals on both the individual and corporate levels via developmental opportunities and our internal recognition programme. We are also constantly on the lookout to upskill high calibre employees and officers whom might prove beneficial to our value chain.

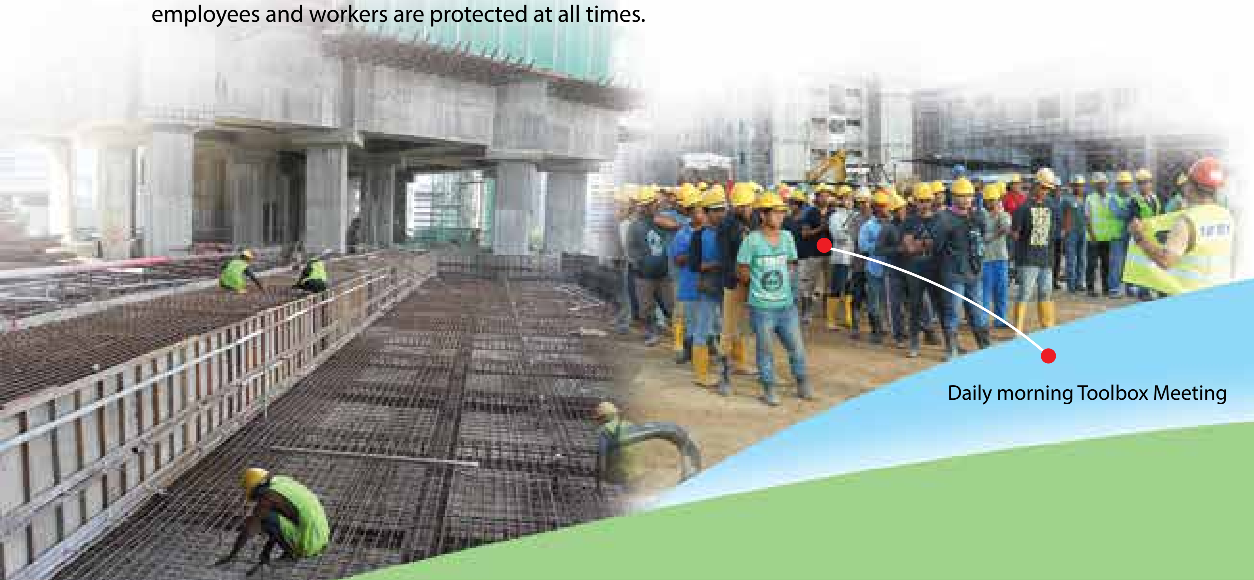
Health and Safety

Safety across the length and breadth of our operations continues to be a top priority for the Group and we continue to improve and implement safety measures both at our headquarters and at our worksites. As a responsible builder, we are well aware of the occupational hazards which our employees and workers are exposed to daily such as falls from a height, unguarded machinery, the dangers of being struck by heavy construction equipment, electrocution, as well as the negative effects of silica dust and asbestos, among other hazards.

All our onsite employees and workers are expected to be engaged in maintaining safe work sites through their involvement in health and safety meetings as well as through their involvement in safety inspections. They are given safety training at the commencement of employment and regularly throughout their career with the Group.

Each site maintains a Project Occupational Safety And Health Plan ("POSH") which is monitored by the Health & Safety Officer. The POSH addresses new regulations, site procedures and actions to improve health and safety. The sites also have in place processes such as hazard identification and risk assessment that ensure all onsite personnel are aware of the risks involved. Each site is assigned at least one Health & Safety Officer who oversees all aspects pertaining to onsite health and safety issues and ensures an emergency response capability suited to the working environment is in place. Regular audits by authorities are also carried out to ensure that all health and safety measures are complied with as per local laws and regulations so that our employees and workers are protected at all times.





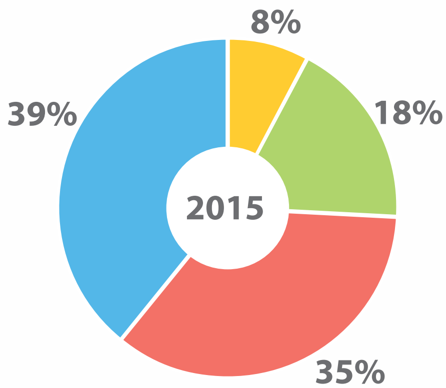
Daily morning Toolbox Meeting

Skill Trainings and Seminars

In line with the Group's commitment to achieving excellence, technical competence and professionalism, our Human Resource Department rolled out a succession of training programmes across all levels of the organisation in 2015. We designed the programmes to equip our people with not only technical skills and expertise but also with non-technical, behavioural and personal enhancement opportunities which will enable them to effectively manage time, resources and people.

One such programme was our teambuilding initiative which aimed to transform and strengthen our workforce into stronger, more united entity. As PMHB makes good strides forward, it is essential that all employees share the same enthusiasm for the Group's vision and goals. A total of 225 employees together with top management attended the teambuilding session. Going forward, the Group is looking into organising more of such training programmes for its employees to better align them with the goals and business objectives of the Group.

Types of Training/Seminars Conducted for Employees in 2015



- Health & Safety
- Quality
- Environment
- Personal Enhancement Programmes

Employee Recognition

At Pesona Metro, we value our employees' dedication to carrying out their tasks faithfully. We are committed to caring for a diverse and inclusive workforce (encompassing both foreign and local personnel) in which all employees feel valued and are inspired to do their best. The Group continues to recognise outstanding employees who are self-starters and who are keen to initiate new methods to improve work performance and the timely delivery of high quality products to their respective stakeholders and clients.

Employees Awards and Recognition in 2015

	Individual	Team
Good Action Award	10	NA
HSE Excellence Award	1	1
5S Practice Award	NA	1
Good Attendance Award	1	NA
10-year Long Service Award	5	NA

Sports Club

The Pesona Metro Sports Club continues to play a key role in helping forge better ties between employees through the various sports activities it organises. Today, weekly activities such as futsal, bowling and badminton are carried out at the Group's headquarters and the respective construction sites.

In view of the Group's growing workforce and in accordance with the Group's business strategy, the Pesona Metro Sports Club has also been tasked with providing support for employees' emotional and physical wellbeing through sports and social activities. A new committee for 2016/2017 has been elected to roll out more programmes including CR projects and sports activities. To date, the committee has planned a variety of projects ranging from tree planting to hiking and other outings to inter-department/ inter-site tournaments to build camaraderie between employees and strengthen their wellbeing.

COMMUNITY

Since Pesona Metro's inception more than two decades ago, we have had a long history of undertaking philanthropic endeavours and we remain fully committed to positively impacting the communities in which we operate. From creating job opportunities, both skilled and non-skilled, to providing monetary support to charity homes in need, we are focusing our efforts on developing a sustainable future for these communities. Beginning at a grassroots level, we interact with local residents, governments, non-governmental organisations and other interest groups to facilitate long-term and beneficial resource development. Our community-based CR efforts for 2015 included charity home visits and our Scholarship Programme.

Charity Home Initiatives

In 2015, a total of 40 employees from our headquarters and site offices teamed up to lend a helping hand to Persatuan Rumah Amal Murni Kajang. A home for the mentally and physically challenged as well as the homeless and elderly, the home has been operating for the past decade and currently houses 30 individuals. From a general clean up to landscaping activities, the team from PMHB spruced up the home so as to make the resident's stay there more comfortable and pleasant.

In the month of October, we paid a second visit to Persatuan Insan Istemewa Cheras, a home and training centre for special needs children whom require financial and physical assistance. We not only donated dairy products and funds to the home, but also organised activities such as interactive games and colouring activities for the children.

Scholarship Programme

We strongly believe in driving excellence and that talented and promising students should be encouraged to pursue their dreams. In line with this, 2015 saw us rolling out the fifth year of our Scholarship Programme. The main purpose of our programme is to grant financial aid to deserving undergraduates who are financially challenged in order to lighten their burden in pursuing tertiary education in Malaysia. In 2015, we awarded our scholarship to a scholar who is currently pursuing a degree in Construction Management with a local university.

ENVIRONMENT

As a conscientious developer, we are constantly exploring new ways to operate in which we can mitigate our carbon footprint. It is clearly understood that construction activity leads to the generation of solid wastes, which include sand, gravel, concrete, stone, bricks, wood, metal, glass, plastic and paper, among other things. As such, the Group takes special measures to minimise the impact of its construction activities on the environment through our stringent observance and practice of the Green 5-S (sort, set in order, shine, standardise, and sustain) methodology as part of our waste management programme.

As part of our Green 5-S programme, we practice 4R (Reduce, Re-use, Recycle and Refuse) where we reduce waste generation by discouraging mistakes in our developments so that no re-work is required. We also salvage and re-use demolition wastes such as rocks, wood planks and cement blocks. We also segregate and recycle all other discarded materials such as paper boxes, wrappers and wooden trays, among other materials.

Our Green 5-S efforts for the year in review included weekly gotong royong sessions to ensure construction sites were constantly kept clean and neat. We also introduced internal awareness training on Green 5-S and waste management procedures for all employees. This programme served as a platform to educate our employees on methods to improve environmental sustainability and to minimise the direct impact of our daily operations on the environment.

In 2015, we launched our Green 5-S certification exercise with SIRIM Berhad where three of our construction sites, namely The Mews, Third Avenue and UniMAP, underwent a series of training, consultancy and auditing exercises before they were certified under the Green 5S Recognition Scheme Awards 2015 initiative.

Following the implementation of the Green 5-S throughout the Company, we are practicing more effective housekeeping and enhancing waste minimisation based on the 4R guidelines. We are committed to creating a safer, more efficient and more environmentally friendly workplace with a well-organised work culture that is focused on productivity and quality.

Environment Management System (ISO 14001)

Upon our attaining ISO 14001:2004 certification from SIRIM in 2013, PMHB established an Environmental Management System ("EMS"). The EMS underscores our commitment to observing sustainable construction in our operations and to minimising any adverse impact of our business activities on the environment.

We are committed to delivering our services with minimal impact on the environment through the following principles:

- A focus on pollution prevention, waste minimisation and resource conservation as critical considerations within our core management process;
- Compliance with applicable legal requirements and other requirements which the Company subscribes to in relation to its environmental aspects;
- Regular performance reviews to ensure the environmental objectives and requirements of interested parties are met;
- The provision of staff training to ensure the understanding, implementation and development of these principles throughout our business activities; and
- Continual improvement through post mortems, feedback and evaluation.

Our 5-S Practise at construction sites

Statement On Corporate Governance

The Board of Directors ("Board") is committed towards adhering to the requirements and guidelines as per the Malaysian Code on Corporate Governance 2012 ("Code") as well as the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad.

The Board is of the view that it has complied with the Code and this Statement of Corporate Governance has been made in accordance with the authority of the Board on 8 April 2016. Set out below is the manner in which the Group has applied the principles of good governance and the extent to which it has complied with the Code.

ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Clear Functions of the Board and Management

The Board is responsible for the corporate governance practices of the Group. The Board guides and monitors the affairs of the Group on behalf of the shareholders and retains full and effective control over the Group.

The Board is guided by the approved Board Charter and Limits of Authority which define matters that are specifically reserved for the Board and day-to-day management of the Group delegated to the Managing Director. This formal structure of delegation is further cascaded by the Managing Director to the senior management team within the Group.

The Board delegates certain roles and responsibilities to its Board Committees, namely, the Audit Committee, Nomination Committee and Remuneration Committee which operate within clearly defined terms of reference.

At each Board Meeting, the Chairman of the relevant Board Committees presents reports and minutes of Board Committees meetings to keep the Board informed and updated on the key matters deliberated by the Board Committees.

Clear Roles and Responsibilities

The Board provides stewardship to the Group's strategic direction and operations. The Board is primarily responsible for:

- review the strategic direction of the Group;
- overseeing and evaluating the business operations of the Group;
- approving management recommendations on key matters, including acquisition or disposal of material assets and companies, funding and capital expenditure;
- reviewing adequacy of the internal control;
- identifying principal risks and ensuring that the risks are properly managed;
- establishing a succession plan for senior management positions; and
- developing and implementing an investor relations programme.

Code of Ethics

The Company's Code of Ethics sets out the standards of business and ethical conduct based on general principles, including honesty, integrity, confidentiality and fair dealing, as guidance to all employees and directors in the conduct of their business in order to enhance the standard of corporate governance and behavior.

The approved Board Charter also sets out the Directors' code of ethics in which the Board shall exercise proper conduct and good business ethics in the management of the Company by fulfilling its fiduciary duties and observing reasonable care, skills and diligence in a reasonable manner in any business judgement.

Directors recognise that they have to declare their respective interest in transactions with the Company and the Group, and abstain from deliberation and voting on the relevant resolution in respect of such transactions at the Board or at any general meetings convened to consider the matter. All related party transactions are reviewed as part of the annual internal audit plan. The Audit Committee reviews all related party transactions and conflict of interest situation which arise within the Group that may challenge the Group's integrity. Details of the related party transactions are set out in Note 32 to the financial statements.

Strategies Promoting Sustainability

The Board continues to place great emphasis on corporate sustainability through workplace, community and environment. A report on the sustainability activities appears in the Corporate Responsibility Report in this Annual Report.

Access to Information and Advice

The Board have full and unrestricted access to any information pertaining to the Group. The Board also have direct communication channels with the Internal and External Auditors, with the management of the Group and have the ability to convene meetings with the External Auditors whenever deemed necessary.

The Board may seek independent professional advice at the Company's expenses to enable them to discharge their duties in relation to matters being deliberated.

Qualified and Competent Company Secretaries

The Company engaged external qualified company secretaries from Tricor Corporate Services Sdn Bhd. The Company Secretaries are qualified to act as company secretary under Section 139A of the Companies Act, 1965 and the Company Secretaries are the Fellow and Associate member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA").

The Company Secretaries provide support to the Board in fulfilling its fiduciary duties and play an advisory role particularly with regard to the Company's constitution, Board policies and procedures and its compliance with regulatory and statutory requirements, codes, guidance and legislations.

The Company Secretaries attend all shareholders, Board and Committee meetings and ensures all deliberations at Board and Board Committee meetings are well documented and all meeting procedures are followed and recorded.

The Company Secretaries constantly keep themselves abreast of the evolving capital market environment, regulatory changes and developments in corporate governance through attendance at relevant conferences and training programmes. They have also attended the relevant continuous professional development programmes as required by MAICSA for practicing company secretaries.

Board Charter

The Board approved the Board Charter on 8 August 2012 which sets out a list of specific functions that are reserved for the Board. The Board Charter addresses, among others, the following matters:

- Duties and responsibilities of the Board;
- Directors' code of ethics;
- Composition and Board balance;
- The role of chairman and chief executive officer/managing director;
- Appointments;
- Re-election;
- Supply of information;
- Separation of power;
- Board of committees;
- Remuneration;
- Financial reporting;
- General meetings;
- Investor relations and shareholder communication; and
- Relationship with other stakeholders (employees, environment, community).

The approval and adoption of the Board Charter and Directors' Code of Ethics formalizes the standard of ethical value and behavior that is expected of the Directors at all times. The Board Charter can be viewed in the Company's website.

STRENGTHEN COMPOSITION

The Board was formed on 8 August 2012. Currently, it has five members, comprising one non-independent executive Director, two non-independent non-executive Directors and two independent non-executive Directors. Two of the Directors are independent directors, which is within the one third of MMLR requirements. Together, the Directors bring characteristics which allow a mix of qualifications, skills and experience which is necessary for the successful direction of the Group.

A brief profile of each Director is presented on pages 9 to 11 of this Annual Report.

The Group practices the division of responsibility between the Chairman and Managing Director ("MD") and there is a balance of executive, non-executive and independent non-executive Directors. The roles of the Chairman and MD are separate and clearly defined, and are held individually by two persons. The MD is primarily responsible for the overall management and the day-to-day operations of the business of the Group whereas the Chairman, who is an independent non-executive member of the Board, is primarily responsibility for the overall implementation of Board's policies and decisions. The Board has also appointed a Senior Independent Director, who acts as the designated contact to whom shareholders' concerns or queries may be raised.

The Board has established the following Committees to assist the Board in the execution of its duties:

- Audit Committee
- Nomination Committee
- Remuneration Committee

Audit Committee

The Company has an Audit Committee whose composition meets the MMLR, where independent Directors form the majority. All members of the Audit Committee are financially literate, while the Chairman of the Audit Committee, an independent Director, is a member of the Malaysian Institute of Accountants. The Audit Committee reviews issues of accounting policy and presentation for external financial reporting, monitors the work of the internal audit function and ensures an objective and professional relationship is maintained with external auditors.

The Audit Committee has full access to both the internal and external auditors who in turn, have access at all times to the Chairman of the Audit Committee. The role of the Audit Committee and the number of meetings held during the financial year as well as the attendance record of each member are set out in the Audit Committee Report in this Annual Report.

Nomination Committee

The Board has established a Nomination Committee comprising entirely non-executive Directors, a majority of whom are independent and chaired by an independent non-executive Director. The composition of the Nomination Committee is as follows:

Dato' Lee Tuck Fook *(Chairman)*
Wie Hock Kiong
Loh Kong Fatt

The terms of reference of the Nomination Committee are as follows:

- To annually review the required mix of skills, experience and other qualities, including core competencies which non-executive Directors should bring to the Board and such information will be disclosed in the annual report;
- To recommend to the Board, candidates for all directorships by reviewing the composition of independent directors in the Board by taking into consideration the tenure of independent Directors shall not exceed nine years and assessment of the independent Directors to be done annually;

- To consider, in making its recommendations, candidates for directorships within the bounds of practicability, by any other senior executive or any director or shareholder;
- To recommend to the Board, Directors to fill the seats on Board committee including gender diversity policies and targets with encouragement on recruitment of female Directors.
- To assess the effectiveness of the Board as a whole, the committees of the Board, and the contributions of each individual director;
- To examine the size of the Board with a view to determining the impact of the number upon its effectiveness.

Meetings of the Nomination Committee are held as and when necessary, and at least once a year. The Nomination Committee met once during the financial year and all members registered full attendance. The Nomination Committee, upon its recent annual review carried out, is satisfied that the size of the Board is optimum and that there is required mix of skills, experience, diversity of qualities, including core competencies and effectiveness of the Board, as a whole, the Board Committees and the contribution of each individual Directors.

The Board believes that the current size and compositions is appropriate for its purpose, and is satisfied that the current Board composition fairly reflects the interest of minority shareholders within the Group. The Board noted that, as per the recommendation of the Code, to have gender diversification for a more balance and better mix in its composition. At the moment, the Board has taken note of this requirement and has been on the look-out for a suitable female candidate who best fit the Company's needs to be appointed as Director.

Remuneration Committee

The Board has established a Remuneration Committee consisting of the following Directors, majority of whom are independent Directors:

Loh Kong Fatt *(Chairman)*
Dato' Lee Tuck Fook
Wie Hock Kiong

The Remuneration Committee reviews the remuneration packages, reward structure and fringe benefits applicable to the MD, executive Director and senior executives on an annual basis and makes recommendations to the Board. The Board as a whole determines the remuneration of the MD and the executive Director with each individual Director abstaining from decision in respect of his own remuneration.

In establishing the level of remuneration for the MD, executive Directors and senior executives, the Remuneration Committee has regard to packages offered by comparable companies, and may obtain independent advice.

Remuneration of the MD comprises a fixed salary and allowances, and a bonus approved by the Board. The remuneration for non-executive Directors comprises annual fees, meeting allowance and reimbursement of expenses for their services in connection with Board and Board Committee meetings.

The terms of reference of the Remuneration Committee are as follows:

- To review and recommend the remuneration packages of the executive Directors in all its terms, drawing from outside advice whenever necessary prior to making the relevant recommendations to the Board such that the levels of remuneration are sufficient to attract and retain the directors needed to run the Company successfully;
- The determination of remuneration package of non-executive Directors should be a matter of the Board as a whole.

Meetings of the Remuneration Committee are held as and when necessary, and at least once a year. The Remuneration Committee met once during the financial year and all the members registered full attendance.

DEVELOP, MAINTAIN AND REVIEW CRITERIA FOR RECRUITMENT

Appointment and Re-election of Directors

As documented in the Board Charter, the appointment of a new Director and the criteria used for selection is a matter for consideration and decision by the full Board upon appropriate recommendation by the Nomination Committee. New Directors are expected to have such expertise so as to qualify them to make positive contribution to the Board, performance of its duties and to give sufficient commitment, time and attention to the affairs of the Company.

The Board is supported by suitably qualified and competent Company Secretaries. The Company Secretaries have the responsibility of ensuring that relevant procedures relating to the appointment of new Directors are properly executed.

In accordance with the Company's Articles of Association, all newly appointed Directors shall retire from office but shall be eligible for re-election in the next Annual General Meeting subsequent to their appointment. The Articles further provide that a least one third of the remaining Directors be subject to re-election by rotation at each Annual General Meeting. Directors over seventy years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

Directors' Remuneration

The Company aims to set remuneration at levels which are sufficient to attract and retain the Directors needed to run the Company successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved, but without paying more than necessary to achieve this goal. The level of remuneration for the MD is determined by the Remuneration Committee after giving due consideration to the compensation levels for comparable positions among other similar Malaysian public listed companies. A formal review of the Directors' remuneration is undertaken no less frequently than once every three years.

The details on the aggregate remuneration of Directors for the financial year ended 31 December 2015 are as follows:

	Non-executive Directors RM'000	Executive Director RM'000	Total RM'000
Directors' fees	216	–	216
Salaries	–	498	498
Bonuses and project incentives	–	329	329
Employees provident fund contribution	–	100	100
Benefits in kind & allowances	–	28	28
Total	216	955	1,171

Remuneration paid to Directors during the year analysed into bands of RM50,000, which complies with the disclosure requirements under the MMLR is as follows:

	Non-executive Directors	Executive Director
Up to RM50,000	3	–
From RM50,001 to RM100,000	1	–
From RM950,001 to RM1,000,000	–	1

REINFORCE INDEPENDENCE

Annual Assessment of Independence

Independent non-executive Directors play a leading role in Board Committees. The management and third parties are co-opted to the Committees as and when required. The Code provides that the tenure of an independent director should not exceed a cumulative term of nine years.

The concept of independence adopted by the Board is in tandem with the definition of an independent director in the MMLR. The MMLR's definition of independence includes a series of objective tests such as director is not an employee of the Company and is not engaged in any type of business dealings with the Company. Hitherto, none of the independent Directors engage in the day-to-day management of the Company, participate in any business dealings or are involved in any other relationship with the Company (other than in situations permitted by the applicable regulations). During the financial year, none of the independent Directors had any relationship that could materially interfere with his unfettered and independent judgment. The Nomination Committee had undertaken an assessment of its independent Directors annually during its meeting.

FOSTER COMMITMENT

Time Commitment

The Directors are aware of the time commitment expected of them to attend to matters of the Group. An annual meeting calendar is planned and agreed with the Directors and reviewed on quarterly basis.

The Board is satisfied with the time commitment given by the Directors in discharging their duties for the financial year ended 31 December 2015.

The composition of the Board and the attendance of each at the Board meetings held during the year are as follows:

Name of Director	Designation	Status of Directorship	Attendance of Meetings
Dato' Lee Tuck Fook	Chairman	Independent and Non-Executive	7/7
Datuk Hj Subhi bin Dziyauddin	Deputy Chairman	Non-Independent and Non-Executive	5/7
Wie Hock Beng	Managing Director	Non-Independent and Executive	6/7
Wie Hock Kiong	Director	Non-Independent and Non-Executive	7/7
Loh Kong Fatt	Director	Senior Independent and Non-Executive	7/7

Directors' Training

In addition to the Mandatory Accreditation Program, Board members are also encouraged to attend training programs conducted by highly competent professionals that are relevant to the Company's operations and business. All Directors have attended the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities Berhad. The Directors will continue to attend other relevant training programmes to keep abreast with developments on a continuous basis in compliance with the MMLR.

During the financial year under review, the Directors have attended the following conference, seminar and training programmes:

Name of conference, seminar and training programmes:

- 2016 Budget Proposals
- 5-S Methodology and Applications
- Governance, Risk and Compliance
- Implementation of Goods and Services Tax

The Company has adopted training programs to update the Board in relation to new developments pertaining to the laws and regulations and changing commercial risks which may affect the Company.

UPHOLD INTEGRITY IN FINANCIAL REPORTING

Compliance with Applicable Financial Reporting Standards

In presenting the annual financial statements and quarterly announcements of results to the shareholders, the Board aims to present a balanced and clear assessment of the Group's financial positions and prospects. Before the financial statements were drawn up, the Directors have taken the necessary steps to ensure all the applicable accounting policies are applied consistently, and that the policies are supported by reasonable and prudent judgement and estimates. All accounting standards, which the Board considers to be applicable, have been followed. The role of the Audit Committee in the review and reporting of the financial information of the Group is outlined in the Audit Committee Report in this Annual Report.

Assessment of Suitability and Independence of External Auditors

The Audit Committee reviews the appointment, performance and remuneration of the External Auditors before recommending to the Board and to the shareholders for re-appointment in the Annual General Meeting.

The Audit Committee also convenes meetings with the External Auditors without the present of the Executive Director and Management whenever it deems necessary.

During the financial year, the Audit Committee had assessed the External Auditors and is satisfied with the suitability and independence as external auditors of the Company. The External Auditors have also confirmed their independence in accordance with their firm's policies prior to the commencement of audit.

RECOGNISE AND MANAGE RISKS

Sound Framework to Manage Risks

The Company has established a general framework for the oversight and management of material business risks. As required by the Board, the management has devised and implemented appropriate risk management systems coupled with internal control and reports to the Board and senior management. Management is charged with monitoring the effectiveness of risk management systems and is required to report to the Board on any significant risk exposure.

The risk management framework is presented in the Statement on Risk Management and Internal Control in this Annual Report.

Internal Control Function

To maintain total independence in the management of the internal control environment and remain in compliance with the MMLR, the Company has appointed Audex Governance Sdn Bhd to manage the Company's Internal Audit function on an outsourced basis.

The internal auditors report independently and directly to the Audit Committee in respect of the Internal Audit function. The Audit Committee together with the internal auditors agreed on the scope and planned Internal Audit activity annually and all audit findings arising there from are reported to the Audit Committee on a quarterly basis.

Further details of the activities of the internal audit function are set out in the Statement on Risk Management and Internal Control in this Annual Report.

ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Corporate Disclosure Policy

The Company is fully committed in maintaining a high standard for the dissemination of relevant and material information on the development of the Group. The Company also places strong emphasis on the importance of timely and equitable dissemination of information to shareholders.

The Annual Reports have comprehensive information pertaining to the Group, while various disclosures on quarterly and annual results provide investor with financial information. The Group's investor relation activities are aimed at developing and maintaining a positive relationship with all the stakeholders through active two-way communication, and to promote and demonstrate a high standard of integrity and transparency through timely, accurate and full disclosure and to enhance the stakeholders' understanding of the core businesses and operations of the Group, thereby enabling investors to make informed decision in valuing the Company's shares.

The MD and the senior management meet with analysts, institutional shareholders and investors. At general meetings, the Board encourages shareholders' participation and responds to their questions. Shareholders can also leave written questions for the Board to respond. The Share Registrar is available to attend to matters relating to shareholders' interests.

The primary contact for investor relation matters is:

Wie Hock Beng
Managing Director
Telephone Number : 03-8941 0818
Email : wiehb@pesona.com.my

Leverage on Information Technology for Effective Dissemination of Information

The Company uses a number of formal channels for effective dissemination of information to the shareholders and stakeholders particularly through the annual report, announcements to Bursa Securities, media releases, Company websites and investor relations.

Apart from the mandatory public announcements through Bursa Malaysia via Bursa LINK, the Group's website at www.pesona.com.my also provides corporate, financial and non-financial information.

STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

Encourage Shareholder Participation at General Meetings

The Company provides sufficient information to the shareholders for the Annual General Meeting, including the entitlement to vote and the right to appoint a proxy. Every shareholder can vote in person or by appointing a proxy to attend and vote on his/her behalf.

Encourage Poll Voting

The Board takes note of the Recommendation 8.2 of the Code that the Board should encourage poll voting. In line with this recommendation, the Chairman informs the shareholders of their right to demand for poll vote at the commencement of the general meeting. The Board will put substantive resolutions to vote by poll when necessary.

Effective Communication and Proactive Engagement

The Company is of the view that the Annual General Meeting and other general meetings are important platforms to meet investors and address their concerns. The Board, senior management and external auditors attend all such meetings. Registered shareholders are also invited to attend and participate actively in these meetings, including clarifying and questioning the Company's strategic directions, business operations, performances and proposed resolutions.

Audit Committee Report

The Audit Committee was established by the Board of Directors ("Board") of Pesona Metro Holdings Berhad on 8 August 2012.

OBJECTIVE

The Audit Committee was established to act as a Committee of the Board to fulfill its fiduciary responsibilities in accordance with the Terms of Reference of the Audit Committee of Pesona Metro Holdings Berhad and to assist the Board in reviewing the adequacy and integrity of the Group's financial administration and reporting and internal control.

MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee comprises the following members:

Chairman
Dato' Lee Tuck Fook
(Independent Non-Executive Director)

Members
Loh Kong Fatt
(Senior Independent Non-Executive Director)

Wie Hock Kiong
(Non-Independent Non-Executive Director)

TERMS OF REFERENCE

The terms of reference of the Audit Committee are as follows:

Membership

1. The Audit Committee shall be appointed by the Board from amongst their members and shall consist of at least three members, all of whom must be non-executive directors, with majority of them being independent directors.

2. At least one member of the Audit Committee:

   a) must be a member of the Malaysian Institute of Accountants; or
   b) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years of working experience and:

      - Must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
      - Must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or

   c) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

3. The members of the Audit Committee shall elect a Chairman from amongst their members who shall be an Independent Non-Executive Director.

4. In the event of any vacancy in the Audit Committee, within three months of that event, the Board shall appoint new members to make up the minimum number of three members.

5. No alternate director shall be appointed as a member of the Audit Committee.

6. The term of office and performance of the Audit Committee and each of its members shall be reviewed by the Board at least once every three years.

AUTHORITY

The Audit Committee is authorised by the Board:

1. To investigate any activity within its terms of reference;

2. To have the resources required to perform its duties;

3. To have full and unrestricted access to information about the Company and the Group;

4. To have unrestricted access to both the internal and external auditors and to all employees of the Group;

5. To have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);

6. To obtain external legal or other independent professional advice as necessary; and

7. To be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees, whenever deemed necessary.

8. Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Bursa Malaysia Listing Requirements, the Committee shall promptly report such matters to the authorities.

FUNCTIONS

The functions of the Audit Committee shall be:

1. To review with the external auditors and report to the Board:

   - the audit plan.
   - their evaluation of the system of internal controls.
   - their audit reports, to ensure that their recommendations regarding management weaknesses are implemented.
   - the annual financial statements and recommend the adoption of the financial statements.
   - the audit fees.

2. To review with the internal auditors and report to the Board:

   - the Group's internal control procedures, including organisational and operational controls.
   - the internal audit's scope of work, functions, competency and resources and that it has the necessary authority to carry out its work.
   - the annual audit plan.
   - the results of audit findings and other relevant reports.
   - the assistance given by the Company's officers to the internal auditors.
   - the regular management information and to ensure that audit recommendations regarding management weaknesses are effectively implemented.
   - any related party transactions and conflict of interest that may arise within the Company and the Group which may challenge the Board's integrity.

3. To review, approve and note the following relating to the internal audit function:

   - To review any appraisal or assessment of the performance of members (or the independent professional service provider firm as the case may be) of the internal audit function.
   - To approve any appointment or termination of senior staff members (or the independent professional service provider firm as the case may be) of the internal audit function.
   - To note resignation of internal audit staff members (or the independent professional service provider firm as the case may be) and providing the staff members (or the independent professional service provider firm as the case may be) an opportunity to submit his/their reasons for resigning.

4. To review the Group's quarterly financial results and full year financial statements, prior to the approval by the Board focusing particularly on:

   i) changes in or implementation of major accounting policy changes;
   ii) significant and unusual events; and
   iii) compliance with accounting standards and other legal requirements.

5. To review and recommend the appointment of the external auditors.

6. To review on any removal or resignation of the external auditors.

7. To undertake such other functions as may be agreed to by the Audit Committee and the Board.

MEETINGS

1. Meetings shall be held not less than four times a year.

2. The quorum for each meeting shall be in the presence of two members and majority must be independent Directors.

3. The Managing Director, the Chief Financial Officer and the Internal Auditors shall normally attend the meetings. Other Board members and employees may attend the meetings by invitation from the Audit Committee.

4. At least twice a year, the Audit Committee shall meet with the external auditors without the presence of management and executive Directors.

5. The Company Secretary shall be the Secretary of the Audit Committee. Minutes of each meeting shall be kept and distributed to each member of the Audit Committee and of the Board.

6. The Chairman of the Audit Committee shall report on each meeting to the Board.

   The Audit Committee held five meetings during the financial year ended 31 December 2015 which were attended by all the members as shown below:

Audit Committee Member	Attendance
Dato' Lee Tuck Fook	6/6
Wie Hock Kiong	6/6
Loh Kong Fatt	6/6

SUMMARY OF ACTIVITIES

Activities carried out by the Audit Committee during the financial year ended 31 December 2015 included the following:

a) Reviewed the financial statements for the financial year ended 31 December 2014 with the External Auditors and made recommendations to the Board for approval.

b) Reviewed with the External Auditors in the absence of management and the executive Director, the extent of assistance rendered by management and issues and reservations arising from the audit.

c) Reviewed the quarterly unaudited results with the management and made recommendations to the Board for approval and release to Bursa Securities.

d) Reviewed the adequacy and the scope of internal audit plan and results of the internal audits and ensured corrective actions were taken in addressing the issues reported by the Internal Auditors.

e) Reviewed all the recurrent related party transactions to ensure the transactions entered into were at arm's length, on normal commercial terms and within the limit approved by the shareholders during the last meeting.

Statement On Risk Management And Internal Control

1. INTRODUCTION

The Malaysian Code of Corporate requires listed companies to maintain a sound system of internal controls to safeguard shareholders' investment and Group assets.

The Listing Requirements Paragraph 15.26(b) requires Directors of listed companies to include a statement in their annual report on the state of their internal controls for the period under review.

The Board of Directors ("Board") of Pesona Metro Holdings Berhad, in recognition of this responsibility, hereby issues the following statement which is prepared in accordance with these requirements.

2. BOARD RESPONSIBILITY

The Board acknowledges that it is their overall responsibility to maintain a sound system of internal controls to cover all aspects of the Group's business and to safeguard the interest of its shareholders. This responsibility requires Directors to establish procedures, controls and policies and to seek continuous assurance that the system is operating satisfactorily in respect of the strategic direction, financial, operational, compliance and risk management policies and procedures for the period under review.

The Board is also aware that a sound internal control system provides reasonable and not absolute assurance that the Company will not be hindered in achieving its business objectives in the ordinary course of business. It should also be appreciated that the whole system of internal control is designed to manage and control risks appropriately rather than a definitive system designed for the total avoidance of risks or for eliminating the risk of failure. For the financial year ended 31 December 2015, the Company has undertaken processes to review its risk management framework.

Meanwhile, the Board maintains full control over strategic, financial, organizational and compliance issues and has put in place an organization with formal lines of responsibility.

3. CONTROL STRUCTURE & RISK MANAGEMENT FRAMEWORK

The Group established the Risk Assessment, Monitoring and Reporting Framework to proactively identify, evaluate and manage key risk areas. The framework aims to provide an integrated and organized approach entity-wide. It established a formal database of risk areas and controls information are captured in the format of risk registers. The key risk areas, their exposures, existing controls and the actions taken or mitigation factors are summarized and presented to the Audit Committee on quarterly basis.

Day to day operations is monitored by the Managing Director. This control is exercised through Senior Management in respect of commercial, financial and operational aspects of the Company. The Managing Director and Senior Management meet regularly in respect of such matters during its management meetings.

Risk management is regarded by the Board to be an integral part of managing the Company's business operations. There is an on-going process of identifying the major risks that could potentially and significantly impact on the Group's business objectives and the Company has assigned the respective Heads of Department to manage the risks within their departments. Significant risks identified and the corresponding internal controls implemented are discussed at the management meetings.

The Board and the management also recognise and acknowledge that the development of an effective internal control system is an ongoing process and to this end maintains a continuous commitment to strengthen the existing internal control environment of the Group.

The Board has assumed the following specific responsibilities in respect of internal control function in the Company with the assistance of the internal auditors:

a) Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks through the internal audit review; and

b) Reviewing the adequacy and integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

4. INTERNAL AUDIT FUNCTION

In a desire to maintain total independence in the management of the internal control environment and remain in compliance with the Listing Requirements, the Company has appointed Audex Governance Sdn Bhd to manage the Company's internal audit function on an outsourced basis.

The internal auditors report independently and directly to the Audit Committee in respect of the Internal Audit function. The Audit Committee together with the internal auditors agree on the scope and planned Internal Audit activity annually and all audit findings arising there from are reported to the Audit Committee on a quarterly basis.

The internal auditors are allowed complete and unrestricted access to all documents and records of the Group deemed necessary in the performance of its function and independently reviews the risk identification procedures and control processes implement by the management. It also reviews the internal controls in the key activities of the Group's business based on the risk profiles of the business units in the Group. In addition, the internal auditors carry out periodic assignments to ensure the policies and procedures established by the Board are complied with by the management. All reports and findings arising from these reviews are discussed primarily with the respective process custodians prior to a formal report being presented to the Audit Committee.

As an additional function to the Group, the internal audit also provide business improvement recommendations for the consideration of the management and the Board to assist in the continuous development of a more efficient and comprehensive internal control environment.

In the year under review and based on the Audit Plan 2015, the following areas are the internal audit compliance reviews undertook by the auditors:

1) Procurement of Support and Materials
2) Production Procurement
3) Pre-construction
4) Post-construction Support

The findings arising from the above reviews have been reported to the management for their response and subsequently for Audit Committee's review and deliberation.

5. OTHER KEY INTERNAL CONTROL ELEMENTS

- Clearly defined terms of reference, authorities and responsibilities of the various committees which include the Audit Committee, Nomination Committee and Remuneration Committee.

- Well defined organizational structure with clear lines for the segregation of duties, accountability and the delegation of responsibilities to senior management and the respective division heads including appropriate authority limits to ensure accountability and approval responsibility.

- Budgets are prepared annually for the business/ operating units and approved by the Board. The budgets include operational, financial and capital expenditure requirements and performance monitored on a monthly basis and the business objectives and plans are reviewed in the monthly management meetings attended by division and business unit heads. The Managing Director meets regularly with senior management to consider the Group's financial performance, business initiatives and other management and corporate issues.

- There are regular Board meetings and Board papers are distributed in advance to all Board members who are entitled to receive and access all necessary and relevant information. Decisions of the Board are only made after the required information is made available and deliberated on by the Board. The Board maintains complete and effective control over the strategies and direction of the Group.

- The Audit Committee reviews the effectiveness of the Group's system of internal control on behalf of the Board. The Audit Committee comprises of non-executive members of the Board, who are independent Directors. The Audit Committee is not restricted in any way in the conduct of its duties and has unrestricted access to the internal and external auditors of the Company and to all employees of the Group. The Audit Committee is also entitled to seek other third party independent professional advice deemed necessary in the performance of its responsibility.

- The Audit Committee reviews all the internal control issues identified by the external and internal auditors and action taken by the management in respect of the findings arising therefrom. The internal audit reports directly to the Audit Committee. Findings are communicated to the management and the Audit Committee with recommendations for improvement and subsequently follow up to ensure all agreed recommendations are implemented. The internal audit plan is structured on risk based approach and is reviewed and approved by the Audit Committee.

- Review of all proposals for material capital and investment opportunities by the senior management and approval for the same by the Board prior to expenditure being committed.

- There are sufficient reports generated in respect of the business and operating units to enable proper review of the operational, financials and regulatory environment. Management Accounts are prepared timely and on a monthly basis and is reviewed by the Managing Director and senior management.

- The professionalism and competency of staff are enhanced through a structured training and development programme. A performance appraisal system is in place with established key performance indicators to measure and review staff performance on an annual basis.

- The decision of the Board in appointing Audex Governance Sdn Bhd to manage the internal audit functions of the Company on an outsourced basis will ensure greater independence and accountability.

6. CONCLUSION

For the financial year ended 31 December 2015, the Board is of the opinion that there is no significant weakness in the system of internal control, contingencies, or uncertainties that could result in material loss and adversely affect the Group. The Group continues to take necessary measures to strengthen its internal control structure and the management of risks.

The total cost incurred in managing the internal audit function was RM60,000.

7. REVIEW OF THE INTERNAL CONTROL STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Internal Control Statement for inclusion in the Annual Report for the year ended 31 December 2015 and nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

Directors' Responsibility Statement

The Companies Act 1965 ("Act") requires the Directors to present the financial statements of the Company and the Group in accordance with the Act and approved accounting standards and that they give a true and fair view of the results of the business and the state of affairs of the Group and the Company at the end of the financial year.

The Directors have placed reliance on the system of internal control within the Company and the Group to form a basis of reasonable grounds that the accounting systems and records maintained by the Company and the Group provide a true and fair view of the current state of affairs of the Company and the Group.

The Directors have further responsibility of ensuring that accounting records are kept with reasonable accuracy which enable the Company to provide a true and fair view of the financial results. In addition, the annual audited financial statements have been prepared based on relevant and appropriate policies and with usage of reasonable and prudent judgement and estimates.

The Director have also a general responsibility 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.

In compliance with the several responsibilities of the Directors, the Directors present the financial statements of the Company and the Group for the financial year ended 31 December 2015 as set out on pages 49 to 105 of this Annual Report.

Additional Information

Options, Warrants or Convertible Securities

On 28 January 2015, the Company issued 255,101,224 free Warrants on the basis of one free warrant for every two existing ordinary shares of RM0.25 each in Pesona. During the financial year ended 31 December 2015, a total of 143,792, 711 new ordinary shares of RM0.25 each were issued pursuant to conversion of the warrants. The proceeds amounting to RM35,948,177.75 were utilized as working capital of the Group.

Save for the above, there was no other issuance of options, warrants and convertible securities.

Non-Audit Fees

The amount of non-audit fees paid to the external auditors by the Company for the year ended 31 December 2015 was RM3,000.00

Recurrent Related Party Transactions ("RRPT")

Apart from the details of RRPT as disclosed in Note 32 of the financial statements, there were no other transaction with related party during the financial year.

The recurrent related party transactions are of revenue or trading in nature and are entered into in the ordinary course of business. The shareholders' mandate was obtained on 18 June 2015.

Family Relationships with any Director and/or Major Shareholder

Wie Hock Kiong is the brother of Wie Hock Beng. None of the other directors have family relationship with any other directors or major shareholders of the Company.

Conviction for Offences (within the past 10 years, other than traffic offences)

None of the directors have any conviction for offences.

Conflict of Interest

None of the directors have any conflict of interest with the Company.

Revaluation of Landed Property

The Group adopts the fair value approach for the investment property and valuations are done as and when applicable.

Share Buy Back

There was no share buy back during the financial year.

Sanctions and/or Penalties

For the financial year ended 31 December 2015, there were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by any regulatory body.

Variation of Results, Profit Estimates, Forecasts or Projections

There was no significant variance noted between the reported results and the unaudited results announced. The Company did not make any release on the profit estimate, forecasts or projections for the financial year ended 31 December 2015.

Profit Guarantee

During the financial year, there was no profit guarantee provided by the Company.

Material Contract Involving Directors and Substantial Shareholders

The Company and its subsidiary companies have not entered into any material contracts outside the ordinary course of business, involving directors and substantial shareholders for the financial year ended 31 December 2015.

Depository Receipt Programme

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

Financial Statements

Directors' Report

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiary companies are disclosed in Note 7 to the financial statements.

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

FINANCIAL RESULTS

	Group RM	Company RM
Net profit for the financial year	11,691,455	6,694,980

RESERVES AND PROVISIONS

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

DIVIDENDS

In the previous year, a single interim dividend of RM0.01 per ordinary shares, amounting to RM5,102,024 in respect the financial year ended 31 December 2014 and was paid on 26 March 2015.

The Board of Directors does not recommend any dividend in respect of the current financial year.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company has increased:

(i) its authorised share capital of the Company from RM150 million comprising 600 million ordinary shares to RM300 million comprising 1,200 million ordinary shares.

(ii) its issued and paid up share capital from RM127,550,612 to RM163,498,790 through conversion of warrants. A total of 143,792,711 ordinary shares of RM0.25 per share were issued for working capital purposes.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

There was no issuance of debentures during the financial year.

WARRANTS

The warrants were constituted under the Deed Poll (2014/2019) dated 9 January 2015.

A total free warrants up to 274,851,244 warrants on the basis of one warrant for every two existing ordinary shares at the exercise price of RM0.25 of the Company was issued.

As at 31 December 2015, the total numbers of warrants that remained unexercised were 111,308,513.

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

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

Dato' Lee Tuck Fook
Datuk Hj Subhi Bin Dziyauddin
Wie Hock Beng
Wie Hock Kiong
Loh Kong Fatt

DIRECTORS' INTERESTS

The interests and deemed interests in the shares and options over shares of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end (including their spouses or children) according to the Register of Directors' Shareholdings are as follows:

	No. of ordinary shares of RM0.25 each			
	At 1.1.2015	**Acquired**	**Disposed**	**At 31.12.2015**
Direct interest:				
Wie Hock Beng	8	-	-	8
Indirect interest:				
Wie Hock Beng [1]	306,064,000	55,984,900	-	362,048,900
Wie Hock Kiong [1]	306,064,000	55,984,900	-	362,048,900

1 *Deemed interest held pursuant to Section 6A of the Companies Act, 1965 via their family companies, Sincere Goldyear Sdn Bhd and Kombinasi Emas Sdn Bhd.*

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 32 to the financial statements.

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

OTHER STATUTORY INFORMATION

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

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

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

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

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

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

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

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

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

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

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

(d) In the opinion of the Directors:

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

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

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

SIGNIFICANT EVENTS

Significant events during the financial year are disclosed in Note 36 to the financial statements.

AUDITORS

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

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 8 April 2016.

WIE HOCK BENG

DATUK HJ SUBHI BIN DZIYAUDDIN

KUALA LUMPUR

Statement By Directors
Pursuant to Section 169(15) of the Companies Act, 1965

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 49 to 105 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in Note 39 to the financial statements on page 105 have been compiled in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures 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 on behalf of the Board of Directors in accordance with a resolution of the Directors dated 8 April 2016.

WIE HOCK BENG

DATUK HJ SUBHI BIN DZIYAUDDIN

KUALA LUMPUR

Statutory Declaration
Pursuant to Section 169(16) of the Companies Act, 1965

I, CHONG KIEN ENG @ TEO KIEN ENG, being the Officer primarily responsible for the financial management of PESONA METRO HOLDINGS BERHAD, do solemnly and sincerely declare that to the best of my knowledge and relief, the financial statements set out on pages 49 to 105 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed CHONG KIEN ENG @)
TEO KIEN ENG at KUALA LUMPUR)
in the Federal Territory on 8 April 2016)

CHONG KIEN ENG @ TEO KIEN ENG

Before me,

MOHAN A.S. MANIAM W521
COMMISSIONER FOR OATHS

Independent Auditors' Report

To The Members Of Pesona Metro Holdings Berhad (Company No.: 957876-T)
(Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Pesona Metro Holdings Berhad, which comprise statements of financial position as at 31 December 2015 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 49 to 105.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

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

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

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 39 on page 105 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 Disclosures 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.

UHY
Firm Number: AF 1411
Chartered Accountants

CHONG HOU NIAN
Approved Number: 3105/11/16 (J)
Chartered Accountant

KUALA LUMPUR
8 April 2016

Statements Of Financial Position

As At 31 December 2015

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Non-Current Assets					
Property, plant and equipment	4	40,695,897	33,130,702	-	-
Investment properties	5	1,800,000	1,700,000	-	-
Goodwill on consolidation	6	3,034,543	-	-	-
Investments in subsidiary companies	7	-	-	105,760,021	102,743,723
Investment in an associate company	8	-	-	-	-
Trade receivables	9	12,365,032	14,209,790	-	-
		57,895,472	49,040,492	105,760,021	102,743,723
Current Assets					
Inventories	10	1,822,257	3,497,184	-	-
Amounts due from contract customers	11	2,090,196	-	-	-
Trade receivables	9	171,164,598	90,906,873	2,000,000	-
Other receivables	12	22,638,135	14,040,485	5,082,695	2,346,191
Amounts due from subsidiary companies	13	-	-	63,877,580	15,763,771
Amount due from associated company	14	1,800,000	-	-	-
Tax recoverable		2,619,937	3,964,762	-	4,112
Short-term investments	15	-	11,090,989	-	10,857,862
Fixed deposits with licensed banks	16	9,035,568	17,391,566	1,179,191	5,079,533
Cash and bank balances		14,445,038	25,280,857	2,291,374	5,316,621
		225,615,729	166,172,716	74,430,840	39,368,090
Total Assets		283,511,201	215,213,208	180,190,861	142,111,813
Equity					
Share capital	17	163,498,790	127,550,612	163,498,790	127,550,612
Share premium	18	8,659,138	8,659,138	8,659,138	8,659,138
Reverse acquisition reserve	19	(91,000,000)	(91,000,000)	-	-
Retained profits		55,233,162	43,620,221	7,349,505	733,039
Total Equity		136,391,090	88,829,971	179,507,433	136,942,789
Non-Current Liabilities					
Trade payables	20	7,002,559	7,839,681	-	-
Hire purchase payables	21	7,108,201	6,937,152	-	-
Deferred tax liabilities	22	1,142,438	862,107	-	-
		15,253,198	15,638,940	-	-
Current Liabilities					
Amounts due to contract customers	11	54,559,964	52,704,216	-	-
Trade payables	20	58,325,159	42,111,723	-	-
Other payables	23	16,293,699	12,831,700	75,600	5,169,024
Amount due to a subsidiary company	13	-	-	600,000	-
Hire purchase payables	21	2,518,263	1,832,042	-	-
Bank borrowings	24	-	1,249,590	-	-
Tax payable		169,828	15,026	7,828	-
		131,866,913	110,744,297	683,428	5,169,024
Total Liabilities		147,120,111	126,383,237	683,428	5,169,024
Total Equity and Liabilities		283,511,201	215,213,208	180,190,861	142,111,813

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

Statements Of Profit Or Loss And Other Comprehensive Income

For The Financial Year Ended 31 December 2015

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Revenue	25	258,776,781	267,409,874	7,423,933	5,683,821
Cost of sales		(220,955,890)	(240,863,140)	-	-
Gross profit		37,820,891	26,546,734	7,423,933	5,683,821
Other income		2,721,772	2,116,594	-	-
Administrative expenses		(23,798,814)	(17,539,302)	(714,495)	(441,678)
Finance costs	26	(644,959)	(466,568)	-	-
Profit before taxation	27	16,098,890	10,657,458	6,709,438	5,242,143
Taxation	28	(4,407,435)	(2,441,752)	(14,458)	(10,377)
Net profit for the financial year, representing total comprehensive income for the financial year		11,691,455	8,215,706	6,694,980	5,231,766
Earnings per share (sen)					
Basic	29	1.79	1.61		
Dilution	29	1.53	N/A		

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

Statements Of Changes In Equity
For The Financial Year Ended 31 December 2015

Group	Note	Share Capital RM	Share Premium RM	Reverse Acquisition Reserve RM	Retained Profits RM	Total RM
		Attributable to Owners of the Parent				
			Non-Distributable		Distributable	
At 1 January 2015		127,550,612	8,659,138	(91,000,000)	43,620,221	88,829,971
Net profit for the financial year		-	-	-	11,691,455	11,691,455
		127,550,612	8,659,138	(91,000,000)	55,311,676	100,521,426
Transactions with owners:						
Conversion of warrants	17	35,948,178	-	-	-	35,948,178
Dividends	31	-	-	-	(78,514)	(78,514)
Total transactions with owners		35,948,178	-	-	(78,514)	35,869,664
At 31 December 2015		163,498,790	8,659,138	(91,000,000)	55,233,162	136,391,090

Group	Note	Share Capital RM	Share Premium RM	Reverse Acquisition Reserve RM	Retained Profits RM	Total RM
		Attributable to Owners of the Parent				
			Non-Distributable		Distributable	
At 1 January 2014		127,550,612	8,659,138	(91,000,000)	40,506,539	85,716,289
Net profit for the financial year		-	-	-	8,215,706	8,215,706
		127,550,612	8,659,138	(91,000,000)	48,722,245	93,931,995
Transactions with owners:						
Dividends	31	-	-	-	(5,102,024)	(5,102,024)
Total transactions with owners		-	-	-	(5,102,024)	(5,102,024)
At 31 December 2014		127,550,612	8,659,138	(91,000,000)	43,620,221	88,829,971

Statements Of Changes In Equity
For The Financial Year Ended 31 December 2015 (cont'd)

	Note	Share Capital RM	Non-Distributable Share Premium RM	Distributable Retained Profits RM	Total RM
Company					
At 1 January 2015		127,550,612	8,659,138	733,039	136,942,789
Net profit for the financial year		-	-	6,694,980	6,694,980
		127,550,612	8,659,138	7,428,019	143,637,769
Transactions with owners:					
Conversion of warrants	17	35,948,178	-	-	35,948,178
Dividends	31	-	-	(78,514)	(78,514)
Total transactions with owners		35,948,178	-	(78,514)	35,869,664
At 31 December 2015		163,498,790	8,659,138	7,349,505	179,507,433

	Note	Share Capital RM	Non-Distributable Share Premium RM	Distributable Retained Profits RM	Total RM
Company					
At 1 January 2014		127,550,612	8,659,138	603,297	136,813,047
Net profit for the financial year		-	-	5,231,766	5,231,766
		127,550,612	8,659,138	5,835,063	142,044,813
Transactions with owners:					
Dividends	31	-	-	(5,102,024)	(5,102,024)
Total transactions with owners		-	-	(5,102,024)	(5,102,024)
At 31 December 2014		127,550,612	8,659,138	733,039	136,942,789

Statements Of Cash Flows

For The Financial Year Ended 31 December 2015

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Cash Flows From Operating Activities				
Profit before taxation	16,098,890	10,657,458	6,709,438	5,242,143
Adjustments for:				
Bad debt written off	-	6,089	-	-
Depreciation of property, plant and equipment	7,666,385	5,625,989	-	-
Impairment loss on receivables	1,702,119	-	-	-
Inventories written down	517,883	134,400	-	-
Interest expenses	644,959	466,568	-	-
Property, plant and equipment written off	100,213	39,549	-	-
Dividend income	-	-	(7,000,000)	(5,000,000)
Fair value adjustment on investment properties	(100,000)	(60,000)	-	-
Gain on disposal of property, plant and equipment	68,974	62,600	-	-
Interest income	(1,058,466)	(1,639,966)	(423,933)	(683,821)
Reversal of inventories written down	(1,231,982)	(306,407)	-	-
Unrealised gain on foreign exchange	(5,365)	(15,822)	-	-
Operating profit/(loss) before working capital changes	24,403,610	14,970,458	(714,495)	(441,678)
Changes in working capital:				
Inventories	2,389,026	212,160	-	-
Receivables	(88,712,025)	(51,343,350)	(2,736,504)	(2,341,191)
Payables	20,904,697	(4,490,239)	8,600	7,620
Customers on contracts	(234,448)	29,123,700	-	-
Subsidiary companies	-	-	(47,513,809)	(10,227,301)
Associate company	(1,800,000)	-	-	-
	(67,452,750)	(26,497,729)	(50,241,713)	(12,560,872)
Cash used in operations	(43,049,140)	(11,527,271)	(50,956,208)	(13,002,550)
Interest received	1,058,466	1,639,966	423,933	683,821
Interest paid	(644,959)	(466,568)	-	-
Dividend received	-	-	5,000,000	-
Tax refund	1,290,039	30,335	-	-
Tax paid	(3,917,514)	(5,618,775)	(2,517)	(7,201)
	(2,213,968)	(4,415,042)	5,421,416	676,620
Net cash used in operating activities	(45,263,108)	(15,942,313)	(45,534,792)	(12,325,930)

Statements Of Cash Flows
For The Financial Year Ended 31 December 2015 (cont'd)

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Cash Flows From Investing Activities					
Purchase of property, plant and equipment	4(b)	(12,761,160)	(13,209,484)	-	-
Proceeds from disposal of property, plant and equipment		401,497	408,140	-	-
Acquisition of subsidiary companies, net of cash acquired		383	-	-	-
Additions of investment in subsidiary companies		-	-	(3,016,299)	(2,499,998)
Dividends received		-	-	-	5,000,000
Net cash (used in)/generated from investing activities		(12,359,280)	(12,801,344)	(3,016,299)	2,500,002
Cash Flows From Financing Activities					
Repayment of hire purchase payables		(2,183,833)	(1,196,295)	-	-
Repayment of bank borrowings		(1,249,590)	100,732	-	-
Proceeds from issuance of shares		35,948,178	-	35,948,178	-
Decrease of fixed deposits pledged with licensed banks		4,121,273	7,304,677	-	-
Dividend paid		(5,180,538)	(5,102,024)	(5,180,538)	(5,102,024)
Net cash generated from/(used in) financing activities		31,455,490	1,107,090	30,767,640	(5,102,024)
Net decrease in cash and cash equivalents		(26,166,898)	(27,636,567)	(17,783,451)	(14,927,952)
Cash and cash equivalents at beginning of the financial year		43,173,151	70,793,896	21,254,016	36,181,968
Effect of exchange translation difference on cash and cash equivalents		5,365	15,822	-	-
Cash and cash equivalents at end of the financial year		17,011,618	43,173,151	3,470,565	21,254,016
Cash and cash equivalents at end of the financial year comprises:					
Shor-term investment		-	11,090,989	-	10,857,862
Fixed deposits with licensed		9,035,568	17,391,566	1,179,191	5,079,533
Cash and bank balances		14,445,038	25,280,857	2,291,374	5,316,621
		23,480,606	53,763,412	3,470,565	21,254,016
Less: Fixed deposits pledged with licensed banks		(6,468,988)	(10,590,261)	-	-
		17,011,618	43,173,151	3,470,565	21,254,016

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

Notes To The Financial Statements

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated under the Companies Act, 1965 and domiciled in Malaysia, and is listed on the Main Market of the Bursa Malaysia Securities Berhad.

The principal place of business and registered office of the Company is located at No.19, Jalan SB Indah 1/18, Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor Darul Ehsan.

The principal activity of the Company is investment holding. The principal activities of its subsidiary companies are disclosed in Note 7. There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

2. BASIS OF PREPARATION

(a) Statement of Compliance

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

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

Adoption of new and amended standards

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

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

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

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of Compliance (Cont'd)

Standards issued but not yet effective

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

		Effective dates for financial periods beginning on or after
MFRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 101	Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 127	Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2012 – 2014 Cycle		1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

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

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of Compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

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

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

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

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

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

<u>MFRS 15 Revenue from Contracts with Customers</u>

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

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

(b) Functional and presentation currency

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

2. BASIS OF PREPARATION (CONT'D)

(c) Significant accounting judgments, estimates and assumptions

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

Key sources of estimation uncertainty

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

Useful lives of property, plant and equipment (Note 4)

Management estimates the useful lives of the property, plant and equipment to be within 2 1/2 to 50 years and reviews the useful lives of depreciable assets at end of each reporting period. At 31 December 2015, management assesses that the useful lives represent the expected utilisation of the assets to the Group. Actual results, however, may vary due to change in the business plan and strategies, expected level of usage and technological developments, which resulting the adjustment to the Group's assets. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment.

Revaluation of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The Group engaged an independent valuation specialist to assess fair value as at 31 December 2015 for investment properties. For investment properties, a valuation methodology based on sales comparison approach was used. In addition, it measures land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. Land was valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property. The fair value of buildings was determined using the cost approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence.

The key assumptions used to determine the fair value of the properties are provided in Note 5.

Impairment of goodwill on consolidation

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use amount requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used to determine the value-in-use is disclosed in Note 6.

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 10.

2. BASIS OF PREPARATION (CONT'D)

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

Key sources of estimation uncertainty (Cont'd)

Construction Contracts

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

Significant judgment is required in determining the stage of completion, the extent of the construction costs incurred, the estimated total construction revenue and costs, as well as the recoverability of the construction projects. In making the judgment, the Group evaluates based on experience and by relying on the work of specialists. The details of construction contracts are disclosed in Note 11.

Impairment of loans and receivables

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts at the reporting date for loans and receivables are disclosed in Notes 9,12,13 and 14 respectively.

Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the Note 34 (d) regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

Income taxes

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

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Details of income tax expense are disclosed in Note 28.

Contingent liabilities

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies, which have been prepared in accordance with the Group's accounting policies, and are all drawn up to the same reporting period.

(i) Subsidiary companies

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

Reverse acquisition method

In connection with its initial public offering, the Company acquired the entire equity interest in Pesona Metro Sdn. Bhd. via the issuance of ordinary shares and became the legal holding company of the subsidiary company. The Company's continuing operations and executive management are those of the subsidiary company. Accordingly, the substance of the business combination was that the subsidiary company acquired the Company in a reverse acquisition and hence the directors adopted the reverse acquisition accounting as the basis of consolidation in order to give a true and fair view of the business combination. The application of the reverse acquisition method under MFRS 3 Business Combination resulted in the subsidiary company being identified as the acquirer of the Group for accounting purposes and accordingly the pre-acquisition reserve of the subsidiary company was accounted for as reverse acquisition reserve.

Acquisition method

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(ii) Changes in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiary companies

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

(iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (i.e. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See accounting policy Note 3(m) to the financial statements on impairment of non-financial assets.

(b) Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

On acquisition of an investment in an associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of associate's profit or loss for the period in which the investment is acquired.

An associate is equity accounted for from the date on which the investee becomes an associate. Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the associate after the date of acquisition. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Profits or losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the associate or joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the assets transferred.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Investments in associates (Cont'd)

After application of the equity method, the Group applies MFRS 139 to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 Impairment of Assets as a single asset, by comparing its recoverable amount (higher of value-in-use and fair value less costs to sell) with its carrying amount.

Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

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

(c) Foreign currency transactions and balances

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

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

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

(d) Property, plant and equipment

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

(i) Recognition and measurement

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(i) Recognition and measurement (Con't)

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

Buildings	50 years
Long term leasehold land and buildings	Over the remaining lease
Motor vehicles	5 years
Office equipment	5 years
Furniture and fittings	5 - 10 years
Plant and machinery	2½ - 10 years
Computers	3⅓ - 10 years
Moulds	10 years
Renovation	5 years
Building under construction	Not depreciated

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Leases

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

(i) Finance lease

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

Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

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

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

(ii) Operating lease

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

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

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

(f) Investment properties

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial assets

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

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

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

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

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

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

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

(ii) Loans and receivables

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

After initial recognition, financial assets categorised as loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Financial liabilities

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

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

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

(i) Other financial liabilities measured at amortised cost

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

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

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

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

(ii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specific payment to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Offsetting of financial instruments

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

(j) Inventories

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

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

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

(k) Construction Contracts

Construction contracts are contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised over the period of contract as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period. The stage of completion method is determined by the proportion that contract costs incurred for work performed to date bear to the estimated total contract cost.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that is probable recoverable and contract costs are recognised as expenses in the period in which they are incurred.

Irrespective whether the outcome of a construction contract can be estimated reliably, when it is probable that contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

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

The aggregate of the costs incurred and the profit or loss recognised on each contract is compared against the progress billings up to the reporting period end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is presented as amounts due from contract customers. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is presented as amounts due to contract customers.

(l) Cash and cash equivalents

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories, amount due from contract customers, deferred tax assets, assets arising from employee benefits, investment property measured at fair value and non-current assets (or disposal groups) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each period at the same time.

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Impairment of assets (Cont'd)

(ii) Financial assets

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

<u>Financial assets carried at amortised cost</u>

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

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

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

(n) Share capital

(i) Ordinary shares

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

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

(ii) Distribution of non-cash assets to owners of the Company

The distribution of non-cash assets to owners is recognised as dividend payable when the dividend was approved by shareholders. The dividend payable is measured at the fair value of the assets to be distributed. At the end of the reporting period and on the settlement date, the Group reviews the carrying amount of the dividend payable, with any changes in the fair value of the dividend payable recognised in equity. When the Group settles the dividend payable, the difference between the carrying amount of the dividend distributed and the carrying amount of the dividend payable is recognised as a separate line item in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Provisions

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

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

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The relating expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

(p) Income taxes

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Employee benefits

(i) Short term employee benefits

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

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

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit and loss as incurred. Once the contribution has been paid, the Group has no further payment obligation.

(r) Borrowing costs

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Revenue recognition

(i) Sale of goods

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

(ii) Construction contracts

Revenue from construction contracts is accounted in accordance to the accounting policies as described in Note 3(j) to the financial statements.

(iii) Dividend income

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

(iv) Interest income

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

(v) Rental income

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

(t) Segment reporting

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

(u) Contingencies

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

4. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM	Building RM	Long term leasehold land and building RM	Buildings Under Construction RM	Motor vehicles RM	Office equipment RM	Furniture and fittings RM	Plant and machinery RM	Computers RM	Moulds RM	Renovation RM	Total RM
Group												
2015												
Cost												
At 1 January 2015	3,370,986	139,214	1,499,184	-	10,418,857	875,121	2,209,072	31,837,065	1,595,895	8,699,697	500,269	61,145,360
Additions	-	-	-	1,133,779	1,447,505	149,445	9,275	12,813,656	156,268	89,818	2,518	15,802,264
Disposal	-	-	-	-	(958,469)	(5,164)	-	(575,940)	-	-	-	(1,539,573)
Written off	-	-	-	-	(54,924)	(243)	(1,326)	(185,137)	(80,439)	(833,186)	-	(1,155,255)
At 31 December 2015	3,370,986	139,214	1,499,184	1,133,779	10,852,969	1,019,159	2,217,021	43,889,644	1,671,724	7,956,329	502,787	74,252,796
Accumulated depreciation												
At 1 January 2015	-	17,709	199,935	-	7,190,166	614,011	1,686,438	8,306,105	1,300,649	8,010,915	202,396	27,528,324
Charges for the financial year	-	3,036	16,873	-	1,464,402	120,004	77,744	5,628,311	190,286	121,998	43,731	7,666,385
Disposal	-	-	-	-	(863,269)	(5,164)	-	(200,669)	-	-	-	(1,069,102)
Written off	-	-	-	-	(12,590)	(162)	(1,326)	(127,959)	(79,885)	(833,120)	-	(1,055,042)
At 31 December 2015	-	20,745	216,808	-	7,778,709	728,689	1,762,856	13,605,788	1,411,050	7,299,793	246,127	33,070,565
Accumulated impairment loss												
At 1 January/ 31 December 2015	-	-	-	-	-	-	-	486,334	-	-	-	486,334
Carrying amount												
At 31 December 2015	3,370,986	118,469	1,282,376	1,133,779	3,074,260	290,470	454,165	29,797,522	260,674	656,536	256,660	40,695,897

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

	Freehold land RM	Building RM	Long term leasehold land and building RM	Buildings Under Construction RM	Motor vehicles RM	Office equipment RM	Furniture and fittings RM	Plant and machinery RM	Computers RM	Moulds RM	Renovation RM	Total RM
Group												
2014												
Cost												
At 1 January 2014	3,370,986	139,214	1,499,184	-	8,835,878	690,986	1,756,346	12,971,991	1,363,510	8,658,351	255,108	39,541,554
Additions	-	-	-	-	1,727,524	186,785	458,036	19,862,846	232,385	53,309	245,161	22,766,046
Disposal	-	-	-	-	(144,545)	-	-	(588,000)	-	-	-	(732,545)
Written off	-	-	-	-	-	(2,650)	(5,310)	(409,772)	-	(11,963)	-	(429,695)
At 31 December 2014	3,370,986	139,214	1,499,184	-	10,418,857	875,121	2,209,072	31,837,065	1,595,895	8,699,697	500,269	61,145,360
Accumulated depreciation												
At 1 January 2014	-	14,673	183,062	-	5,757,255	512,190	1,618,090	5,320,683	1,104,603	7,880,249	163,481	22,554,286
Charges for the financial year	-	3,036	16,873	-	1,577,116	104,471	73,592	3,473,496	196,046	142,444	38,915	5,625,989
Disposal	-	-	-	-	(144,205)	-	-	(117,600)	-	-	-	(261,805)
Written off	-	-	-	-	-	(2,650)	(5,244)	(370,474)	-	(11,778)	-	(390,146)
At 31 December 2014	-	17,709	199,935	-	7,190,166	614,011	1,686,438	8,306,105	1,300,649	8,010,915	202,396	27,528,324
Accumulated impairment loss												
At 1 January/ 31 December 2014	-	-	-	-	-	-	-	486,334	-	-	-	486,334
Carrying amount												
At 31 December 2014	3,370,986	121,505	1,299,249	-	3,228,691	261,110	522,634	23,044,626	295,246	688,782	297,873	33,130,702

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

(a) The long term leasehold land and building's remaining period of lease term is 75 years (2014: 76 years).

(b) The aggregate additional cost for the property, plant and equipment of the Group during the financial year under hire purchase arrangement and cash payment are as follows:

	Group 2015 RM	Group 2014 RM
Aggregate costs	15,802,264	22,766,046
Less: Hire purchase arrangement	(3,041,104)	(9,556,562)
Cash payments	12,761,160	13,209,484

(c) Included in the property, plant and equipment of the Group are acquired under hire purchase with carrying amount as follows:

	Group 2015 RM	Group 2014 RM
Plant and machinery	13,324,296	11,656,879
Motor vehicle	282,333	83,333
	13,606,629	11,740,212

Leased assets are pledged for the related financing facilities.

5. INVESTMENT PROPERTIES

	Group 2015 RM	Group 2014 RM
At 1 January	1,700,000	1,640,000
Change in fair value recognised in profit or loss	100,000	60,000
At 31 December	1,800,000	1,700,000
At fair value		
Freehold land and buildings	1,800,000	1,700,000

(a) Investment properties under leases

(i) As at 31 December 2012, two properties have been transferred from property, plant and equipment to investment properties since the properties were no longer used by the Group and have been leased to third parties.

(ii) Investment properties comprise two lots of freehold land and buildings of a subsidiary company that are leased to third parties. Subsequent renewals are negotiated with the lessee on an average renewal period of 2 years. No contingent rents are charged.

5. INVESTMENT PROPERTIES (CONT'D)

(b) Fair value basis of investment properties

The investment properties are valued annually at fair value based on market values determined by independent qualified valuers amounting to RM1,800,000 (2014: RM1,700,000). The fair values are within level 2 of the fair value hierarchy. The fair values have been derived using the sales comparison approach. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

The increase in the fair values of RM100,000 (2014: RM60,000) has been recognised in the profit or loss during the financial year.

(c) Income and expenses recognised in profit or loss

The following are recognised in profit or loss in respect of investment properties:

	Group 2015 RM	Group 2014 RM
Rental income	91,200	91,200

6. GOODWILL ON CONSOLIDATION

	Group 2015 RM	Group 2014 RM
Costs		
At 1 January	-	-
Acquisition of subsidiary companies	3,034,543	-
At 31 December	3,034,543	-
Carrying amount	3,034,543	-

(a) Impairment test for goodwill on consolidation

Goodwill on consolidation has been allocated to Group's cash-generating units ("CGUs") identified according to business segments as construction.

(b) Key assumption used to determine the recoverable amount

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period. The key assumption used for value-inuse calculations are based on future projections of the Group in Malaysia as follows:

Pre-tax discount rate	6% p.a.

The key assumption that the directors have used in the cash flow projections to undertake impairment testing is as follows:

Pre-tax discount rate – Rate that reflect specific risks relating to the relevant CGU.

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external and internal sources.

7. INVESTMENTS IN SUBSIDIARY COMPANIES

(a) Investment in subsidiary companies

	Company 2015 RM	Company 2014 RM
Unquoted shares, at cost		
In Malaysia	105,760,021	102,743,723

Details of the subsidiary companies, all are incorporated in Malaysia, are as follows:

Name of company	Effective interest 2015 %	Effective interest 2014 %	Principal activities
Direct holding:			
Pesona Metro Sdn. Bhd.	100	100	Engage in construction work
Pesona Saferay Sdn. Bhd.	100	100	Manufacturing and trading of polyurethane products
Pesona Metro Precast Sdn. Bhd.	100	100	Dormant
PM2 Building System Sdn. Bhd. (Formerly known as Pesona M2 Sdn. Bhd.)	100	100	Manufacturing and trading of construction panel
Megah Mestika Sdn. Bhd.	100	-	Investment holding
Indirect holding:			
Subsidiary companies of Pesona Metro Sdn. Bhd.:			
Imej Mayang Sdn. Bhd.	100	100	Trading and supply of ready mixed concrete
Insamewah Sdn. Bhd.	100	100	Trading in construction materials
Ratus Syabas Sdn. Bhd.	100	100	Dormant
Subsidiary companies of Megah Mestika Sdn. Bhd.:			
Awana Infra Sdn. Bhd.	100	-	Investment holding

(b) Acquisition of subsidiary company during the financial year

On 5 February 2015, the Company has entered into a sale of shares agreement ("SSA") with Wie Hock Kiong and Wie Jay Sern to acquire the entire equity shares in Megah Mestika Sdn. Bhd. ("MMSB") comprising 1,000 ordinary shares of RM1.00 each for a purchase consideration of RM1,000 to be satisfied fully in cash.

<u>Fair value of identifiable assets acquired and liabilities assumed</u>

	RM
Investment	1,000
Other receivables	600
Cash and bank balances	1,383
Other payables	(3,031,162)
Amount due to a director	(5,364)
	(3,033,543)

The gross carrying amount of other receivables approximate their fair values. None of the receivables were impaired and the full contractual amounts were expected to be collected.

7. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(b) Acquisition of subsidiary companies during the financial year (Cont'd)

Net cash outflow arising from acquisition of subsidiary company

	RM
Purchase consideration settled in cash	(1,000)
Cash and cash equivalents acquired	1,383
	383

Goodwill arising from business combination

Goodwill was recognised as a result of the acquisition as follows:

Fair value of consideration transferred	1,000
Fair value of identifiable assets acquired and liabilities assumed	3,033,543
Goodwill	3,034,543

The goodwill recognised on the acquisition is attributable mainly to the skills and technical talent of the acquired business's work force and synergies expected to be achieved from integrating the subsdiary companies in the Group's existing business.

8. INVESTMENTS IN AN ASSOCIATE COMPANY

	Group	
	2015	2014
	RM	RM
Unquoted shares in Malaysia		
Investment in an associate company	-	-

The Group's associate company is not material individually to the financial position, financial performance and cash flow of the Group.

The investment in associate company are arising from the business combination of the newly acquired subsidiary company namely Megah Mestika Sdn. Bhd. ("MMSB") on 27 February 2015. On the acquisition date, MMSB had shared losses from the associate company up to its cost of investment.

9. TRADE RECEIVABLES

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Non-current				
Retention sums				
- third parties	10,226,586	8,636,425	-	-
- related parties	2,138,446	5,573,365	-	-
	12,365,032	14,209,790	-	-
Current				
Trade receivables				
- third parties	167,622,385	70,862,670	-	-
- related parties	1,519,966	15,867,013	2,000,000	-
	169,142,351	86,729,683	2,000,000	-
Less: Accumulated impairment losses	(1,702,119)	-	-	-
	167,440,232	86,729,683	2,000,000	-
Retention sums				
- third parties	149,317	2,178,873	-	-
- related parties	3,575,049	1,998,317	-	-
	3,724,366	4,177,190	-	-
	171,164,598	90,906,873	2,000,000	-
	183,529,630	105,116,663	2,000,000	-

(a) Trade receivables

Trade receivables are recognised at their original certificate of claimed amounts which represent their fair value on initial recognition.

The Group's normal trade credit terms are from 30 days to 60 days (2014: 30 days to 60 days). Other credit terms are assessed and approved on a case by case basis.

The movement in the allowance for impairment loss (individually assessed) during the financial year are as follows:

	Group 2015 RM	Group 2014 RM
At 1 January	-	-
Impairment loss recognised	1,702,119	-
At 31 December	1,702,119	-

9. TRADE RECEIVABLES (CONT'D)

(a) Trade receivables (Cont'd)

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

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Neither past due nor impaired	55,406,838	45,693,781	2,000,000	-
Past due not impaired:				
Less than 30 days	9,732,912	14,457,206	-	-
31 to 60 days	9,586,622	5,220,682	-	-
More than 60 days	94,415,979	21,358,014	-	-
	113,735,513	41,035,902	-	-
Retention sums	16,089,398	18,386,980	-	-
Impaired	(1,702,119)	-	-	-
	183,529,630	105,116,663	2,000,000	-

As at 31 December 2015, trade receivables of the Group amounting to RM113,735,513 (2014: RM41,035,902) were past due but not impaired. These relate to a number of customers from whom there is no recent history of default.

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in financial difficulties, have defaulted on payments and/or dispute billings. These receivables are not secured by any collateral or credit enhancements and under legal case.

The trade receivables of the Group that are individually assess to be impaired amounting to RM1,702,119 (2014: RMNil) related to customers have defaulted on payments. These balances are expected to be recovered through the debt recovery process.

(b) The retention sum relating to construction work-in-progress are unsecured, interest-free and are expected to be collected as follows:

Retention sum

	Group	
	2015 RM	2014 RM
Within one year	3,724,366	4,177,190
Between one to two years	12,365,032	14,209,790
	16,089,398	18,386,980

10. INVENTORIES

	Group 2015 RM	Group 2014 RM
At net realisable values:		
Raw materials	785,782	1,671,728
Work-in-progress	446,858	951,493
Finished goods	589,617	873,963
	1,822,257	3,497,184
Recognised in profit or loss:		
Inventories recognised as cost of sales	8,585,967	8,393,058
Inventories written down	517,883	134,400
Reversal of inventories written down	1,231,982	306,407

The Group has written down slow moving obsolete inventories amounting to RM517,883 (2014: RM134,400) respectively during the financial year. The amount written down has been included in cost of sales. The reversal of inventories written down amounting to RM1,231,982 (2014: RM306,407) was made during the financial year when the related inventories were sold above their carrying amounts.

11. AMOUNT DUE FROM/(TO) CONTRACT CUSTOMERS

	Group 2015 RM	Group 2014 RM
Construction cost incurred to date	484,960,255	348,355,174
Add: Attributable profits	61,517,731	35,554,626
	546,477,986	383,909,800
Less: Progress billings	(598,947,754)	(436,614,016)
	(52,469,768)	(52,704,216)
Represented as:		
Amount due from contract customers	2,090,196	-
Amount due to contract customers	(54,559,964)	(52,704,216)
	(52,469,768)	(52,704,216)
Retention sum included in the progress billings	10,516,032	14,811,931

11. AMOUNT DUE FROM/(TO) CONTRACT CUSTOMERS (CONT'D)

The costs incurred to date on construction contract include the following charges made during the financial year:

		Group	
	Note	2015 RM	2014 RM
Hire of plant and machinery		2,096,825	1,757,202
Rental of premises		488,607	499,968
Secondment of staffs	30	5,120,134	4,267,245
Staff costs			
- Salaries and other emoluments	30	16,592,932	9,739,912
- EPF	30	941,389	556,071

12. OTHER RECEIVABLES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Other receivables	9,691,201	9,565,065	19,200	-
Less: Accumulated impairment loss	(75,333)	(75,333)	-	-
	9,615,868	9,489,732	19,200	-
Deposits	11,709,931	2,518,883	4,505,000	1,005,000
Prepayments	1,312,336	2,031,870	558,495	1,341,191
	22,638,135	14,040,485	5,082,695	2,346,191

(a) Included in the Group's other receivables are advances to sub-contractors amounting to RM7,132,817 (2014: RM7,161,329) and advance payment made to acquiring property, plant and equipment amounting to RM1,995,296 (2014: RM Nil).

(b) The Company's deposits included deposits paid for acquisition of interest in SEP Resources (M) Sdn. Bhd. and Selasih Asli Sdn. Bhd. amounting to RM1.5 million (2014: RM1 million) and RM3 million (2014: RM Nil) respectively as disclosed in Note 36 to the financial statements.

13. AMOUNT DUE FROM/(TO) SUBSIDIARY COMPANIES

These represent unsecured, interest free advances and are repayable on demand.

14. AMOUNT DUE FROM AN ASSOCIATE COMPANY

This represent unsecured, interest free advances and are repayable on demand.

15. SHORT-TERM INVESTMENT

	2015 RM	2014 RM
Group		
Financial assets at fair value through profit or loss		
- Held for trading	-	11,090,989
Market value of quoted investments	-	11,090,989
Company		
Financial assets at fair value through profit or loss		
- Held for trading	-	10,857,862
Market value of quoted investments	-	10,857,862

16. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits of the Group amounting to RM6,468,988 (2014: RM10,590,261) is pledged to licensed banks as security for bank facilities granted to the Group.

The interest rates of deposits range from 2.70% to 3.35% (2014: 2.55% to 3.50%) per annum and mature with 12 months (2014: 12 months) respectively.

17. SHARE CAPITAL

	Group/Company					
	2015			2014		
	Par Value RM	Number of shares	Amount RM	Par Value RM	Number of shares	Amount RM
Authorised						
At 1 January		600,000,000	150,000,000		600,000,000	150,000,000
Created during the year		600,000,000	150,000,000		-	-
At 31 December	0.25	1,200,000,000	300,000,000	0.25	600,000,000	150,000,000
Issued and fully paid						
At 1 January	0.25	510,202,448	127,550,612	0.25	510,202,448	127,550,612
Conversion of warrants	0.25	143,792,711	35,948,178	0.25	-	-
At 31 December	0.25	653,995,159	163,498,790	0.25	510,202,448	127,550,612

During the financial year, the Company increased its issued and paid up share capital from RM127,550,612 to RM163,498,790 through conversion of warrants. A total of 143,792,711 ordinary shares of RM0.25 per share were issued for working capital purposes.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

18. SHARE PREMIUM

Share premium arose from private placement issue of 46,382,000 shares of RM0.44 each at a premium of RM0.19 per share in 23 December 2013, net of share issue expenses amounting to RM8,659,138.

19. REVERSE ACQUISITION RESERVE

	Group	
	2015 RM	2014 RM
Issued and paid up share capital of the Company (legal holding) after reverse acquisition of Pesona Metro Sdn. Bhd.	96,000,000	96,000,000
Reversal of PMSB's share capital pursuant to reverse acquisition exercise	(5,000,000)	(5,000,000)
Reverse acquisition reserve	91,000,000	91,000,000

20. TRADE PAYABLES

	Group	
	2015 RM	2014 RM
Non-current		
Retention sum on contracts	7,002,559	7,839,681
Current		
Trade payables	46,987,902	30,942,364
Retention sum on contracts	11,337,257	11,169,359
	58,325,159	42,111,723
	65,327,718	49,951,404

The normal trade credit terms granted to the Group range from 30 to 60 days (2014: 30 to 60 days). Other credit terms are assessed and approved on a case by case basis.

21. HIRE PURCHASE PAYABLES

	Group 2015 RM	Group 2014 RM
Minimum lease payments:		
Within one year	3,035,952	2,328,876
Between one to two years	3,035,952	2,328,876
Between two to five years	4,653,998	5,334,752
	10,725,902	9,992,504
Less: Future finance charges	(1,099,438)	(1,223,310)
Present value of minimum lease payments	9,626,464	8,769,194
Present value of minimum lease payments:		
Within one year	2,518,263	1,832,042
Between one to two years	2,686,889	1,961,782
Between two to five years	4,421,312	4,975,370
	9,626,464	8,769,194
Analysed as:		
Repayable within twelve months	2,518,263	1,832,042
Repayable after twelve months	7,108,201	6,937,152
	9,626,464	8,769,194

The hire purchase liabilities bears effective interest rate range from 3.2% to 3.6% (2014: 3.2% to 3.6%) per annum.

22. DEFERRED TAX LIABILITIES

	Group 2015 RM	Group 2014 RM
At 1 January	862,107	789,641
Recognised in profit or loss (Note 28)	280,331	72,466
At 31 December	1,142,438	862,107

This is in respect of temporary differences between the carrying amount of property, plant and equipment and their tax base.

22. DEFERRED TAX LIABILITIES (CONT'D)

Deferred tax assets have not been recognised in respect of the following temporary differences:

	Group 2015 RM	Group 2014 RM
Unused tax losses	17,180,028	13,291,183
Unabsorbed capital allowances	6,263,151	6,002,789
	23,443,179	19,293,972

Deferred tax assets have not been recognised in respect of the above items as it is not probable that future taxable profits will be available against which they may be utilised.

23. OTHER PAYABLES

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Other payables	13,110,633	5,144,572	-	-
Accruals	3,083,472	2,471,803	75,600	67,000
Dividends payable	-	5,102,024	-	5,102,024
Deposits received	99,594	113,301	-	-
	16,293,699	12,831,700	75,600	5,169,024

Included in the other payables of the Group are advances from customers amounting to RM8,108,404 (2014: RM1,987,267).

24. BANK BORROWINGS

	Group 2015 RM	Group 2014 RM
Secured		
Onshore foreign currency loan	-	153,639
Export credit refinancing	-	1,095,951
Total bank borrowings	-	1,249,590
Analysed as:		
Repayable within twelve months	-	1,249,590

24. BANK BORROWINGS (CONT'D)

Maturity of bank borrowings is as follows:

	Group 2015 RM	Group 2014 RM
Within one year		
Onshore foreign currency loan	-	153,639
Export credit refinancing	-	1,095,951
	-	1,249,590

Interest rates per annum are as follows:

	%	%
Onshore foreign currency loan	-	2.65
Export credit refinancing	-	4.60

The credit facilities granted to the subsidiary company are secured as follows:

(a) Onshore foreign currency loan

(i) A facilities agreement as principal instrument in form and substance acceptable to the bank; and
(ii) Letter of set-off over pledge of fixed deposits as disclosed in Note 16.

(b) Export credit refinancing:

(i) A facilities agreement as principal instrument in form and substance acceptable to the bank;
(ii) Letter of set-off over pledge of fixed deposits as disclosed in Note 16; and
(iii) Corporate guarantee by the Company.

25. REVENUE

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Construction contracts	242,564,082	238,887,601	-	-
Sale of goods	15,788,766	27,838,452	-	-
Interest income	423,933	683,821	423,933	683,821
Dividend income	-	-	7,000,000	5,000,000
	258,776,781	267,409,874	7,423,933	5,683,821

26. FINANCE COSTS

	Group 2015 RM	Group 2014 RM
Interest expenses on:		
Term loan	7,372	58
Export credit refinancing	19,430	51,612
Hire purchase	618,049	414,566
Other	108	332
	644,959	466,568

27. PROFIT BEFORE TAXATION

Profit before taxation is derived at after at charging/(crediting):

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Auditors' remuneration				
- statutory audit				
- current year	109,867	96,500	27,000	27,000
- underprovision in prior year	1,500	1,000	2,000	-
- other	41,250	50,500	-	3,000
Bad debts written off	-	6,089	-	-
Depreciation of property, plant and equipment	7,666,385	5,625,989	-	-
Directors' remuneration				
- Fees	216,000	168,000	216,000	168,000
- Salary and other emoluments	855,620	721,620	-	-
- EPF	99,420	85,470	-	-
Hire of plant and machinery	15,900	40,500	-	-
Impairment loss on trade receivables	1,702,119	-	-	-
Inventories written down	517,883	134,400	-	-
Loss on disposal of property, plant and equipment	68,974	62,600	-	-
Property, plant and equipment written off	100,213	39,549	-	-
Rental of premises	717,816	699,336	-	-
Fair value adjustment of investment properties	(100,000)	(60,000)	-	-
Gain on foreign exchange				
- realised	(119,456)	(123,354)	-	-
- unrealised	(5,365)	(15,822)	-	-
Interest income	(1,058,466)	(1,639,966)	(423,933)	(683,821)
Rental income	(83,200)	(115,200)		
Reversal of inventories written down	(1,231,982)	(306,407)	-	-

28. TAXATION

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Tax expenses for the financial year:				
Current tax provision	3,941,580	2,329,285	14,430	8,213
Underprovision in prior year	185,524	40,001	28	2,164
	4,127,104	2,369,286	14,458	10,377
Deferred tax: (Note 22)				
Relating to origination and reversal of temporary differences	211,011	79,631	-	-
Over provision in prior year	69,320	(7,165)	-	-
	280,331	72,466	-	-
	4,407,435	2,441,752	14,458	10,377

Income tax is calculated at the statutory tax rate of 25% (2014: 25%) of chargeable income of the estimated assessable profit for the financial year.

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

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Profit before taxation	16,098,890	10,657,458	6,709,438	5,242,143
Taxation at statutory tax rate of 25% (2014: 25%)	5,776,431	2,664,365	1,677,360	1,310,536
Income not subject to tax	(3,271,375)	(915,363)	(1,841,042)	(1,412,396)
Expenses not deductible for tax purposes	743,999	609,826	178,112	110,073
Deferred tax assets not recognised	1,037,302	50,088	-	-
Others	(133,766)	-	-	-
Under provision of income tax expense in prior year	185,524	40,001	28	2,164
Under/(over)provision of deferred tax expense in prior year	69,320	(7,165)	-	-
Tax expense for the financial year	4,407,435	2,441,752	14,458	10,377

The Group has estimated unused tax losses and unutilised capital allowances of RM17,180,028 (2014: RM13,291,183) and RM6,263,151 (2014: RM6,002,789) respectively carried forward available for set-off against future taxable profit subject to guidelines issued by the tax authority.

29. EARNINGS PER SHARE

(a) Basic earnings per share

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

	Group 2015	Group 2014
Basic Earnings Per Share		
Net profit for the financial year (RM)	11,691,455	8,215,706
Weighted average number of ordinary shares in issue	653,995,159	510,202,448
Basic earnings per share (sen)	1.79	1.61

The weighted average number of ordinary shares in issue is computed as follow:-

	Group 2015	Group 2014
As at 1 January	510,202,448	510,202,448
Share issue pursuant to:		
-conversion of warrants	143,792,711	-
As at 31 December	653,995,159	510,202,448

(b) Diluted earnings per share

Diluted earnings per share has been calculated by dividing the consolidated profit for the financial year attributable to the owners of the Parent by the adjusted weighted average number of ordinary shares issued and issuable during the year as follows:

	Group 2015
Net profit for the financial year attributable to owners of the Parent (RM)	11,691,455
Weighted average number of ordinary shares used in the calculation of basic earnings per share	653,995,159
Adjusted for:	
Assumed conversion of warrants	111,308,513
Weighted average number of ordinary shares as at 31 December	765,303,672
Diluted earnings per share (sen)	1.53

In the previous financial year, diluted earnings per share is not presented as there were no potential dilutive ordinary shares outstanding at the end of the reporting period.

30. STAFF COSTS

		Group	
	Note	2015 RM	2014 RM
Staff costs (excluding Directors)		28,189,125	20,726,413
Add:			
Secondment of staffs from third party		5,530,248	5,159,038
		33,719,373	25,885,451
Less:			
Capitalised in construction costs	11	(22,654,455)	(14,563,228)
		11,064,918	11,322,223

Included in the staff costs are contributions made to the Employees Provident Fund under a defined contribution plan for the Group amounting to RM1,028,992 (2014: RM905,171)

31. DIVIDENDS

	Group/Company	
	2015 RM	2014 RM
A single tier interim dividend of RM0.01 per ordinary share in respect of the financial year ended 31 December 2014 paid on 26 March 2015	78,514	5,102,024
	78,514	5,102,024

32. RELATED PARTY DISCLOSURES

(a) Identified related parties

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

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group and certain members of senior management and chief executive officers of major subsidiary companies of the Group.

The Group and the Company have related party relationships with its subsidiary company, others related parties and key management personnel.

32. RELATED PARTY DISCLOSURES (CONT'D)

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	2015 RM	2014 RM
Group		
* Other Related Parties:		
Progress billing received/receivable	1,843,160	60,683,423
Company		
Subsidiary Company		
Dividend income	7,000,000	5,000,000

* The nature and relationship between the Group and the related parties are those companies in which a Director of the Company has financial interest.

(c) Information regarding outstanding balances arising from related party transactions is disclosed in Notes 9, 13 and 14.

Information regarding compensation of key management personnel is as follows:

	Group	
	2015 RM	2014 RM
Short-term employee benefits		
- Salaries and other emoluments	5,720,779	4,047,122

Key management personnel include personnel having authority and responsibilities for planning, directing and controlling the activities of the entity, including any Directors of the Company.

33. SEGMENTAL INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has three reportable segments as follows:

Construction works	Construct building, infrastructure and project planning cum implementation contractor
Manufacturing and trading of polyurethane	Manufacturing and trading of polyurethane and building system
Others	Investment holding and provision of management services

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

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

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

No geographical segment reporting was made as the Group's activities were carried out within Malaysia.

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

33. SEGMENTAL INFORMATION (CONT'D)

	Construction RM	Manufacturing and trading RM	Others RM	Adjustments and eliminations RM	Per consolidated financial statements RM
2015					
Revenue					
External sales	255,656,677	2,696,171	423,933	-	258,776,781
Inter-segment	44,772,443	12,230,507	7,000,000	(64,002,950)	-
Total revenue	300,429,120	14,926,678	7,423,933	(64,002,950)	258,776,781
Results					
Segment results	19,184,254	5,889,773	6,285,505	(7,000,000)	24,359,532
Interest income	519,200	115,333	423,933	-	1,058,466
Finance costs	(231,534)	(413,425)	-	-	(644,959)
Depreciation of property, plant and equipment	(6,218,633)	(1,447,752)	-	-	(7,666,385)
Fair value gain on investment properties	100,000	-	-	-	100,000
Other non-cash items	(169,118)	(938,646)	-	-	(1,107,764)
Profit before taxation	13,184,169	3,205,283	6,709,438	(7,000,000)	16,098,890
Taxation	(3,723,596)	(669,381)	(14,458)	-	(4,407,435)
Net profit for the financial year	9,460,573	2,535,902	6,694,980	(7,000,000)	11,691,455
Assets					
Additions to non-current assets	15,692,811	109,452	-	-	15,802,263
Segment assets	230,146,554	13,379,097	176,720,296	(178,637,551)	241,608,396
Unallocated assets	19,778,141	2,849,943	3,470,565	1,893	26,100,542
Total assets	265,617,506	16,338,492	180,190,861	(178,635,658)	283,511,201
Non-cash expenses/(income)					
Bad debt written off	-	-	-	-	-
Impairment loss on trade receivables	-	1,702,119	-	-	1,702,119
Inventories written down	-	517,883	-	-	517,883
Property, plant and equipment written off	100,145	68	-	-	100,213
(Gain)/Loss on foreign exchange - Unrealised	-	(5,365)	-	-	(5,365)
(Gain)/Loss on disposal of PPE	68,974	-	-	-	68,974
Reversal of inventories written down	-	(1,231,982)	-	-	(1,231,982)
	169,119	982,723	-	-	1,151,842

33. SEGMENTAL INFORMATION (CONT'D)

	Construction RM	Manufacturing and trading RM	Others RM	Adjustments and eliminations RM	Per consolidated financial statements RM
2014					
Revenue					
External sales	256,684,495	10,041,558	683,821	-	267,409,874
Inter-segment	21,897,826	7,029,965	5,000,000	(33,927,791)	-
Total revenue	278,582,321	17,071,523	5,683,821	(33,927,791)	267,409,874
Results					
Segment results	11,712,950	3,699,186	4,558,321	(5,000,000)	14,970,457
Interest income	902,897	53,249	683,821	-	1,639,967
Finance costs	(7,038)	(459,530)	-	-	(466,568)
Depreciation of property, plant and equipment	(4,177,530)	(1,448,459)	-	-	(5,625,989)
Fair value gain on investment properties	60,000	-	-	-	60,000
Other non-cash items	(103,931)	183,522	-	-	79,591
Profit before taxation	8,387,348	2,027,968	5,242,142	(5,000,000)	10,657,458
Taxation	(2,387,881)	(43,495)	(10,376)	-	(2,441,752)
Net profit for the financial year	5,999,467	1,984,473	5,231,766	(5,000,000)	8,215,706
Assets					
Additions to non-current assets	11,512,922	11,253,124	-	-	22,766,046
Segment assets	158,391,745	11,661,330	131,711,547	(155,954,645)	145,809,977
Unallocated assets	32,054,250	4,182,669	10,400,266	-	46,637,185
Total assets	201,958,917	27,097,123	142,111,813	(155,954,645)	215,213,208
Non-cash expenses/(income)					
Bad debt written off	-	6,089	-	-	6,089
Inventories written down	-	134,400	-	-	134,400
Property, plant and equipment written off	37,831	1,718	-	-	39,549
(Gain)/Loss on foreign exchange - Unrealised	-	(15,822)	-	-	(15,822)
(Gain)/Loss on disposal of PPE	66,100	(3,500)	-	-	62,600
Reversal of impairment on inventories	-	(306,407)	-	-	(306,407)
	103,931	(183,522)	-	-	(79,591)

34. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

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

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

	Fair value through profit or loss - Held for trading RM	Loans and receivables RM	Financial liabilities at amortised cost RM	Total RM
Group				
2015				
Financial Assets				
Trade receivables	-	183,529,630	-	183,529,630
Other receivables	-	21,325,799	-	21,325,799
Fixed deposits with licensed banks	-	9,035,568	-	9,035,568
Cash and bank balances	-	14,445,038	-	14,445,038
Total financial assets	-	228,336,035	-	228,336,035
Financial Liabilities				
Trade payables	-	-	65,327,718	65,327,718
Other payables	-	-	16,293,699	16,293,699
Hire purchase payables	-	-	9,626,464	9,626,464
Total financial liabilities	-	-	91,247,881	91,247,881
2014				
Financial Assets				
Trade receivables	-	105,116,663	-	105,116,663
Other receivables	-	12,008,615	-	12,008,615
Short-term investment	11,090,989	-	-	11,090,989
Fixed deposits with licensed banks	-	17,391,566	-	17,391,566
Cash and bank balances	-	25,280,857	-	25,280,857
Total financial assets	11,090,989	159,797,701	-	170,888,690
Financial Liabilities				
Trade payables	-	-	49,951,404	49,951,404
Other payables	-	-	12,831,700	12,831,700
Hire purchase payables	-	-	8,769,194	8,769,194
Bank borrowings	-	-	1,249,590	1,249,590
Total financial liabilities	-	-	72,801,888	72,801,888

34. FINANCIAL INSTRUMENTS (CONT'D)

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

	Fair value through profit or loss - Held for trading RM	Loans and receivables RM	Financial liabilities at amortised cost RM	Total RM
Company				
2015				
Financial Assets				
Trade receivables	-	2,000,000	-	2,000,000
Other receivables	-	4,524,200	-	4,524,200
Fixed deposits with licensed banks	-	1,179,191	-	1,179,191
Cash and bank balances	-	2,291,374	-	2,291,374
Total financial assets	-	9,994,765	-	9,994,765
Financial Liability				
Other payables	-	-	75,600	75,600
Amount due to a subsidiary company	-	-	600,000	-
Total financial liability	-	-	675,600	75,600
2014				
Financial Assets				
Other receivables	-	1,005,000	-	1,005,000
Amount due from subsidiary companies	-	15,763,771	-	15,763,771
Short-term investment	10,857,862	-	-	10,857,862
Fixed deposits with licensed banks	-	5,079,533	-	5,079,533
Cash and bank balances	-	5,316,621	-	5,316,621
Total financial assets	10,857,862	27,164,925	-	38,022,787
Financial Liability				
Other payables	-	-	5,169,024	5,169,024
Total financial liabilities	-	-	5,169,024	5,169,024

(b) Financial risk management objectives and policies

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

34. FINANCIAL INSTRUMENTS (CONT'D)

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

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

(i) Credit risk

Receivables

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with licensed banks. The Company's exposure to credit risk arises principally from advances to subsidiary companies and financial guarantees given to banks for credit facilities granted to subsidiary companies.

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

The Company provides unsecured loans and advances to subsidiary companies. It also provides unsecured financial guarantees to banks for banking facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

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

A subsidiary company provides bank guarantees issued by licensed banks for the purposes of construction projects. The maximum exposure of credit risk amounts to RM93,504,963 (2014: RM58,067,226). The financial guarantee has not been recognised since the fair value on initial recognition was not material as the bank guarantee is secured by the fixed deposits with licensed banks.

Credit risk concentration

At the reporting date, approximately 91% (2014: 72%) of the Group's trade receivables were due from 4 (2014: 4) major customers which contribute from construction segment.

(ii) Liquidity risk

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

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

34. FINANCIAL INSTRUMENTS (CONT'D)

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

(ii) Liquidity risk (cont'd)

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

	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	Total Contractual Cash Outflow RM	Total Carrying Amount RM
Group					
2015					
Trade payables	58,325,159	2,991,660	4,010,899	65,327,718	65,327,718
Other payables	16,293,699	-	-	16,293,699	16,293,699
Hire purchase payables	3,035,952	2,939,315	4,307,625	10,282,892	9,626,464
Total undiscounted financial liabilities	77,654,810	5,930,975	8,318,524	91,904,309	91,247,881
2014					
Trade payables	42,111,723	3,958,151	3,881,530	49,951,404	49,951,404
Other payables	12,831,700	-	-	12,831,700	12,831,700
Hire purchase payables	2,328,876	2,254,496	4,889,520	9,472,892	8,769,194
Bank borrowings	1,249,590	-	-	1,249,590	1,249,590
Total undiscounted financial liabilities	58,521,889	6,212,647	8,771,050	73,505,586	72,801,888

	On demand or within 1 year RM	Total Contractual Cash Outflow RM	Total Carrying Amount RM
Company			
2015			
Other payables	75,600	75,600	75,600
Amount due to a subsidiary company	600,000	600,000	600,000
Total undiscounted financial liability	675,600	675,600	675,600
2014			
Other payables	5,169,024	5,169,024	5,169,024
Total undiscounted financial liabilities	5,169,024	5,169,024	5,169,024

34. FINANCIAL INSTRUMENTS (CONT'D)

(c) Market risks

(i) Foreign currency exchange risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the functional currencies of the Group entities. The currencies giving rise to this risk are primarily United Stated Dollar (USD).

The Group has not entered into any derivative instruments for hedging or trading purposes. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

	Group	
	2015	**2014**
	RM	**RM**
Cash and bank balances	722,124	942,880
Trade receivables	264,390	1,752,961
Bank borowings	-	(153,639)
	986,514	2,542,202

Sensitivity analysis for foreign currency exchange risk

The following table demonstrates the sensitivity of the Group's profit net of tax to be reasonably possible change in the key foreign currency against the functional currency of the Group, with all other variables held constant.

	Group	
	2015	**2014**
	RM	**RM**
Effect to profit or loss		
USD/RM		
-Strengthened 5%	49,326	127,110
-Weakended 5%	(49,326)	(127,110)

(ii) Interest rate risk

The Group and the Company exposed to interest rate risk arises primarily from financing through interest bearing financial assets and financial liabilities. The Group's and the Company's policy is to obtain the financing with the most favourable interest rates in the market.

The Group and the Company constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

34. FINANCIAL INSTRUMENTS (CONT'D)

(c) Market risks (cont'd)

(ii) Interest rate risk (cont'd)

The carrying amounts of the Group and of the Company's financial instruments that are exposed to interest rate risk are as follows:

	2015 RM	2014 RM
Group		
Fixed rate instrument		
Financial Asset		
Fixed deposits with licensed banks	9,035,568	17,391,566
Fixed rate instrument		
Financial Liability		
Bank borrowings	-	1,249,590

	2015 RM	2014 RM
Company		
Fixed rate instrument		
Financial Asset		
Fixed deposits with licensed banks	1,179,191	5,079,533

Interest rate risk sensitivity analysis

A change in 1% interest rate on financial assets and liabilities of the Group and of the Company which have variable interest rate at the end of the financial year would have increase/(decreased) profit before taxation and equity by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	2015 RM	2014 RM
Effect to profit or loss		
Group		
Interest rate increased by 1%	90,356	161,420
Interest rate decreased by 1%	(90,356)	(161,420)
Company		
Interest rate increased by 1%	11,792	50,795
Interest rate decreased by 1%	(11,792)	(50,795)

(d) Fair value of financial instruments

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

34. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair value of financial instruments (Cont'd)

	Fair value of financial instruments carried at fair value		Fair value of financial instruments not carried at fair value		Total fair value	Carrying amount
	Level 1 RM	Total RM	Level 2 RM	Total RM	RM	RM
2015						
Group						
Financial assets						
Other investments	-	-	-	-	-	-
Financial liabilities						
Hire purchase payables	-	-	10,282,892	10,282,892	10,282,892	9,626,464
Company						
Financial assets						
Other investment	-	-	-	-	-	-
2014						
Group						
Financial assets						
Other investments	11,090,989	11,090,989	-	-	11,090,989	11,090,989
Financial liabilities						
Hire purchase payables	-	-	9,472,892	9,472,892	9,472,892	8,769,194
Company						
Financial assets						
Other investment	10,857,862	10,857,862	-	-	10,857,862	10,857,862

(i) Policy on transfer between levels

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

There were no transfers between levels during current and previous financial years.

(ii) Level 1 fair value

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

(iii) Level 2 fair value

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

Fair value for non-derivative financial instruments, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

(iv) Level 3 fair value

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

35. CAPITAL MANAGEMENT

The Group's management manage its capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern and maintains an optimal capital structure, so as to maximise shareholders value. The management reviews the capital structure by considering the cost of capital and the risks associated with the capital.

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

Total capital managed at Group level, which comprises shareholders' funds, cash and cash equivalents and bank borrowings.

	Group	
	2015	**2014**
	RM	**RM**
Total loans and borrowings	9,626,464	10,018,784
Less: Cash and cash equivalents	(17,011,618)	(43,173,151)
Net debt	(7,385,154)	(33,154,367)
Total equity	136,391,090	88,829,971
Gearing ratio	N/A	N/A

N/A – the gearing ratio may not provide a meaningful indicator of risks of borrowings.

The gearing ratio is not applicable as the cash and cash equivalents of the Group are sufficient to settle the outstanding debts.

36. SIGNIFICANT EVENTS

(a) The Company has undertaken the following exercises, approved in an Extraordinary General Meeting on 7 January 2015:

(i) Proposed acquisition of the entire equity interest in SEP Resources (M) Sdn. Bhd. ("SEP"), a private limited company incorporated in Malaysia, for a purchase consideration of RM29.15 million to be satisfied via combination of RM1.5 million cash and issuance of 39,500,000 new ordinary shares of RM0.25 each of the Company at an issue price of RM0.70 per share ("Proposed Acquisition of SEP");

(ii) Proposed issuance of free warrants up to 274,851,224 warrants on the basis of one (1) warrant for every two (2) existing ordinary shares of the Company held on an entitlement date to be determined later ("Proposed Free Warrants Issue");

(iii) Proposed increase in the authorised share capital of the Company from RM150 million comprising 600 million ordinary shares to RM300 million comprising 1,200 million ordinary shares ("Proposed IASC"); and

(iv) Proposed amendments to the Memorandum and Articles of Association of the Company as a consequence of the Proposed IASC.

36. SIGNIFICANT EVENTS (CONT'D)

On 29 August 2014, the Company has entered into a Conditional Share Sale Agreement ("SSA") with the shareholders of SEP in relation to the Proposed Acquisition of SEP.

The Proposed Acquisition of SEP is related to the letter of award from Budaya Positif Sdn. Bhd. ("Budaya"), for the Construction Project of Student Hostels for Universiti Malaysia Perlis ("UNIMAP") for a contractual sum of RM129.80 million (the "Construction Project"). Budaya is a special purpose vehicle incorporated by Pembina SPK Sdn. Bhd. ("PSPK") which currently owns the Concession awarded by the Government of Malaysia and UNIMAP which comprises of the Construction Project and Concession period for a period of twenty two (22) years and six (6) months from the date of commencement of the Construction Project. Pursuant to a Call Option Agreement between PKPK and SEP, SEP has been granted the Call Option by PSPK to purchase the entire equity interest in Budaya of 5,000,000 shares ("Budaya shares"). Upon completion of acquisition of SEP, the Company shall be entitled to exercise the Call Option via SEP to purchase the Budaya shares.

The Proposed Acquisition of SEP represents a strategic investment by the Company for future recurring income stream from the provision of management and maintenance services to the Student Hostels for UNIMAP over the tenure of the Concession.

Proposal (ii), (iii) and (iv) have been completed during the financial year.

On 9 November 2015, all parties to the Proposed Acquisition of SEP agreed to extend the Conditional Period for a further period of 6 months commencing from 30 November up to 31 May 2016 for the fulfilment of conditions precedent of the SSA.

(b) On 27 April 2015, the Company had entered into a SSA with Semarak Korporat Sdn. Bhd. ("SKSB") to acquire 90% equity interest in Selasih Asli Sdn. Bhd. ("SASB") comprising 180,000 ordinary shares of RM1.00 each for a purchase consideration of RM60.0 million to be satisfied in accordance to the terms and conditions of the SSA. Upon the completion of the acquisition, SASB will be a 90% owned subsidiary company of the Company. The Company has paid deposit of RM3 million for the acquisition as disclosed in Note 12 to the financial statements.

The Company and SKSB had on 4 March 2016 mutually agreed to extend the Conditional Period up to 30 September 2016 for the fulfilment of conditions precedent of the SSA.

(c) Ratus Syabas Sdn Bhd ("RSSB"), a wholly-owned subsidiary company of the Company, had on 29 May 2015 entered into a sale and purchase agreement with Sri Jami Group (M) Sdn Bhd ("SJGMSB") to acquire 62.69 acres of freehold agricultural land, being part of a piece of land held under Master Title Geran 121235 Lot 5918 in Mukim Bagan Datoh, District of Hilir Perak (formerly held under H.S (D) LP 12321, PT No. 1113, Mukim Bagan Datoh, State of Perak) measuring 914.1 hectares ("Master Title" or "Master Land") to be subdivided into two (2) individual titles and more particularly identified as Lot 11 and 12 ("Land") for a purchase consideration of RM9,905,020 to be satisfied by cash. RSSB has made an advance payment of RM1,000,005 as disclosed in Note 12 to the financial statements.

The Board of Directors of the Company had subsequently announced that the terms of the Agreement have been fully satisfied and the Proposed Acquisition has been completed on 29 January 2016.

37. CAPITAL COMMITMENTS

	Group 2015 RM	Group 2014 RM
Approved and contracted:		
- Acquisition of property, plant and equipment	15,048,533	2,348,000

38. DATE OF AUTHORISATION FOR ISSUE

The financial statements of the Group and of the Company for the financial year ended 31 December 2015 were authorised for issue in accordance with a resolution of the Board of Directors on 8 April 2016.

39. SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

The following analysis of realised and unrealised retained profits of the Group and of the Company as at the reporting date is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad ("Bursa Securities") and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Retained profits:				
- Realised	52,664,114	41,455,591	7,349,505	733,039
- Unrealised	1,728,228	1,358,354	-	-
	54,392,342	42,813,945	7,349,505	733,039
Add: Consolidated adjustments	840,820	806,276	-	-
	55,233,162	43,620,221	7,349,505	733,039

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.

List Of Properties

Existing Use	Land Area (as per Land Title) (Square Feet)	Build Up Area (Square Feet)	Tenure Date of/ Expiry of Lease	Address	Date of acquisition (S&P Date)	Approximate age of Building	NBV @ 31/12/2015 (RM)
Head Office (3 Floors)	2,131.25	5,717.57	Leasehold 99 years expiring on 05.01.2091 (Balance 75 years)	No.19,19A & 19B, Jalan SB Indah 1/18, Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor Darul Ehsan.	20/8/2003	18 years	1,282,375
Investment Property (1½ Floors)	1,668.40	2,142.02	Freehold	No.9 - PT 9078, Jalan Industri Putra 1, Precinct 14, 62050 Putrajaya.	28/8/2007	6 years	900,000
Investment Property (1½ Floors)	1,668.40	2,142.02	Freehold	No.11- PT 9077, Jalan Industri Putra 1, Precinct 14, 62050 Putrajaya.	28/8/2007	6 years	900,000
Store	216,171.61	–	Freehold	Lot 4627, Jalan Broga Besar, 71750 Broga, Negeri Sembilan.	3/8/2009	–	1,098,720
Store	215,891.75	–	Freehold	Lot 4628, Jalan Broga Besar, 71750 Broga, Negeri Sembilan.	23/10/2012	–	2,390,735

Analysis Of Shareholdings
as at 31st March 2016

Authorised Share Capital	:	RM300,000,000.00 divided into 1,200,000,000 ordinary shares of RM0.25 each
Paid-up Share Capital	:	RM163,498,789.75 divided into 653,995,159 ordinary shares of RM0.25 each
Class of Shares	:	Ordinary shares of RM0.25 each
Voting Right	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	Total Shareholdings	%
Less than 100 shares	5,981	50,793	0.007
100 to 1,000 shares	3,088	1,089,142	0.166
1,001 to 10,000 shares	1,621	8,022,106	1.226
10,001 to 100,000 shares	1,345	49,704,816	7.600
100,001 to less than 5% of issued shares	250	218,249,002	33.371
5% and above of issued shares	3	376,879,300	57.627
Total	**12,288**	**653,995,159**	**100.00**

SUBSTANTIAL SHAREHOLDERS

According to the register to be kept under section 69L of the Companies Act, 1965, the following are the substantial shareholders of the Company:

	Direct Interest		Indirect Interest	
Shareholders	No. of Shares	%	No. of Shares	%
Wie Hock Beng	8	-*	376,879,300#	57.63
Wie Hock Kiong	–	–	376,879,300#	57.63
Sincere Goldyear Sdn Bhd	111,372,600	17.03	–	–
Kombinasi Emas Sdn Bhd	265,506,700	40.60	–	–

Notes:

\# *Deemed indirect interest held pursuant to Section 6A of the Companies Act, 1965 by virtue of his substantial shareholdings in Sincere Goldyear Sdn Bhd and Kombinasi Emas Sdn Bhd.*

* *negligible*

DIRECTORS' SHAREHOLDINGS

	Direct Interest		Indirect Interest	
Directors	No. of Shares	%	No. of Shares	%
Dato' Lee Tuck Fook	–	–	–	–
Datuk Hj Subhi Bin Dziyauddin	–	–	–	–
Wie Hock Beng	8	*	376,879,300#	57.63
Wie Hock Kiong	–	–	376,879,300#	57.63
Loh Kong Fatt	–	–	–	–

Notes:

\# *Deemed indirect interest held pursuant to Section 6A of the Companies Act, 1965 by virtue of his substantial shareholdings in Sincere Goldyear Sdn Bhd and Kombinasi Emas Sdn Bhd.*

* *negligible*

Analysis Of Shareholdings
as at 31st March 2016 (cont'd)

THIRTY (30) LARGEST SHAREHOLDERS

No.	Shareholders	No. Of Shares	%
1	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Kombinasi Emas Sdn Bhd*	215,506,700	32.952
2	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Sincere Goldyear Sdn Bhd*	111,372,600	17.029
3	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Kombinasi Emas Sdn Bhd (001 Third Party)*	50,000,000	7.645
4	Advance Harvest Sdn Bhd	23,391,000	3.576
5	Chin Guek Hong	23,191,000	3.546
6	Country Dairy Sdn Bhd	18,432,000	2.818
7	Constant Uptrend Holdings Sdn Bhd	15,776,500	2.412
8	Amanahraya Trustees Berhad *Public Islamic Treasures Growth Fund*	11,940,100	1.825
9	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Mohamad Bolhair Bin Reduan*	8,950,000	1.368
10	Wie Hock Kow	8,000,000	1.223
11	Ikatan Generasi Sdn Bhd	5,090,000	0.778
12	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Mohamed Faroz Bin Mohamed Jakel*	5,000,000	0.764
13	Maybank Securities Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Innofarm Sdn Bhd (Margin)*	4,161,500	0.636
14	Yeoh Chooi Phin	3,119,000	0.476
15	Affin Hwang Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Cheng Ying Ying (CHE3060M)*	2,680,000	0.409
16	Arifuddin Bin Mohamed Shah	2,207,000	0.337

THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)

No.	Shareholders	No. Of Shares	%
17	Warisan Harta Sabah Sdn Bhd	2,127,000	0.325
18	Su Ming Yaw	2,000,000	0.305
19	Loi Leong Chen	1,970,000	0.301
20	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Tan Siew Booy (D18)*	1,900,000	0.290
21	Chang Yock Chai	1,750,000	0.267
22	Tan Boon Yong	1,608,000	0.245
23	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Tee Kim Hew (E-KLG/BTG)*	1,584,500	0.242
24	Maybank Securities Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Yeap Weng Hong (Margin)*	1,510,900	0.231
25	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Loh Yoon Meng @ Loh Yoon Min (002)*	1,415,000	0.216
26	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Kok Tiu Wan*	1,400,000	0.214
27	Ang Mui Lan	1,300,000	0.198
28	HLIB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Wong Kang Yeow*	1,270,000	0.194
29	TA Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Chin Yin Seong*	1,220,000	0.186
30	Tan Kheng Kooi	1,124,100	0.171
		530,996,900	81.192

Analysis Of Warrant Holdings
as at 31st March 2016

Type of Securities	:	5 Years Warrants 2015/2020
Total Warrants Issued and Not Exercised	:	111,308,513
Voting Right	:	One vote per warrant

DISTRIBUTION OF WARRANT HOLDINGS

Size of Holdings	No. of Holders	No. of Warrants	%
Less than 100	6,163	39,005	0.035
100 to 1,000	3,317	861,143	0.773
1,001 to 10,000	688	3,182,551	2.859
10,001 to 100,000	713	28,390,660	25.506
100,001 to less than 5%	163	53,637,004	48.187
5% and above	3	25,198,150	22.638
Total	**11,047**	**111,308,513**	**100.00**

DIRECTORS' WARRANT HOLDINGS

	Direct Interest		Indirect Interest	
Directors	No. of Warrants Held	%	No. of Warrants Held	%
Dato' Lee Tuck Fook	–	–	–	–
Datuk Hj Subhi Bin Dziyauddin	–	–	–	–
Wie Hock Beng	42	*	–	–
Wie Hock Kiong	–	–	–	–
Loh Kong Fatt	–	–	–	–

Note:
* *negligible*

Analysis Of Warrant Holdings
as at 31st March 2016 (cont'd)

THIRTY (30) LARGEST WARRANT HOLDERS

No.	Warrant Holders	No. Of Warrants	%
1	Country Dairy Sdn Bhd	9,216,000	8.279
2	Chin Guek Hong	8,093,900	7.271
3	Constant Uptrend Holdings Sdn Bhd	7,888,250	7.086
4	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Phoa Boon Ting (CEB)*	3,457,000	3.105
5	Wie Hock Kow	3,000,000	2.695
6	Ikatan Generasi Sdn Bhd	2,545,000	2.286
7	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Kok Tiu Wan*	1,800,000	1.617
8	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Kwan Wing Hung (071595)*	1,065,000	0.956
9	Khaw Khean Huat	1,000,000	0.898
10	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Yeo Guik Hiang (JBU/UOB)*	1,000,000	0.898
11	Chng Kim Chye	990,000	0.889
12	Chang Yock Chai	950,000	0.853
13	Lee Chee Keong	940,000	0.844
14	SJ Sec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Francis Ho Ik Sing (SMT)*	910,400	0.817
15	Warisan Harta Sabah Sdn Bhd	763,500	0.685
16	Ang Mui Lan	700,000	0.628
17	Chew Thing Hue	695,000	0.624
18	Chiang Siong Chiew @ Chiong Siong Chiew	650,000	0.583
19	Ooi Chee Min	610,000	0.548

Analysis Of Warrant Holdings
as at 31st March 2016 (cont'd)

THIRTY (30) LARGEST WARRANT HOLDERS (CONT'D)

No.	Warrant Holders	No. Of Warrants	%
20	HLIB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Chong Moo Ling*	600,000	0.539
21	Cartaban Nominees (Asing) Sdn Bhd *Exempt An For Credit Industriel ET Commercial (AC Client)*	520,000	0.467
22	Public Invest Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Chong Moo Ling (M)*	515,000	0.462
23	Lim Ah Kim	500,000	0.449
24	TA Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Chin Yin Seong*	500,000	0.449
25	Wong Ah Kau @ Wong Chiew Seng	500,000	0.449
26	Lim Tian Keong	490,000	0.440
27	Khoo Kim Hong	470,000	0.422
28	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Ker Min Choo (8109400)*	460,000	0.413
29	Poh Chong Joo	450,000	0.404
30	Tan Kim Yam	437,800	0.393
		51,716,850	46.462

PESONA METRO

FORM OF PROXY

No. of ordinary shares held
CDS Account No.

PESONA METRO HOLDINGS BERHAD (957876-T)
(Incorporated in Malaysia under the Companies Act, 1965)

*I/*We ______________________________________ NRIC/ Passport No./ Company No. ______________________
(Full name in Block Letters)

of ____
(Full address)

being a *member/members of PESONA METRO HOLDINGS BERHAD ("PMHB") hereby appoint the following person(s):

Name of proxy, NRIC No. & Address	No. of shares to be represented by proxy	%
1.		
2.		

*or failing *him/her, the Chairman of the Meeting as *my/our proxy/proxies to attend and vote for *me/us on *my/our behalf at the Fifth Annual General Meeting ("5th AGM") of PMHB to be held at* ***Connexion@NEXUS Spectrum & Prism Room, Level 3A, No. 7, Jalan Kerinchi, Bangsar South City, 59200 Kuala Lumpur*** *on* ***Thursday, 16 June 2016*** *at* **10:30 a.m.** *and at any adjournment thereof.*

Resolutions	For	Against
Ordinary Resolutions		
1. To approve the payment of Directors' Fees of RM216,000 for the financial year ending 31 December 2016.		
2. To re-elect Wie Hock Beng as Director.		
3. To re-elect Loh Kong Fatt as Director.		
4. To approve the payment of a single tier final dividend of 1.0 sen per share for the year ended 31 December 2015.		
5. To re-appoint Messrs UHY as the Auditors of the Company and to authorise the Board of Directors to fix their remuneration.		
6. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		
7. Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965.		
Special Resolution		
1. Proposed Amendments to the Articles of Association of the Company.		

(Please indicate with an "X" in the space provided above on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his /her discretion).

Where two (2) proxies are appointed, please indicate below the proportion of your shareholdings to be represented by each proxy.

First named proxy	%
Second named proxy	%
	%

As witness my hand this_______________ day of ______________________ 2016.

____
Signature/Common Seal of Member(s)

Contact Tel: ________________________

Fold This Flap For Sealing

Then Fold Here

AFFIX
STAMP

The Company Secretary

PESONA METRO HOLDINGS BERHAD
(957876-T)

No. 19, Jalan SB Indah 1/18
Taman Sungai Besi Indah
43300 Seri Kembangan
Selangor Darul Ehsan

1st Fold Here

Notes:

1. For the purposes of determining a member who shall be entitled to attend and vote at this meeting, the Company shall be requesting the Record of Depositors as at 9 June 2016. Only a depositor whose name appears on the Record of Depositors as at 9 June 2016 shall be entitled to attend the said meeting or appoint proxies to attend and vote on his/her stead.
2. 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 at his stead. A proxy may but need not be a member of the Company. A member may appoint any person to be his proxy and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply.
3. Where a member appoints more than one (1) proxy to attend at the same meeting, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
4. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), 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.
5. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provision of subsection 25A(1) of SICDA.
6. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
7. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation either under its common seal or under the hand of an officer or attorney duly authorised.
8. The Form of Proxy must be deposited at the Company's Registered Office at No. 19, Jalan SB Indah 1/18, Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

PESONA METRO

PESONA METRO HOLDINGS BERHAD
(957876-T)

No. 19, Jalan SB Indah 1/18,
Taman Sungai Besi Indah,
43300 Seri Kembangan,
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