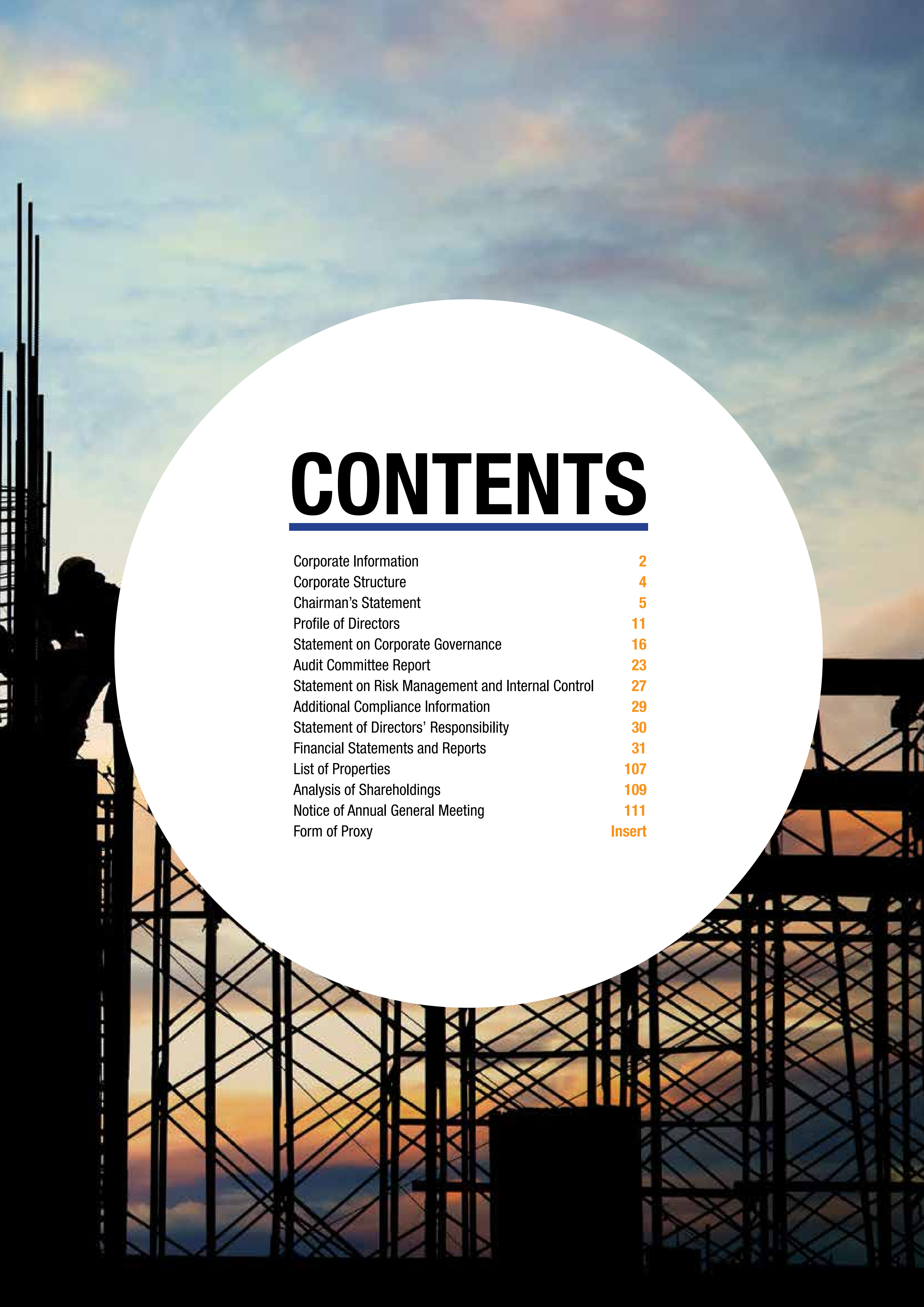
ANNUAL REPORT 2015

Tadmax Resources Berhad
(Company No. 8184-W)



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CORPORATE INFORMATION

From Left to Right:

1. Aldillan bin Anuar
2. Noel John A/L M Subramaniam
3. Derek John Fernandez
4. Dato' Samsudin bin Abu Hassan
5. Tan Sri Datuk Dr Abdul Samad bin Haji Alias
6. Datuk Seri Anuar bin Adam
7. Dato' Faizal bin Abdullah
8. Dato' Che Abdullah @ Rashidi bin Che Omar
9. Tan Peng Koon

BOARD OF DIRECTORS

Tan Sri Datuk Dr Abdul Samad bin Haji Alias
Chairman, Independent Non-Executive Director

Datuk Seri Anuar bin Adam
Managing Director

Dato' Faizal bin Abdullah
Executive Deputy Chairman

Dato' Che Abdullah @ Rashidi bin Che Omar
Executive Director

Dato' Samsudin bin Abu Hassan
Independent Non-Executive Director

Tan Peng Koon
Independent Non-Executive Director

Aldillan bin Anuar
Executive Director

Noel John A/L M Subramaniam
Executive Director

Derek John Fernandez
Independent Non-Executive Director

AUDIT COMMITTEE

Derek John Fernandez
Chairman

Tan Peng Koon
Member

Dato' Samsudin bin Abu Hassan
Member

NOMINATION AND REMUNERATION COMMITTEE

Tan Sri Datuk Dr Abdul Samad bin Haji Alias
Chairman

Tan Peng Koon
Member

Derek John Fernandez
Member

COMPANY SECRETARIES

Chew Mei Ling MAICSA 7019175
Pow Tuck Weng MIA 8046

REGISTERED OFFICE

No. 2D, Jalan SS 6/6
Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan
Tel: +603 7803 7008/ 5008
Fax: +603 7803 7327
Website: www.tadmax.com.my

AUDITORS

SJ Grant Thornton (AF 0737)
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel: +603 2692 4022
Fax: +603 2691 5229

PRINCIPAL FINANCIAL INSTITUTIONS

Malaysia Building Society Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad

SOLICITORS

Fernandez & Selvarajah
12B, 2nd & 3rd Floor
Jalan Yong Shook Lin
46200 Petaling Jaya
Selangor Darul Ehsan
Tel: +603 7954 0866/0867
Fax: +603 7954 0593

SHARE REGISTRAR

ShareWorks Sdn Bhd
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Tel: +603 6201 1120
Fax: +603 6201 3121

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

CORPORATE STRUCTURE

15 APRIL 2016

Tadmax Resources Berhad
(Company No. 8184-W)

- 100% **TADMAX PROPERTIES SDN BHD** (616596-V)
- 100% **ARUS GLOBAL SDN BHD** (481619-V)
- 100% **TADMAX BUILDERS SDN BHD** (1056549-X)
  - 100% **TADMAX BUILDERS (LABUAN) SDN BHD** (1140849-M)
- 100% **KIRANA ABADI SDN BHD** (1023285-P)
- 100% **PLATINUM FRIGATE SDN BHD** (1025975-M)
- 100% **TADMAX ENERGY SDN BHD** (628915-P)
- 100% **GANGGARAK DEVELOPMENT SDN BHD** (1065141-W)
- 100% **TADMAX CONCRETE (LABUAN) SDN BHD** (1141740-D)
- 100% **TADMAX COASTAL SDN BHD** (1172094-U)
- 70% **TADMAX PERMAI SDN BHD** (1154252-H)
- 55% **WAWASAN METRO BINA SDN BHD** (1065160-U)
- 100% **SUFFOLK PTE LTD** (SINGAPORE)
  - 90% **PT TRIMEGAH KARYA UTAMA** (INDONESIA)
- 100% **WEALTH GATE PTE LTD** (SINGAPORE)
  - 90% **PT MANUNGGAL SUKSES MANDIRI** (INDONESIA)

Tan Sri Datuk Dr Abdul Samad bin Haji Alias
Chairman

On behalf of the Board of Directors of Tadmax Resources Berhad, I have the pleasure of bringing you the Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2015.

FINANCIAL HIGHLIGHTS

Theme for 2015

Restoring Profitability and Confidence

During the financial year under review, the Group reported a turnover of RM13.2 million, a reduction of 41.7 percent of the preceding year's turnover. The turnover for the current financial year under review was contributed mainly by the property business segment (60%) while the remainder (40%) came from the industrial business segment. The turnover for the financial year under review does not account for any turnover from the supply of rock materials following the completion of the supply contract in December 2014.

Profit after tax of the Group for the financial year under review reported a substantial gain of RM67.3 million as compared to a loss before tax of RM15.0 million in the preceding financial year. This was achieved following the completion of the disposal of Tadmax Power Sdn Bhd, the Company's wholly owned subsidiary which owned approximately 319 acres of a piece of vacant leasehold land located at Pulau Indah, Klang, Selangor Darul Ehsan. This disposal resulted in the Group registering a net of tax gain of RM147.7 million and this was off-set by the write off of the Group's goodwill of RM67.8 million, in line with the decision to reflect the Group's Net Assets on a tangible basis.

Consequently, the total Equity attributable to Owners of the Group increased from RM196.9 million in the preceding financial year to RM264.3 million in the financial year under review, representing approximately 34 percent growth. In terms of net assets per share, it increased from 44 cents to 59 cents, an increase of approximately 34 percent.

The proceeds from the disposal of Tadmax Power Sdn Bhd were applied towards full settlement of the Group's bank borrowings (excluding hire purchases) as at 31 December 2014 amounting to RM217.9 million, reducing the Group's net gearing ratio from 1.1 times as at 31 December 2014 to 0.01 times as at end of financial year ended 31 December 2015. The settlement of the bank borrowings correspondingly reduced the Group's finance cost from RM8.7 million incurred in the preceding financial year vis-à-vis RM0.4 million registered in the financial year under review.

PROJECTS & BUSINESSES HIGHLIGHTS

Towards New Property Horizons

GANGGARAK PERMAI

The property business segment saw the launch of Phase 1 of the affordable apartments in Ganggarak, Labuan Federal Territory on 1 April 2015. The apartments comprising 800 sq ft or 850 sq ft built-up area per unit were sold from the low price of RM157,000 onwards to a high of RM179,000 per unit.

All the units were designed with living and dining areas with three bedrooms and two bathrooms and are expected to be completed latest by 1st half of 2018. Ganggarak Permai features gated security, landscaped surroundings, a kindergarten, a community hall, swimming pools, suraus and retail shops. All the 520 units have been taken up.

During the financial year under review, the progress of its Phase 1 development was affected by the unfavourable weather conditions at the site. The Group however is optimistic on completing the development within the contracted duration.

The Group undertook this project in order to meet the Federal Government's aspirations of making available affordable-cost apartments to low and middle income earners.

Pertaining to the progress of Phase 1, the development has moved to the next level with the completion of the work below ground level which includes foundation. The next stage of construction include the forming of structural frameworks such as wall with door and window frame construction, roofing, electrical wiring, plumbing and cabling which are expected to be completed within the next few months.

Looking ahead, the Group plans to move forward with its launch of Phase 2 of the project which is expected to take off in the 2nd half of 2016. Undoubtedly, the declining oil prices since year 2014 which continued unabated during the financial year under review has affected adversely the global oil and gas industry and Malaysia has not been spared. Labuan Federal Territory, which is a centre of the oil and gas industry in Malaysia has been similarly affected. Oil and Gas companies have focused on cost optimization measures which include reducing manpower and reducing and/or delaying capital expenditures. The above will have an impact on the property sales and the Group is cautiously optimistic in receiving satisfactory off-take of its sales of Phase 2.

The Group is in an advance stage of negotiating the sale of Block C in Phase 2 in its entirety. If this materializes, the Company would have completed the sale of 50 percent of its commitment to build 1,500 affordable houses in Labuan Federal Territory.

WAWASAN METRO BINA

The Company has subscribed for a 55 percent stake in Wawasan Metro Bina Sdn Bhd ("WMB") on 17 March 2016. The investment in WMB is to expand the Company's push into the property sector in line with the Company's reclassification from "Industrial" to "Properties" sector on the Main Market of Bursa Malaysia Securities Berhad. WMB is currently in discussions to purchase a piece of land in Kepong with the intention to undertake residential development. The Group targets to kick off the project sometime in the 2nd half of year 2016.

TADMAX CONCRETE

In tapping the ready mix concrete business in the Federal Territory of Labuan, the Group has during the financial year under review established a ready mix concrete plant with a monthly capacity in excess of 3,000 cubic meters. The plant would primarily meet the requirements of the Group's Ganggarak Permai Development Project and also enable the Group to capitalize on the demands of the local construction industry in Labuan Federal Territory. The plant is supported by several mixer trucks transporting the ready mix concrete within and outside the Ganggarak Permai project.

Although a newly established business, sales during the financial year under review have been encouraging within and outside the Ganggarak Permai project and the Group is quietly confident of expanding its market coverage.

CORPORATE DIRECTIONS AND EVENTS

The Group has decided to focus on the property business since the last financial year. Consistent with this direction, with effect from 24 August 2015, the Company has been reclassified under "Properties" sector on the Main Market of Bursa Malaysia Securities Berhad.

Presently, the Group is focusing on its property development project in Ganggarak, Labuan Federal Territory and will continue to actively seek opportunities in the property sector to enhance the Group's growth prospects, supported by the Industrial business segment. The Company will release the requisite announcements to Bursa Securities upon the execution of the relevant agreements.

There were several changes in the composition of the Group during the financial year under review as summarized below:-

a) The Company's wholly owned subsidiary, Tadmax Builders Sdn Bhd had on 17 April 2015 incorporated a wholly owned subsidiary known as Tadmax Builders (Labuan) Sdn Bhd with an issued and paid up capital of RM2, a company identified to undertake construction activities in Labuan Federal Territory.

b) The Company had on 8 June 2015 acquired two shares, representing 100 percent equity interests in Tadmax Concrete (Labuan) Sdn Bhd for RM2, a company identified to operate a batching plant to support the Group's construction activities in Labuan Federal Territory. The paid up capital has since been increased to RM400,000 during the financial year under review.

c) The Company had on 5 August 2015 incorporated a subsidiary known as Tadmax Permai Sdn Bhd with an issued and paid-up share capital of RM100 comprising 100 ordinary shares of RM1.00 each where the Company holds seventy (70) shares, representing 70 percent equity interests in Tadmax Permai Sdn Bhd, a company intended to be utilized for the Group's property development and/or construction activities.

d) The Company had on 28 September 2015 disposed off its wholly owned subsidiary, Usama Industries Sdn Bhd with an issued and paid up capital of 1,516,324 ordinary shares for a total purchase consideration of RM1,989,000. Usama Industries Sdn Bhd's principal activity was the extraction and trading of timber logs but has been dormant since July 2010 following the expiry of its timber concession in the District of Kapit, Sarawak.

Pertaining to the disposal of Kirana Abadi Sdn Bhd which in turn owns approximately 60 acres of land located at Pulau Indah, Klang, Selangor Darul Ehsan for a total cash consideration of RM48,351,600, the agreement had become unconditional since 26 September 2015. However, in view of the prolonged time (in excess of twenty nine months) taken by the Group in fulfilling the conditions precedent, the parties are revisiting the executed share sale agreement in moving forward. Upon mutual agreement, an appropriate announcement will be released to Bursa Malaysia Securities Berhad.

In relation to the Group's land located in the District of Jair, Regency of Boven Digoel in Papua, Republic of Indonesia, the Group is in the process of identifying parties to undertake a plantation development (both on its own or through joint ventures) and/or outright disposal of all or part of the land or a combination of the above.

Pertaining to the implementation of the Proposed Private Placement, the Company has prior to the expiry on 25 March 2016 submitted an application to Bursa Malaysia Securities Berhad to extend the implementation of the Private Placement by a duration of six months. As at the date of preparation of this Annual Report, the Company is awaiting for the decision of the application. The Company has identified prospective third party investors for the purposes of placing the placement shares but these efforts were continuously hampered by the general weak market sentiment during the financial year under review. Consequently, the Company's shares continued to trade below its par value. The Company will continue its best efforts to pursue its prospective investors and is hopeful that with the significant improvement in the financial performance of the Company during the financial under review and the expected improvement of the capital markets in year 2016, interest in the Company will increase to facilitate the placement process.

CORPORATE SOCIAL RESPONSIBILITY

Elevating the People and Our Employees First

The objective under the Group's Corporate Social Responsibility (CSR) is to balance shareholders' value, welfare of employees, impact on community and minimize negative influence to the environment in which it operates and has undertaken the following:-

AFFORDABLE HOMES

As part of the Group's CSR, the Group has commenced the development of affordable apartments in the Federal Territory of Labuan. The construction of Phase 1 comprising 520 units is now progressing and is expected to complete latest by 1st half of 2018. The houses are priced from RM157,000 per unit to RM179,000 per unit.

Phase 2 of the project is expected to be launched in the 2nd half of year 2016. The Group undertook this affordable homes project as a commitment to the development of Labuan Federal Territory and to work with the Federal Government in attaining its aspirations of making available affordable-cost apartments to low and middle income earners.

CONTRIBUTIONS TO THE COMMUNITY

We have during the financial year under review contributed to welfare and charity organisations such as Malaysia Association Help for the Poor Terminally Ill and Pertubuhan Kebajikan Asnaf Al Barakh for the betterment of the community.

EMPLOYEES WELFARE

The Group acknowledges the need to provide a healthy and balanced lifestyle for its employees.

We integrate health, safety and environmental (HSE) considerations into all aspects of our business operations and processes as far as applicable and provide regular trainings to ensure the overall well-being of our people. The Group makes it a point to organize monthly gathering of employees for the purposes of encouraging interactions, improve cohesiveness and forging better relationships amongst one another.

Last but not least, the Group invests in the development of its human capital by providing Continuous Professional Development Programmes to improve knowledge, professional conduct and to provide the latest developments in the employee's respective disciplines.

COMMITMENT TO CUSTOMERS

In view of our commitment to provide only the best for our customers, quality remains the main thrust of all our products and delivery of services.

We will actively promote the values behind our CSR strategy to ensure it is embedded in the spirit of our business and enhance value creation in our society and community at large.

LOOKING AHEAD

GENERAL OPERATING ENVIRONMENT AND GROWTH OPPORTUNITIES FACED BY PROPERTY AND CONSTRUCTION SECTORS

The introduction of cooling off measures by the Government in 2014 to curb excessive speculative activity in the property market has continued to affect the local property market. The measures included a maximum loan-to-value at 70% on the third property, maximum tenure for housing loans capped at 35 years from 45 years previously, raising Real Property Gains Tax (RPGT) from 15% to 30% on disposal of property within 3 years and increasing the minimum price of property from RM500,000 to RM1 million for foreign purchases.

The above measures have led to moderating growth in household debt from 15.1% in 2010 to 9.4% in 2014 and further to 7.9% in August 2015. Similarly, the growth in outstanding loans for purchase of residential property also slowed from 15.2% in 2010 to 13.6% in 2014 and to 11.4% in August 2015.

(Source: The Economic Report 2015/2016, Ministry of Finance)

The Real Estate and Housing Developers Association (Rehda) asserted that the rejection rate for affordable housing loan applications was above 50 percent, and that strict lending rules were hurting the property market. Rehda's survey found that loan rejection was the number one obstacle for developers in the 2nd half of 2015, with more than 68 percent of respondents saying having more than 30 percent unsold units.

(Source: The Malay Mail Online: Over 50pc of affordable housing loan bids rejected, Rehda says, 9 March 2016)

In addition, the costs of construction and building materials have also gone up in general as some building materials such as cement are subject to GST. The weakening ringgit has also resulted in an increase of 20-25 percent in the cost of the imported construction materials, as suppliers are asking for review of rates due to the weakening ringgit, despite prices being locked in six months ago.

(Source: The Sun Daily, Construction costs have risen: Rehda, 14 September 2015)

PROSPECTS

Despite the backdrop of the challenging operating environment faced by the property and construction sectors, opportunities will abound and Tadmax will continue be on the lookout for suitable strategic businesses for M&A to enable Tadmax to consolidate and strengthen the Group's foothold in the property development and construction businesses and where justified to acquire other businesses to expand its earnings base.

For the year 2016, the turnover from the Property business segment is expected to improve significantly in line with the expected increase in the stages of development to be attained of its property project in Ganggarak, Labuan Federal Territory. In further enhancing the Property business segment, the Group is also presently actively identifying suitable lands for acquisition to undertake property development and construction projects.

Meanwhile, the contributions from the Industrial Supplies business segment is expected to complement the Property business segment.

Based on the prospects of the above projects amid a challenging external environment, the Board of Directors remain cautiously optimistic that the Group will register a satisfactory performance in the financial year ending 2016.

SUBSEQUENT EVENTS

Subsequent to the financial year under review, the Company has:

a) on 12 January 2016 incorporated a wholly-owned subsidiary known as Tadmax Coastal Sdn Bhd with an issued and paid-up share capital of RM2, a company intended to be utilized for the Group's property development and/or construction activities.

b) on 17 March 2016 subscribed for five hundred and fifty thousand (550,000) ordinary shares of RM1 each of the issued and paid-up share capital of Wawasan Metro Bina Sdn Bhd ("WMB") at par for a total subscription price of RM550,000, resulting in Tadmax having a 55 percent equity interest in WMB. WMB's principal activities are that of property development.

DIRECTORATE

Since the date of issuance of the last financial year's Annual Report, Y.Bhg. Datuk Sulaiman bin Daud had resigned from the Board with effect from 11 March 2016. I wish to place on record my sincere appreciation for his valuable contributions to the Group during his term of office. I would like to take this opportunity to welcome Y.Bhg. Dato' Samsudin bin Abu Hassan who joined the Board on 25 August 2015 and I look forward to working with him.

TRIBUTE

I wish to thank our valued customers, principals, agents, contractors, associates, suppliers, distributors and shareholders for their continued support and confidence in us.

Finally, I would also like to express my heartfelt thanks to my fellow colleagues on the Board for their invaluable guidance and counsel, as well as your Managing Director, Executive Directors, the Management and staff for their unwavering resolve, hard work and commitment to the advancement of Tadmax Resources Berhad and the Group.

Tan Sri Datuk Dr Abdul Samad bin Haji Alias
Chairman
20 April 2016

TAN SRI DATUK DR ABDUL SAMAD BIN HAJI ALIAS
Independent Non-Executive Chairman

Tan Sri Datuk Dr Abdul Samad bin Haji Alias, a Malaysian, aged 73, was appointed to the Board on 15th May 2014 as an Independent Non-Executive Director. He assumed the position of Chairman on 19th June 2014. He is a professional accountant with a Bachelor's Degree in Commerce from the University of Western Australia and is a Fellow of the Institute of Chartered Accountants, Australia, a member of the Malaysian Institute of Accountants (MIA), as well as member of the Malaysian Institute of Certified Public Accountants ("MICPA"). He is also the Chairman of the Nomination and Remuneration Committee.

He was the President of MICPA from 1999 to 2002 and had served as a member of the Malaysian Accounting Standards Board and Financial Reporting Foundation. From September 2000 to August 2005, he was the President of the Malaysian Institute of Accountants. He was also the first Malaysian to be elected to the 22-member board of the International Federation of Accountants.

Currently, Tan Sri Datuk Dr Abdul Samad bin Haji Alias is a director and 14% shareholder in Gabungan Tiasa Sdn Bhd, a company connected to a major shareholder of the Company. Notwithstanding the above, Tan Sri Datuk Dr Abdul Samad bin Haji Alias has declared that he is independent of the Company's management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interest of the Company.

DATUK SERI ANUAR BIN ADAM
Managing Director

Datuk Seri Anuar, a Malaysian, aged 71, started his own business in 1975 as the Managing Director of Kelengkapan (M) Sdn Bhd and Satupadu Sdn Bhd whose principal activities were trading and manufacturing of automobile components. In 1982, Ingeback (M) Sdn Bhd was formed, a company specializing in systems buildings or IBS. The company has a varied track record from construction of stadiums, school complexes and most notably, 12,000 residential units. In 1988, Datuk Seri Anuar ventured into property development, initially building 3,000 units of houses (low and medium types). In 1992, he initiated and completed the Meru Valley Resort, a 27-hole golf course with a clubhouse, bungalows, townhouses and apartments over 500 acres of land in Jelapang, Ipoh.

Datuk Seri Anuar has taken his skills and experience to Seychelles, Sri Lanka and Uruguay. In early 2000, he ventured into Pakistan, introducing them the technology of prefab housing and lifestyle housing and development concept with modern architectural design. The projects accomplished were the development of the Royal Palm Golf Course, Lahore, the first professionally designed golf course in Pakistan and the DA Country & Golf Club, Karachi, the first and only night lighted golf course in Pakistan. Other project in Pakistan are the Jacaranda Family Club (300,000 sq ft), Islamabad and the Mangla View Resort (324 acres). In 2009, seeking a change in business environment, he exited Pakistan to pursue opportunities closer to home.

To date, he is heading the Group with investments both locally and regionally.

DATO' FAIZAL BIN ABDULLAH
Executive Deputy Chairman

Dato' Faizal bin Abdullah, a Malaysian, aged 45, was appointed to the Board on 26th May 1999, as the Group Deputy Chief Executive Officer on 30th October 2000 and Group Chief Executive Officer on 23rd June 2010. He assumed the position of Managing Director on 28th February 2012 and on 19th June 2014, he was appointed to the position of Deputy Chairman.

He holds an Advance Diploma in International Management Studies, United Kingdom. He is also a Member of the Institute of Commercial Management, United Kingdom. Dato' Faizal is also a member of Harvard Business School Alumni Club of Malaysia.

Dato' Faizal began his career as a Personal Assistant to Y. Bhg. Tan Sri Dato' Sri Onn bin Haji Ismail and progressed himself in the construction and property development business prior to joining the Company. He has served in various divisions in the Company including managing the Company's business in relation to timber extraction and logging activities in Sarawak for more than 10 years during which he gained extensive experience and knowledge in the timber-related operations, upstream as well as downstream activities. He also sits on the Board of several other private limited companies.

DATO' CHE ABDULLAH @ RASHIDI BIN CHE OMAR
Executive Director (Plantation)

Dato' Che Abdullah @ Rashidi bin Che Omar, a Malaysian, aged 67, was appointed to the Board on 22nd June 2011 as an Independent Non-Executive Director. On 28th February 2012, he was redesignated as Executive Director (Plantation). He is a member of the ESOS Committee.

Dato' Rashidi graduated with a Diploma in Plantation Management from Universiti Teknologi Mara. He began his career with FELDA as a Cadet Planter in 1968 and left as a Manager. In 1974, he joined Kuala Lumpur Kepong Berhad as Assistant Manager and left as Senior Manager. In 1989, he joined Austral Enterprise Berhad as a Senior Manager. In 1990, he joined Tradewinds (M) Berhad as a Manager in the Plantation Division and was subsequently promoted to General Manager in 1993. In 1996, he was seconded to Tradewinds Plantation Services Sdn Bhd and promoted to the position of Senior General Manager. In 1999, he became the Executive Director of Tradewinds Plantation Services Sdn Bhd. In 2002, he joined Lembaga Tabung Haji as its Plantation Director. He was the Managing Director of TH Plantations Berhad from 2003 to 2009.

Dato' Rashidi is currently on the Board of Loh & Loh Corporation Berhad and New Britain Palm Oil Limited.

DATO' SAMSUDIN BIN ABU HASSAN
Independent Non-Executive Director

Dato' Samsudin bin Abu Hassan, a Malaysian, aged 60 was appointed to the Board on 25th August 2015 as an Independent Non-Executive Director. He is a Fellow Member of the Chartered Institute of Management Accountants (FCMA) (U.K.) (CIMA) and Chartered Global Management Accountant, USA (CGMA). He is a member of the Audit Committee.

Dato' Samsudin has vast all-round experience in corporate finance, investment banking especially Mergers & Acquisition's, stock / equity markets in various industries and investments both in Malaysia and overseas (South Africa, Singapore, UK, Hong Kong and Australia) for the past thirty years.

Dato' Samsudin has been Director / CEO / Chairman of many public listed companies in Malaysia and overseas covering various industry sectors throughout his career of more than 35 years.

Industry sectors where he was involved in include Trading, Retail, Production, Property Development, Hotel & Resorts, Engineering Services, Oil & Gas, Power Generation, Mining, Banking & Financial Services, etc.

Dato' Samsudin presently spends more time on private equity, assets management, corporate & advisory / consultancy works covering both local and international level / UK, Europe, Asia, USA and Canada.

TAN PENG KOON
Independent Non-Executive Director

Tan Peng Koon, a Malaysian, aged 45, was appointed to the Board on 10th February 2012 as an Independent Non-Executive Director. He is a member of the Audit Committee, a member of the Nomination and Remuneration Committee and also the Chairman of the ESOS Committee.

He holds a Bachelor of Economics (Accounting) from Flinders University South Australia and is a Member of the CPA Australia.

Mr Tan began his financial service industry career with RHB Bank Berhad, before moving to KAF Discount Berhad as a Manager in the area of Capital Markets. He later joined Phileo Allied Capital Partners Sdn Bhd in the Corporate Finance division as a Manager. From there he ventured into his own private corporate consultancy firm before joining Mulpha Capital Holdings Sdn Bhd. He was a Director of Mulpha International Berhad from 2004 to 2006. He became the Vice Chairman of Fiscalab Holdings Sdn Bhd since 2006 and Chairman of Sungei Wang Group Sdn Bhd from 2008 onwards. He also sits on the Board of several other private limited companies.

NOEL JOHN A/L M SUBRAMANIAM
Executive Director

Noel John A/L M Subramaniam, a Malaysian, aged 68, was appointed to the Board on 12th February 2014 as a Non Independent & Non-Executive Director. On 30th October 2014, he was redesignated as Executive Director and ceased to be a member of the Audit Committee from the same date.

Mr Noel John has over 30 years experience in the financial and corporate fields. He has served previously as Board Member and Audit Member of a financial services company and as the Managing Director and Audit Member of a Construction Group. Prior to the above, he was with the Government of Singapore Administrative Service and the Monetary Authority of Singapore, the World Bank/IFC initiated Malaysian Industrial Development Finance Berhad (where he was involved in business and project development, economic research and project financing), TA Securities Berhad (as Senior VP of the International Desk involved with foreign Fund Managers) and the MBf Group (a financial services and construction group). He has been involved, since 1999, with Maxcorp Development Sdn Bhd, the parent company of the Maxcorp Group which is controlled by a major shareholder of the Company, having served as Director and currently as Advisor. Mr Noel had his tertiary education at the University of Malaya, National University of Singapore and the Asian Institute of Management, Philippines. He holds a Class II Upper Honours Degree majoring in Economics and a Master's Degree in Management. He has served as an Executive Committee member of the Malaysian Economic Association and also as the Chairman of the Finance Committee and later Vice-President of the Royal Selangor Club.

ALDILLAN BIN ANUAR
Executive Director

Aldillan bin Anuar, a Malaysian, aged 40, was appointed to the Board on 12th February 2014 as an Executive Director. Mr Aldillan is the son of Datuk Seri Anuar bin Adam who is the major shareholder of the Company.

Mr Aldillan graduated with a Bachelors of Structural Engineering with Architecture from the University of Manchester, United Kingdom in 1998. Upon completing his degree, he joined Halcrow, an international and multi disciplinary engineering consultancy firm based in England.

In 1999, upon his return to Malaysia, he joined their family owned business, Maxcorp Group of Companies, which are principally involved in construction, project management and property development businesses focused on Leisure, Resort and Housing. He was a key member in the initial planning and of 8000 units' low cost housing project in the state of Johor, Malaysia.

From 2003 to 2008, he was based in Pakistan overseeing implementation of the Group's property projects with a GDV of RM 700 million in various parts of Pakistan. Currently, he is the Managing Director of Maxcorp Development Sdn Bhd, overseeing the planning and strategy of the groups' various projects in Malaysia.

DEREK JOHN FERNANDEZ
Independent Non-Executive Director

Derek John Fernandez, a Malaysian, aged 51 was appointed to the Board on 26th March 2014. A lawyer by profession, his academic qualifications include B.Sc. and LLB (Hons) from Monash University, Australia. He was admitted as a Barrister and Solicitor of the Supreme Court of Victoria, Australia in 1989 and then an Advocate and Solicitor of the High Court of Malaya in 1991. He was a legal assistant in Fernandez and Co from 1989 -1991 as well as a lecturer in Sunway College from 1991-1994 and a Partner of K. Nadarajah and Partners from 1994-1996.

Currently, he is the Managing Partner in Fernandez & Selvarajah (Advocates & Solicitors). He was also a member of the Bar Council's sub committee on corporate and banking matters.

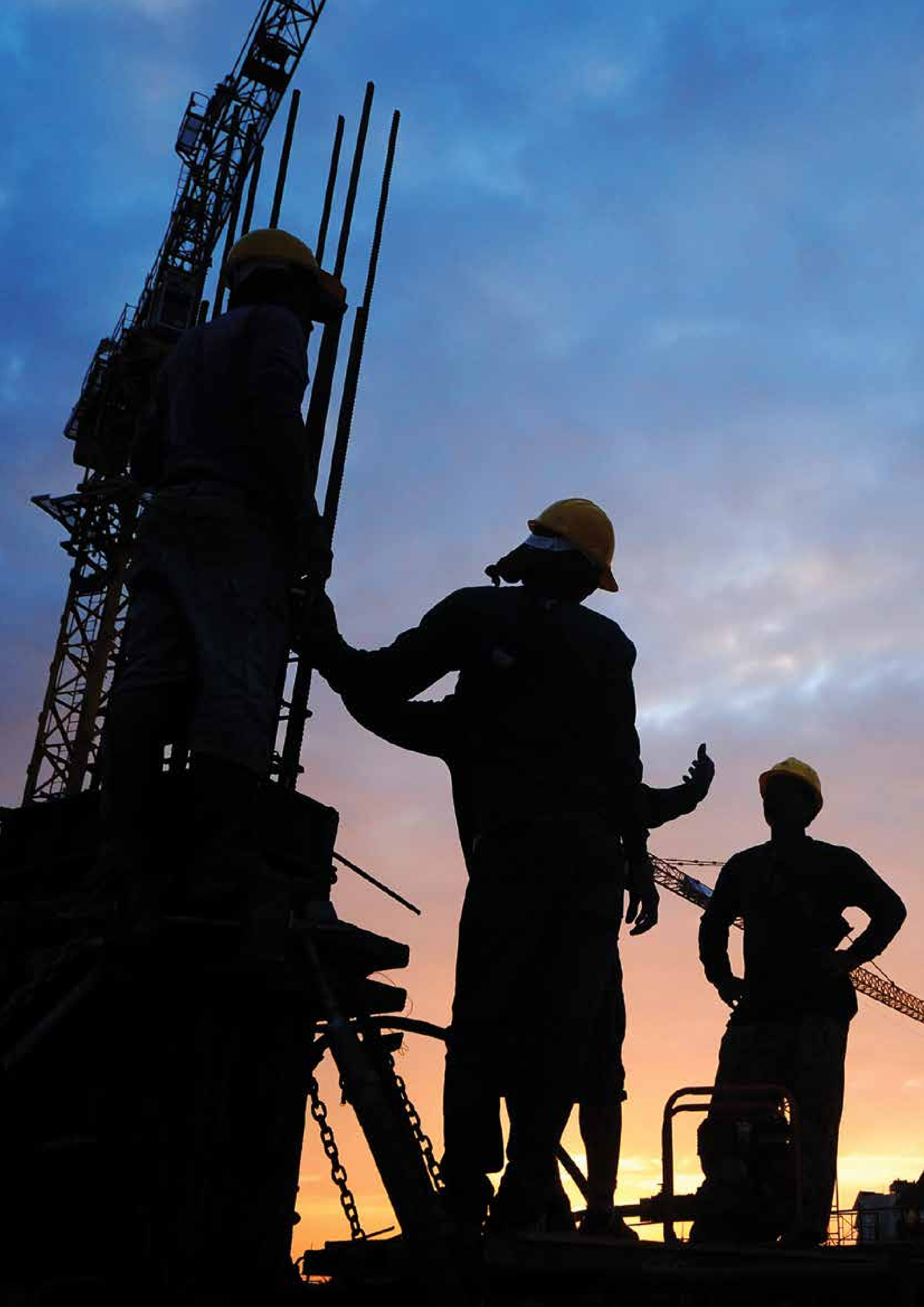
He is Chairman of the Audit Committee and also a member of the Nomination and Remuneration Committee.

Notes to Profile of Directors:

1) The details of Directors' shareholdings in the Company are set out on page 109 of this Annual Report.

2) Save for Mr Aldillan bin Anuar, who is the son of Datuk Seri Anuar bin Adam, the Managing Director and a major shareholder of the Company, none of the Directors has any family relationship with any director and/ or major shareholder of the Company and any conflict of interest with the Company. None of the Directors have been convicted for offences within the past ten years other than traffic offences, if any.

3) The number of board meetings attended by the Directors of the Company are set out on page 20 of this Annual Report.



The Securities Commission of Malaysia released the latest Malaysian Code on Corporate Governance ("the 2012 Code") in March 2012. The key focus of the 2012 Code is to strengthen the board structure and composition. There are 8 principles and 26 recommendations.

The Board had conducted a review of its current practices and proceedings against the principles and recommendations of the 2012 Code. The result of this review was used by the Board as a basis in describing its applications of the principles and recommendations in the 2012 Code and the actions the Board would take to strengthen its present governance practices.

Board of Directors

The responsibilities of the Board broadly cover formulation of corporate policies and strategies for the Group which will enhance the future growth; overseeing and evaluating the conduct of the Group's businesses; identifying principal risks of the business and ensuring the implementation of appropriate systems to manage these risks, overseeing the management succession plan, implementation of shareholders' communication program and policy and reviewing the adequacy and integrity of the Group's internal control system and management information system.

The Management on the other hand, is responsible for assisting the Board in implementing the strategies, policies and procedures adopted by the Board to achieve the Group's objectives and in running the Group's day to day business operations under the stewardship of the Managing Director.

Similar with the previous code, the 2012 Code continues to emphasize the importance of right board composition in bringing value to the board deliberation and transparency of policies and procedures in selection and evaluation of board members.

During the financial year until the date of this Annual Report, the Board continues to be led and controlled by board members with professional and business experience. The Board has nine (9) directors, five (5) of them are Executive Directors, and the remaining four (4) Directors are Independent Non-Executive Directors. The Board reviews the composition of the board members annually and ensures that the current composition of the board functions competently. The presence of the Independent Non-Executive Directors ensures that independent views and objectivity are brought into the Board's deliberation and decision making processes.

The Board has delegated specific responsibilities to the respective committees of the Board namely the Audit Committee and Nomination and Remuneration Committee, in order to enhance business and corporate efficiency and effectiveness. The Board's Committees will deliberate and examine issues within the established terms of reference and report to the Board on significant matters that require the Board's attention.

In order to ensure that the selection and evaluation of board members are done objectively, the Nomination and Remuneration Committee members are solely made up of independent board members and the Committee is chaired by a Senior Independent Non-Executive Director.

The Nomination and Remuneration Committee comprises the following Directors:-

Chairman
Tan Sri Datuk Dr Abdul Samad bin Haji Alias

Members
Tan Peng Koon
Derek John Fernandez

Functionally, the Nomination and Remuneration Committee is responsible for reviewing and making recommendation of any appointments to the Board based on the size of the Board, the mix of skills, experiences and other qualities a Director should bring to the Board as well as to recommend remuneration packages for Directors and performance related pay schemes for Directors and Senior Management (if any). New nominations are assessed and recommended to the full Board for appointment.

The nomination and election process of Board Members are as follows:-

Appointment of New Directors

The Board does not set specific criteria for the assessment and selection of candidate for appointment as Director. Consideration would be taken on the need to meet the regulatory requirement such as the Companies Act, 1965 and the Listing Requirements, the experience, integrity, wisdom, independence of the candidate, ability to make analytical inquires, ability to work as a team to support the Board, possession of the required skill, qualification and expertise that would add value to the Board, understanding of the business environment and the willingness to devote adequate time and commitment to attend to the duties/functions of the Board.

Appointment of New Directors (cont'd)

The Nomination and Remuneration Committee is responsible to recommend candidate to the Board to fill vacancy arising from resignation, retirement or other reasons or if there is a need to appoint additional Director with the required skill or profession to the Board in order to close the competency gap in the Board identified by the Nomination and Remuneration Committee. The potential candidate may be proposed by existing Director, Senior Management, shareholders or third party referrals.

Upon receipt of the proposal, the Nomination and Remuneration Committee is responsible to conduct an assessment and evaluation on the proposed candidate.

The assessment/evaluation process may include among others, a review of the candidate's resume, curriculum vitae and qualification. The Nomination and Remuneration Committee would also assess the candidate's integrity, wisdom, independence, ability to make independent and analytical inquiries, ability to work as a team to support the Board, understanding of the business environment and the willingness to devote adequate time and commitment to attend to the duties/functions of the Board.

Upon completion of the assessment and evaluation of the proposed candidate, the Nomination and Remuneration Committee would make its recommendation to the Board. Based on the recommendation of the Nomination and Remuneration Committee, the Board would evaluate and decide on the appointment of the proposed candidate.

Annual Assessment of Existing Directors

The Director who is subject to re-election and/or re-appointment at the next Annual General Meeting shall be assessed by the Nomination and Remuneration Committee before recommendation is made to the Board and shareholders for the re-election and/or re-appointment.

Two meetings were held during the financial year to consider among others the re-election and re-appointment of Directors at the forthcoming Annual General Meeting and evaluation of independence of its Independent Directors.

The Board has in place a Corporate Code of Conduct which sets out the Company's principles and to provide guidance to stakeholders on ethical behaviours that stakeholders could expect from the Group, responsibilities, implementation of a communication channel and procedures to provide employees with a mechanism to monitor the compliance of the code of conduct.

There is a continuous process to strengthen the roles and responsibilities including defining its business sustainability policy and ensuring its current business decision making process incorporate the elements of Environment, Social and Governance ("ESG") within its value chain in the business processes.

Board Charter

The Company has in place a Board Charter that sets out, among others, the responsibilities, authorities, procedures, evaluations and structures of the Board and Board Committees, as well as the relationship between the Board with its Management and shareholders. More information on the Board Charter can be found on the Company's website at www.tadmax.com.my.

Gender, Ethnic and Age Group Diversity Policy

The Company does not have a policy on gender, ethnicity and age group for candidates to be appointed on the Board. The Group does not practice any form of gender, ethnicity and age group for all Directors and the selection criteria for appointment will be based on skills, experience and knowledge as the Group provides equal opportunity to candidates based on merit. Nevertheless, the Board will strive towards introducing female Board members when suitable candidates are identified.

Re-Election Of Directors

The Articles of Association provide that at least one third of the Board is subject to retirement by rotation at each Annual General Meeting whereby each retiring Director shall be those who have been longest in office since their last re-election. Consequently, each Director shall retire from office at least once in every three years but shall eligible re-election. The election of each Director is voted on separately.

Directors over the age of seventy years are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

Directors' Remuneration

An Executive Director is remunerated based on the Group's performance whilst the remuneration of the Non-Executive Directors is determined in accordance with their experience and the level of responsibilities assumed.

During the financial year, the number of Directors whose income falls within the following bands is set out as follows:

Remuneration Bands	Executive Directors	Non-Executive Directors
RM50,000 and below	-	1
RM50,001 – RM100,000	-	4
RM100,001 – RM200,000	2	-
RM200,001 – RM300,000	1	-
RM300,001 – RM400,000	1	-
RM600,001 – RM750,000	1	-

During the financial year, the aggregate remuneration paid or payable to all Directors of the Company are further categorised into the following components:

	Salaries and other emoluments (RM)	Bonuses (RM)	Benefit-in-kind (RM)	EPF and SOCSO (RM)	Total (RM)
Executive Directors	1,520,000	-	84,092	132,000	1,736,092
Non-Executive Directors	298,500	-	15,000	-	313,500

Board Independence

Independence is important for ensuring objectivity and fairness in the Board's decision making. The roles and responsibilities of the Chairman and Managing Director continue to be separated. The Chairman of the Board is an Independent Director and this is stipulated in the Board Charter.

The Board had identified Tan Sri Datuk Dr Abdul Samad bin Haji Alias as the Senior Independent Non-Executive Director to provide shareholders with an alternative to convey their concerns and seek clarifications from the Board. Any such concerns may be directed to the Company's registered office.

In order to uphold the independence of Independent Directors, the Board undertakes an annual assessment of independence of its Independent Directors focusing on events that would at least maintain if not enhance the ability of Independent Directors to continue bringing independent and objective judgment to the Board's deliberation and the regulatory definition of independent directors.

The 2012 Code recommends that the tenure of an Independent Director should not exceed nine (9) years cumulatively. Upon completion of the nine (9) years, an Independent Director may continue to serve on the board subject to his re-designation as a Non-Independent Director. None of the current Independent Directors have served as a Director for more than nine (9) years.

Board Commitment

The underlying factors of Directors' commitment to the Group are devotion of time and continuous improvement of knowledge and skill sets.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company during the financial year ended 31 December 2015. In compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), all the Directors do not hold directorships more than that prescribed under the Listing Requirements.

The Board meets at least every quarter and on other occasions, as and when necessary, to inter-alia approve quarterly financial results, statutory financial statements, the Annual Report, business plans and budgets as well as to review the performance of the Company and its operating subsidiaries, governance matters and other business development matters. Board papers are circulated to the Board members prior to the Board meetings so as to provide the Directors with relevant and timely information to enable them to have proper deliberation on issues raised during Board meetings.

Board Commitment (cont'd)

All Directors have unrestricted access to timely and accurate information within the Group and to the advice and services of the Company Secretaries, who are responsible to the Board in ensuring procedures are followed. In addition, subject to Board's approval, Directors may also seek independent professional advice, if necessary, at the expense of the Company.

During the financial year, six (6) Board meetings were held. The attendance record of each Director is as follows:

	Board of Directors	Number of Board Meetings attended
1.	Tan Sri Datuk Dr Abdul Samad bin Haji Alias	6/6
2.	Datuk Seri Anuar bin Adam	6/6
3.	Dato' Faizal bin Abdullah	5/6
4.	Dato' Che Abdullah @ Rashidi bin Che Omar	5/6
5.	Datuk Sulaiman bin Daud	5/6
6.	Tan Peng Koon	5/6
7.	Noel John A/L M Subramaniam	6/6
8.	Aldillan bin Anuar	6/6
9.	Derek John Fernandez	6/6
10.	Dato' Samsudin bin Abu Hassan (Appointed on 25 August 2015)	2/2

The Directors recognise the need to attend training to update their knowledge, keep abreast with new developments and enhance their skills to sustain their active participation in Board deliberations for effective discharge of their duties. The training attended by Directors during the financial year are as below:

Directors	Training attended unless indicated otherwise
Tan Sri Datuk Dr Abdul Samad bin Haji Alias	• Continuing Disclosure • Elevating The Performance of the Board • Ethics & The Board (Predominately Case Study Based) • Board Performance Evaluation & Directors Appraisal
Datuk Seri Anuar bin Adam	• Elevating The Performance of the Board • Ethics & The Board (Predominately Case Study Based)
Dato' Faizal bin Abdullah	• Elevating The Performance of the Board • Board Performance Evaluation & Directors Appraisal
Dato' Che Abdullah @ Rashidi bin Che Omar	• Elevating The Performance of the Board • Ethics & The Board (Predominately Case Study Based)
Datuk Sulaiman bin Daud	• Continuing Disclosure • Utilising Auditors To Mitigate Board Risks • Banking & Digital Economy Summit (BDES) 2015 - Changing The Game: Co-Creating Value In The Digital Economy
Dato' Samsudin bin Abu Hassan	• Board Performance Evaluation & Directors Appraisal
Tan Peng Koon	• Ethics & The Board (Predominately Case Study Based) • Delisting & Relisting & Impact on Shareholder's Wealth • 11 Malaysian Plan (2016 to 2020): Opportunities & Challenges
Noel John A/L M Subramaniam	• Continuing Disclosure • Elevating The Performance of the Board • Ethics & The Board (Predominately Case Study Based) • Board Performance Evaluation & Directors Appraisal
Aldillan bin Anuar	• Continuing Disclosure • Elevating The Performance of the Board • Ethics & The Board (Predominately Case Study Based)
Derek John Fernandez	• Continuing Disclosure • Elevating The Performance of the Board • Ethics & The Board (Predominately Case Study Based)

The Nomination and Remuneration Committee assists the Board in the assessment of the training needs of each Director during each financial year.

Company Secretaries

The Company has appointed qualified named Company Secretaries for the Group who possess the requisite qualification and they play a supportive role by ensuring adherence to the Company's constitution, Board policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations from time to time.

Supply Of Information

Prior to Board meetings, an agenda together with the relevant documents and information are distributed to all Directors. The Senior Management and/or other relevant Board members will provide comprehensive explanation of pertinent issues and recommendations. The issues would then be deliberated and discussed thoroughly by the Board prior to decision-making.

Apart from the above, the Board members are supplied with information and reports on financial, operational, corporate regulatory, business development and audit matters by way of board reports or upon specific request to enable them to discharge their duties and responsibilities. All Directors are notified of amendments to Bursa Malaysia Securities Berhad's Listing Requirements. All Directors have access to the Management and Auditors for independent view and advice.

In furtherance of their duties, the Directors may seek independent professional advice if necessary, at the expense of the Company.

Financial Reporting

The Board is responsible to ensure that the quarterly financial reporting of the Company presents a fair and balance view and assessment of the Group's financial position, performance and prospects. The Board ensures that the Group's financial statements are drawn up in accordance with the provisions of the Companies Act 1965 and applicable approved accounting standards. The Board is assisted by the Audit Committee in reviewing and scrutinising the information in terms of the overall accuracy, adequacy and completeness of disclosure and ensuring the Group's financial statements comply with applicable financial reporting standards.

As part of the Audit Committee review processes, the Audit Committee has obtained written assurance from:

i. The External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements; and

ii. Managing Director and Head, Corporate Finance confirming that the preparation of the financial statements, all relevant approved accounting standards and policies have been adopted, applied and followed in the financial statements with reasonable and prudent judgments and estimates.

Annually, the Audit Committee also reviews the appointment, performance and remuneration of the External Auditors before recommending them to the shareholders for re-appointment in the AGM. The Audit Committee would convene meeting with the External Auditors and Internal Auditors in the absence of the Executive Directors and employees of the Group to discuss on issues and reservations, if any, which the External Auditors or Internal Auditors may wish to highlight to the Audit Committee.

Risk Management

The Board acknowledges that risk management is an integral part of good management practice. In order to strengthen the present risk management and internal control systems in the Group, the Board would work with the Management in:

i. Approving the Group's policy and framework in Risk Management;
ii. Determining the Board risk appetite;
iii. Ensuring the risk management framework is embedded into key functions in the Group;
iv. Identifying principal risks, emerging and changes of risks impacting the Group's objectives and strategies; and
v. Reviewing risk management actions and management risk report and assessing the effectiveness of the risk management and internal control system in managing risks in accordance with the Group's risk appetite and policies

The Board has established an internal audit function which is currently outsourced to a professional firm. Functionally, the Internal Auditors report to the Audit Committee directly and they are responsible for conducting regular reviews and appraisals of the effectiveness of the governance, risk management and internal controls processes within the Group. Further details of the Group's state of risk management and internal control systems are reported in the Statement on Risk Management and Internal Control on pages 27 to 28.

Corporate Disclosure

Corporate disclosure and information are important for investors and shareholders. The Board is advised by the Management, the Company Secretaries and the External and Internal Auditors on the contents and timing of disclosure requirements of the Listing Requirements of Bursa Securities on the financial results and various announcements. The Management is invited to attend the Board and Audit Committee meetings and to provide explanation to the Board on the operations and financial performance of the Group.

The Board leverages on its corporate website to communicate, disseminate and add depth to the governance reporting. The principal governance information such as Board Charter and Board Committees' terms of reference, are separately published in the website to avoid dilution of issues in the annual report.

Sustainability

Tadmax Group manages its business responsibly by managing the environmental, social and governance aspects of its operations and committed to all three principles of sustainability, i.e. profit, people and planet (triple bottom line).

Tadmax has always encouraged balance between its triple bottom line and its role as a responsible corporate citizen whilst approaching it from the four dimensions of the marketplace, community, workplace and environment.

Shareholders' Right

The Board recognises the need for transparency and accountability to the Company's shareholders and regular communication with its shareholders, stakeholders and investors on the performance and major developments in the Group. This is achieved through release of quarterly financial results, circulars, Annual Reports, corporate announcement and press releases. In addition to the various announcements made during the financial year, information on the Company is available on the Company's website at www.tadmax.com.my.

The Company would respond to meetings with institutional shareholders, analysts and members of the press to convey information regarding the Group's performance and strategic direction as and when required. General meetings are an important avenue through which shareholders can exercise their rights. Shareholders' participation in general meetings are encouraged. Shareholders are reminded that they have the right to demand a poll vote at general meetings. Also, effective 1st June 2013, poll voting is mandated for related party transactions that require specific shareholders' approval.

Statement On Compliance With Best Practices Of The Code

Pursuant to Paragraph 15.25 of the Listing Requirements of Bursa Securities, the Board is satisfied that the Company has complied with the Code during the financial year with regard to the recommendations supporting the Principles except as otherwise stated.

The Statement is made in accordance with a resolution of the Board dated 20 April 2016.

COMPOSITION OF AUDIT COMMITTEE

The current Audit Committee comprises the following Directors:

Chairman

Derek John Fernandez (Appointed as Chairman on 11 March 2016)	*Independent Non-Executive Director*
Datuk Sulaiman bin Daud (Resigned on 11 March 2016)	*Independent Non-Executive Director*

Members

Tan Peng Koon	*Independent Non-Executive Director*
Dato' Samsudin bin Abu Hassan (Appointed on 11 March 2016)	*Independent Non-Executive Director*

MEETINGS

During the financial year ended 31 December 2015, the Audit Committee held a total of five meetings. The meetings were attended by the members and Senior Management also attended these meetings upon invitation by the Chairman of the Committee. The Group's Internal and External Auditors also attended some of the meetings during the financial year. The record of attendance of the Audit Committee members are as follows:-

Directors	Number of meetings attended
Datuk Sulaiman bin Daud	5/5
Tan Peng Koon	4/5
Derek John Fernandez	5/5

TERMS OF REFERENCE

1. Objectives

The principal objective of the Audit Committee is to assist the Board in its responsibilities relating to the accounting and reporting practices of the Company and the Group. In addition, the Audit Committee shall:-

- evaluate the quality of the audits performed by the Internal and External Auditors;
- ensure financial statements comply with applicable financial reporting standards;
- oversee compliance with the laws and regulations and ensure observance of a proper code of conduct; and
- have policies and procedures to assess the suitability and independence of External Auditors.

2. Composition

The members of the Audit Committee shall be appointed by the Board from amongst the Non-Executive Directors and shall consist of not less than three members, the majority of whom are Independent Directors. At least one member of the Audit Committee:-

(a) must be a member of the Malaysian Institute of Accountants (MIA); or

(b) if he is not a member of MIA, he must have at least three years of working experience and:-

(i) he must have passed the examination specified in Part I of the First Schedule of the Accountants Act, 1967; or

(ii) he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967; or

(c) fulfils such other requirements as prescribed or approved by the Exchange.

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

3. **Chairman**

The Chairman of the Audit Committee must be an Independent Non-Executive Director. In the absence of the Chairman, the members shall elect any one of the members present at the meeting to be the Chairman of the meeting.

4. **Secretary**

The Company Secretary shall be the Secretary of the Audit Committee.

5. **Quorum**

The quorum of the meeting of the Audit Committee shall be at least two members, a majority of whom must be Independent Directors.

6. **Meeting Procedure**

At least four meetings shall be convened during a year. The meetings shall be scheduled regularly by the Secretary and due notice shall be distributed to the members before the meeting together with the agenda and supporting papers. The minutes of the meeting shall be recorded for reference and inspection purposes. The Executive Directors, Accountants, representatives of the Internal and External Auditors may be present in any meeting upon the invitation of the Audit Committee.

7. **Authority**

The Audit Committee shall have the authority to do the following:-

(a) to carry out its function within its terms of reference. All employees of the Group shall be directed to co-operate as requested by the Audit Committee;

(b) have full and unlimited/unrestricted access to all information, documents and resources which are required to perform its duties;

(c) be able to obtain, at the expense of the Company, any other independent professional advice, if required;

(d) be able to convene meetings with External Auditors, Internal Auditors or both, excluding the attendance of the Executive Directors and employees of the Company, whenever deemed necessary;

(e) be able to make relevant reports when necessary to the relevant authorities if any breach of the rules, regulations and/or Listing Requirements of the Bursa Malaysia Securities Berhad has occurred; and

(f) have direct communication channels with the External Auditors and person(s) carrying out the internal audit function.

8. **Functions**

The Audit Committee shall discharge the following duties and responsibilities and report the same to the Board:-

(a) to review with the External Auditors:-

- the audit plans;
- its evaluation of the system of internal controls;
- the audit report;
- the assistance given by the employees and the Management of the Company and the Group to the External Auditors; and
- the management letter of the External Auditors and the Management's response.

8. Functions (cont'd)

(b) to review with the Internal Auditors:-

- the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work; and
- the internal audit programmes, processes, the results of the internal audit programmes, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.

(c) to review the quarterly unaudited financial results and audited financial statements, prior to the approval of the Board, particularly focusing on:-

- changes in or implementation of major accounting policies;
- significant and unusual events; and
- compliance with approved accounting standards and other legal requirements.

(d) to monitor any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of Management integrity;

(e) to consider the appointment, resignation or dismissal of the External Auditors of the Company;

(f) to review and monitor the suitability and independence and evaluate the performance of the External Auditors for re-appointment;

(g) to establish policies governing the circumstances under which contracts for the provision of non-audit services can be entered into and procedures that must be followed by the External Auditors;

(h) to obtain written assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements; and

(i) to review and report such other matters as may be delegated by the Board from time to time.

9. Retirement and Resignation

In the event of any vacancy in the Audit Committee resulting in non-compliance in respect of composition of Audit Committee, the Company must fill the vacancy within three months.

10. Term of Office

At least once in every three years, the Board must review the term of office, performance of the Audit Committee and each of its members to determine whether the Audit Committee and its members carried out their duties in accordance with their terms of reference.

11. Reporting

The Audit Committee shall report to the Board either formally in writing or verbally, as it considers appropriate, on its terms of reference at least once a year, but more frequently as it wishes.

The Audit Committee shall report to the Board any specific matters, as requested by the Board, for investigation.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year ended 31 December 2015, the Audit Committee carried out its duties as set out in the terms of reference. In particular, its functions covered, amongst others, the following:-

(a) reviewed the quarterly unaudited financial results and audited financial statements of the Company and the Group prior to recommending them to the Board for approval and ensured that it was prepared in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards;

(b) reviewed and discussed the External Auditors' nature and scope of the audit plan, system of internal controls, audit report and any significant audit findings encountered and the accounting issues arising from the audit;

(c) reviewed the performance of the External Auditors and discussed the re-appointment of External Auditors before tabling to the shareholders for approval at the Annual General Meeting;

(d) reviewed the business operations of the Group;

(e) reviewed the related party transactions entered by the Company and the Group;

(f) met with the External Auditors three times during the year in the absence of Management;

(g) reviewed the Company's compliance with the Listing Requirements of the Bursa Malaysia Securities Berhad, accounting standards and other relevant legal and regulatory requirements;

(h) assessed and reviewed the adequacy of the scope, functions and resources of the internal audit function, the independence of the Company's internal audit function and that it has the necessary authority to carry out its work;

(i) reviewed the scope of the internal audit programme, processes, the results of the internal audit programme, recommendations and corrective actions taken on the recommendations of the internal audit function;

(j) reviewed the Statement on Risk Management and Internal Control for inclusion in the Annual Report; and

(k) further, the Audit Committee assessed the suitability and independence of External Auditors by obtaining affirmation from the External Auditors that it maintained its independence in accordance with its internal requirements and with the provisions of the Bye-Laws on Professional Independence of the MIA.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

The Board has outsourced its internal audit function to a professional firm to conduct reviews on the systems on internal control in the key operation activities of the Group. Functionally, the Internal Auditors directly report to the Audit Committee on matters of control and audit and assist the Audit Committee in discharging its duties and responsibilities on the reviews of the internal control systems of the Group.

During the financial year, the Internal Auditors conducted reviews on the Property Development and Construction business segment in accordance with the approved Internal Audit Plan.

The internal audit reports were issued to the respective operations management, incorporating audit recommendations and Management responses in respect of audit findings on the areas for improvement. These reports were tabled at the Audit Committee for their assessment of the effectiveness of the systems of internal control in the Group.

The internal audit fee incurred for the financial year ended 31 December 2015 was RM14,400/.

The Board of Directors ("The Board") is pleased to present this Statement of Risk Management and Internal Control ("Statement") pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") which requires the directors of public listed companies to include in its Annual Report a "statement about the state of internal control of the listed issuer as a group".

RESPONSIBILITY OF THE BOARD

The Board affirms its overall responsibility and is committed to maintain a sound risk management and internal control system within the Group; and regularly review its adequacy and integrity in safeguarding shareholders' investment and the Group's assets.

The system of risk management and internal control covers not only financial aspect but also operational and compliance aspect of the Group. For the purpose of this Statement, associated company is not dealt with as part of the Group, and therefore not covered by this Statement.

INTERNAL AUDIT FUNCTION

The Audit Committee evaluates the internal audit function to assess its effectiveness in discharge of its responsibilities. The Group's internal audit function is outsourced to a professional services firm to assist the Board and Audit Committee in providing independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control systems. The Group internal audit function reports directly to the Audit Committee.

During the financial year ended 31 December 2015, audits were carried out in accordance to the Internal Audit Plan that has been reviewed and approved by the Audit Committee. Observations from these audits are presented, together with Management's response and proposed action plans, to the Audit Committee for its review. Further details of the activities of the internal audit function are provided in the Audit Committee Report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Group has continuously embedded the risk management process in identifying, evaluating and managing significant risks faced by the organization as part of its operating and business processes. Functionally, these processes also form the responsibility of all Executive Directors and the Management team members.

The process encompasses assessments and evaluations at business unit process level before being examined from a Group perspective.

The key elements of the Group's internal control system are as follows:

(i) The Group has a defined organization structure and each function is led by a head of department. Line of accountability, responsibility, approval, authorization and control procedures have been laid down and communicated throughout the Group;

(ii) The Audit Committee comprises Non-Executive Directors of the Board, with a majority being independent. The Committee has full and unrestricted access to any information pertaining to the Group and has direct communication channels with the External and Internal Auditors;

(iii) Clearly documented standard operating policies and procedures to ensure compliance with internal controls, laws and regulations, which are subjected to regular reviews and improvement, have been communicated to all levels;

(iv) Clearly defined levels of authority for day-to-day business aspects of the Group covering procurement, payments, investments, acquisition and disposal of assets have been disseminated to all employees;

(v) There is an annual budgeting and target setting process being formulated for each operating unit. The budget has been presented to the Board for review and approval and the Management will be guided by the approved budget in managing and monitoring their respective operating unit;

(vi) Key result areas and key performance indicators are established and aligned with the strategic business objectives and goals and are monitored on an ongoing basis;

RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

(vii) Group's policies and procedures, which set out guidelines and expected standards for the Group's operations are reviewed regularly and updated to maintain effectiveness at all time;

(viii) Regular and comprehensive financial information is provided to the Audit Committee for quarterly and ad-hoc reviews and thereafter, present to the Board for approval;

(ix) The Group has delegated certain authority levels for tenders, capital expenditure projects, acquisitions and disposals of businesses and other significant transactions to the Executive Directors. The approval of capital and revenue proposals above certain limits is reserved for decision by the Board. Other investment decisions are delegated for approval in accordance with authority limits. Comprehensive appraisal and monitoring procedures are applied to all major investment decisions;

(x) The Group conducts regular meetings of the Senior Management which comprises Executive Directors and divisional heads. The purpose of these meetings is to deliberate and decide upon urgent company matters. Decisions can then be effectively communicated to all relevant staff levels in a timely manner. From these meetings, the Management is able to identify significant operational and financial risks of the business units concerned; and

(xi) Board meetings are held at least once in a quarter with a formal agenda on matters for discussion. The Board is kept updated on the Group's activities and operations on a timely and regular basis.

MANAGEMENT RESPONSIBILITIES AND ASSURANCE

In accordance to the Bursa Securities' Guidelines, Management is responsible to the Board for identifying risks relevant to the business of the Group's objectives and implementing strategies to mitigate those risks, maintaining a sound system of risk management and internal control; and monitoring and reporting to the Board of material control deficiencies and changes in risks that could significantly affect the Group achievement of its objective and performance.

Before producing this Statement, the Board has obtained assurance from the Managing Director and Group Head of Corporate Finance that, to the best of their knowledge, the Group's risk management and internal control system is operating adequately and effectively, in all material aspects.

BOARD ASSURANCE AND LIMITATION

For the financial year under review, the Board is satisfied that the existing level of risk management and internal control system is sufficiently effective to enable the Group to achieve its business objectives and there were no material losses resulted from material control deficiency that would require separate disclosure in the Annual Report. Nonetheless, the Board recognizes that the internal control system should be continuously improved in line with the evolving business development. It should also be noted that all risk management and internal control system could only manage rather than eliminate risks of failure to achieve business objectives. Therefore, the Group's risk management and internal control system can only provide reasonable, but not absolute assurance against material misstatements, frauds, losses or other significantly adverse consequences.

Review of Statement on Internal Control by External Auditors

The External Auditors have reviewed this Statement on Internal Control for inclusion in this Annual Report for the financial year ended 31 December 2015 and have reported to the Board that nothing has come to their attention that causes them to believe this Statement is inconsistent with their understanding of the process the Board has adopted, in the review of the adequacy and integrity of the systems of internal control of the Group.

UTILISATION OF PROCEEDS

During the financial year ended 31 December 2015, there were no proceeds received by the Company from any corporate proposals.

SHARE BUY-BACK

The Company did not carry out any share buy-backs, resale of treasury shares or cancellation of shares during the financial year ended 31 December 2015.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

There were no options, warrants or convertible securities issued by the Company during the financial year ended 31 December 2015.

AMERICAN DEPOSITORY RECEIPT OR GLOBAL DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any American Depository Receipt or Global Depository Receipt programme during the financial year ended 31 December 2015.

SANCTIONS AND/OR PENALTIES

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

NON-AUDIT FEES

The amount of non-audit fees incurred for services rendered to the Company or its subsidiaries by the Company's External Auditors for the financial year ended 31 December 2015 amounted to RM10,796.

VARIATION IN RESULTS

There was no variation of 10% or more between the audited results for the financial year ended 31 December 2015 and the unaudited results previously announced.

There were no profit estimates, forecast or projection announced by the Company during the financial year.

PROFIT GUARANTEE

The Company did not give/receive any profit guarantees during the financial year.

MATERIAL CONTRACTS INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS' INTEREST

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and its subsidiaries involving the interests of the Directors and major shareholders, either still subsisting as at 31 December 2015 or entered into since the end of the previous financial year ended 31 December 2014 except as announced to Bursa Malaysia Securities Berhad and disclosed in this Annual Report.

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

There were no recurrent related party transactions of a revenue or trading nature, which requires Shareholders' Mandate during the financial year.

STATEMENT ON DIRECTORS' RESPONSIBILITY

PURSUANT TO PARAGRAPH 15.26(A) OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which have been made out in accordance with the applicable MFRS, International Financial Reporting Standards, the provision of the Companies Act, 1965 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements the Directors have:

- adopted suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent; and
- prepared financial statements on a going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue operations for the foreseeable future.

The Directors acknowledge the responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

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

Additionally, the Directors have relied on the systems of risk management and internal control to ensure that the information generated for the preparation of the financial statements from the underlying accounting records is accurate and reliable.

This statement is made in accordance with a resolution of the Board dated 20 April 2016.

FINANCIAL STATEMENTS AND REPORTS

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding, the provision of management services and construction related activities. The principal activities of its subsidiaries are disclosed in Note 6 to the financial statements.

There have been no significant changes in the nature of principal activities of the Company and its subsidiaries during the financial year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Net profit for the financial year	67,266	74,025
Attributable to:		
Owners of the Company	67,525	74,025
Non-controlling interests	(259)	-
	67,266	74,025

RESERVES AND PROVISIONS

All material transfer to or from reserves or provision during the financial year are disclosed in the financial statements.

DIVIDENDS

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year.

DIRECTORS

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

Tan Sri Datuk Dr. Abdul Samad bin Haji Alias (Chairman)
Datuk Seri Anuar bin Adam
Dato' Faizal bin Abdullah
Dato' Che Abdullah @ Rashidi bin Che Omar
Tan Peng Koon
Noel John A/L M Subramaniam
Derek John Fernandez
Aldillan bin Anuar
Dato' Samsudin bin Abu Hassan (appointed on 25 August 2015)
Datuk Sulaiman bin Daud (resigned on 11 March 2016)

DIRECTORS' INTEREST

According to the Register of Directors' Shareholdings, the interests and deemed interests in the shares of the Company and its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end are as follows:-

	Number of ordinary shares of RM0.50 each			
	At 1 January 2015/ Date of appointment	Bought	Sold	At 31 December 2015
Interests in the Company				
Direct interests				
Dato' Faizal bin Abdullah	89,803,600	-	(5,000,000)	84,803,600
Tan Sri Datuk Dr. Abdul Samad bin Haji Alias	65,000	-	-	65,000
Datuk Seri Anuar bin Adam	111,556,665	5,000,000	-	116,556,665
Noel John A/L M Subramaniam	250,000	-	-	250,000
Dato' Samsudin bin Abu Hassan	616,000	-	-	616,000

By virtue of their interests in the shares of the Company, Dato' Faizal bin Abdullah and Datuk Seri Anuar bin Adam are also deemed interested in the shares of all the subsidiaries during the financial year to the extent that the Company has an interest under Section 6A of the Companies Act 1965.

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

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefits (other than as disclosed in Notes 29 and 32 to 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.

ISSUE OF SHARES AND DEBENTURES

There were no changes in the authorised, issued and paid up capital of the Company during the financial year.

TREASURY SHARES

There were no repurchase and resale of treasury shares during the financial year.

At 31 December 2015, the total number of treasury shares held by the Company is 474,300 (2014: 474,300) units with a total cost of RM154,720 (2014: RM154,720).

OTHER STATUTORY INFORMATION

Before the Statements of Financial Position and Statements of Comprehensive Income of the Group and of the Company were made out, the Directors took reasonable steps:-

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

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:-

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

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

(c) 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; or

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

At the date of this report, there does not exist:-

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

(b) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.

In the opinion of the Directors:-

(a) 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 their obligations as and when they fall due;

(b) the results of 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

(c) 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 current financial year in which this report is made.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 38 to the financial statements.

AUDITORS

The Auditors, Messrs SJ Grant Thornton have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Board of Directors.

.... DATUK SERI ANUAR BIN ADAM	)	
	)	DIRECTORS
.... DEREK JOHN FERNANDEZ	)	

Kuala Lumpur
20 April 2016

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 39 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.

In the opinion of the Directors, the information set out on page 106 had been compiled in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Board of Directors.

....	....
DATUK SERI ANUAR BIN ADAM	DEREK JOHN FERNANDEZ

Kuala Lumpur
20 April 2016

STATUTORY DECLARATION

We, Datuk Seri Anuar bin Adam, being the Director and Pow Tuck Weng, being the Officer, primarily responsible for the financial management of Tadmax Resources Berhad, do solemnly and sincerely declare that to the best of our knowledge and belief, the financial statements set out on pages 39 to 105 and the financial information set out on page 106 are correct and we make this solemn declaration conscientiously believing the same to be true and by virtue of Statutory Declarations Act 1960.

Subscribed and solemnly declared by	)	
the abovenamed at Kuala Lumpur in	)	
the Federal Territory this day of	)	
20 April 2016	)	………..
	)	DATUK SERI ANUAR BIN ADAM
	)	
Before me:	)	
	)	
	)	
	)	…………………………………………………………..
		POW TUCK WENG

S. ARULSAMY
(W.490)
Commissioner for Oaths

Report on the Financial Statements

We have audited the financial statements of Tadmax Resources Berhad, which comprise the Statements of Financial Position as at 31 December 2015 of the Group and of the Company, the Statements of 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 39 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 Company'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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Report on Other Legal and Regulatory Requirements

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

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

b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.

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

d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174 (3) of the Act.

Other Reporting Responsibilities

The supplementary information set out on page 106 is disclosed to meet the requirements of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

SJ GRANT THORNTON
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

SUNG FONG FUI
(NO: 2971/08/17(J))
CHARTERED ACCOUNTANT

Kuala Lumpur
20 April 2016

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	15,218	12,933	6,769	6,874
Prepaid land lease payments	5 (a)	2,352	2,445	-	-
Prepaid land lease payments with cultivation rights	5 (b)	61,114	63,086	-	-
Investment in subsidiaries	6	-	-	263,585	394,989
Investment in joint venture	7	14	14	14	14
Other investments	8	100	50	100	-
Timber concession rights	9	218,000	218,000	-	-
Land and development expenditure	10	7,630	7,129	-	-
Deferred tax assets	11	1,713	2,519	-	-
Goodwill	12	-	67,210	-	-
		306,141	373,386	270,468	401,877
Current assets					
Inventories	13	721	-	-	-
Land and development expenditure	10	30,727	29,047	-	-
Trade receivables	14	13,380	10,340	6,850	9,224
Other receivables, deposits and prepayments	15	33,783	13,758	21,400	13,419
Amount due from customers on contract	16	-	3,476	-	-
Amount due from subsidiaries	17	-	-	2,207	63,111
Tax recoverable		1,085	2,138	1,067	2,138
Cash and bank balances	18	5,645	2,424	3,913	1,963
		85,341	61,183	35,437	89,855
Assets classified as held for sale	19	-	138,389	-	-
Total current assets		85,341	199,572	35,437	89,855
TOTAL ASSETS		391,482	572,958	305,905	491,732

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015
(CONT'D)

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	20	222,616	222,616	222,616	222,616
Share premium		1,367	1,367	1,367	1,367
Treasury shares	20	(155)	(155)	(155)	(155)
Reserves	21	40,475	(26,968)	66,797	(7,228)
Shareholders' funds		264,303	196,860	290,625	216,600
Non-controlling interests		28,179	28,438	-	-
Total equity		292,482	225,298	290,625	216,600
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	11	70,364	70,292	21	21
Hire purchase liabilities	22	984	426	294	376
Total non-current liabilities		71,348	70,718	315	397
Current liabilities					
Trade payables	24	5,482	7,768	2,164	5,214
Other payables, deposits and accruals	25	14,485	37,546	11,074	30,431
Progress billing		3,250	-	-	-
Amount due to customers on contract	16	748	-	-	-
Amount due to subsidiaries	17	-	-	-	12,257
Amount due to directors	26	1,546	8,822	1,546	8,742
Hire purchase liabilities	22	641	159	181	151
Bank borrowings	23	1,500	217,940	-	217,940
Tax payables		-	4,195	-	-
		27,652	276,430	14,965	274,735
Liabilities classified as held for sale	19	-	512	-	-
Total current liabilities		27,652	276,942	14,965	274,735
Total liabilities		99,000	347,660	15,280	275,132
TOTAL EQUITY AND LIABILITIES		391,482	572,958	305,905	491,732

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

		Group		Company	
	Note	**2015 RM'000**	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Revenue	27	13,179	22,590	2,282	22,514
Cost of sales		(12,222)	(21,200)	(2,237)	(21,132)
Gross profit		957	1,390	45	1,382
Other income		148,240	8,835	156,360	8,787
Administration expenses		(81,127)	(16,749)	(82,087)	(13,373)
Operating profit/(loss)		68,070	(6,524)	74,318	(3,204)
Finance cost	28	(356)	(8,719)	(293)	(8,717)
Profit/(Loss) before tax	29	67,714	(15,243)	74,025	(11,921)
Taxation	30	(448)	283	-	-
Net profit/(loss) from continuing operations		67,266	(14,960)	74,025	(11,921)
Discontinued Operations					
Net loss from discontinued operation, net of tax	19	-	(982)	-	-
Net profit/(loss) for the financial year		67,266	(15,942)	74,025	(11,921)
Other comprehensive income/(loss) for the financial year, net of tax:					
Items that are or may be reclassified subsequently to profit or loss, net of tax					
- Realisation of merger reserve		-	-	142,500	-
- Foreign currency translation		(82)	(128)	-	-
Other comprehensive income/(loss) for the financial year		(82)	(128)	142,500	-
Total comprehensive income/(loss) for the financial year		67,184	(16,070)	216,525	(11,921)
Profit/(Loss) for the financial year attributable to:					
Owners of the Company		67,525	(15,737)	74,025	(11,921)
Non-controlling interests		(259)	(205)	-	-
		67,266	(15,942)	74,025	(11,921)
Total comprehensive income/(loss) attributable to:					
Owners of the Company		67,443	(15,865)	216,525	(11,921)
Non-controlling interests		(259)	(205)	-	-
		67,184	(16,070)	216,525	(11,921)
Basic earnings/(loss) per ordinary share (sen)	31				
- continuing operations		15.12	(3.57)		
- discontinued operations		-	(0.23)		
		15.12	(3.80)		

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	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Other Reserve RM'000	(Accumulated Losses)/ Retained Profits RM'000	Total RM'000	Non-controlling Interests RM'000	Total RM'000
	Attributable to owners of the Company							
	Non-distributable							
Balance as at 1 January 2014	186,616	1,367	(155)	1,076	(12,179)	176,725	28,643	205,368
Net loss for the financial year	-	-	-	-	(15,737)	(15,737)	(205)	(15,942)
Realisation of foreign exchange translation reserve	-	-	-	(128)	-	(128)	-	(128)
Total comprehensive loss for the financial year	-	-	-	(128)	(15,737)	(15,865)	(205)	(16,070)
Issuance of shares	36,000	-	-	-	-	36,000	-	36,000
Balance as at 31 December 2014	222,616	1,367	(155)	948	(27,916)	196,860	28,438	225,298
Net profit for the financial year	-	-	-	-	67,525	67,525	(259)	67,266
Realisation of foreign exchange translation reserve	-	-	-	(82)	-	(82)	-	(82)
Total comprehensive profit for the financial year	-	-	-	(82)	67,525	67,443	(259)	67,184
Balance as at 31 December 2015	222,616	1,367	(155)	866	39,609	264,303	28,179	292,482

Company	Attributable to owners of the Company <----> Non-distributable <----> Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Other Reserve RM'000	(Accumulated Losses)/ Retained Profits RM'000	Total RM'000
Balance as at 1 January 2014	186,616	1,367	(155)	142,500	(137,807)	192,521
Net loss for the financial year/ Total comprehensive loss for the financial year	-	-	-	-	(11,921)	(11,921)
Issuance of shares	36,000	-	-	-	-	36,000
Balance as at 31 December 2014	222,616	1,367	(155)	142,500	(149,728)	216,600
Net profit for the financial year	-	-	-	-	74,025	74,025
Realisation of merger reserve	-	-	-	(142,500)	142,500	-
Total comprehensive income	-	-	-	(142,500)	216,525	74,025
Balance as at 31 December 2015	222,616	1,367	(155)	-	66,797	290,625

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before tax				
- Continuing operations	67,714	(15,243)	74,025	(11,921)
- Discontinued operations	-	(982)	-	-
Profit/(Loss) for the financial year	67,714	(16,225)	74,025	(11,921)
Adjustments for:				
Amortisation of prepaid land lease payments	93	93	-	-
Amortisation of prepaid land lease payments with cultivation rights	1,972	1,971	-	-
Depreciation of property, plant and equipment	1,040	510	545	343
Loss on disposal of property, plant and equipment	18	-	18	-
Gain on disposal of subsidiaries	(147,653)	-	(155,298)	-
Goodwill written off	67,834	-	-	-
Gain on recognition of financial assets	(38)	(569)	(38)	(569)
Impairment loss on				
- investment in subsidiaries	-	-	1,237	-
- receivables	-	5,000	-	5,000
Interest expense	356	8,719	293	8,717
Interest income	(175)	(22)	(152)	(17)
Property, plant and equipment written off	7	-	7	-
Unrealised (gain)/loss on foreign exchange	(36)	(8,139)	(36)	(8,139)
Loss on waiver of debt from subsidiaries	-	-	73,774	-
Operating loss before working capital changes	(8,868)	(8,662)	(5,625)	(6,586)
Changes in working capital:				
Progress billing	3,250	-	-	-
Inventories	(721)	(10,125)	-	-
Contract customers	4,224	(3,472)	-	-
Land and development expenditure	(2,181)	-	-	-
Receivables	(27,609)	13,230	(5,568)	4,311
Payables	(25,294)	21,833	(22,373)	28,926
Cash (used in)/generated from operations	(57,199)	12,804	(33,566)	26,651
Interest received	175	22	152	17
Interest paid	(356)	(8,719)	(293)	(8,717)
Tax (paid)/refund	(756)	(32)	1,070	-
Net cash (used in)/from operating activities	(58,136)	4,075	(32,637)	17,951

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Net cash (used in)/from operating activities brought forward		(58,136)	4,075	(32,637)	17,951
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of property, plant and equipment	A	(1,987)	(6,649)	(487)	(6,451)
Acquisition of other investments		(50)	-	(100)	-
Acquisition of subsidiaries, net of cash and cash equivalents	6	-	2	-	2
Proceeds from disposal of subsidiaries, net of cash and cash equivalents	6	287,682	-	287,972	-
Proceeds from disposal of property, plant and equipment		132	-	132	-
Fixed deposit pledged as security		(30)	-	-	-
Advances to subsidiaries		-	-	(25,233)	(14,615)
Investment in subsidiaries - subscription of shares		-	-	(2,400)	-
Net cash from/(used in) investing activities		285,747	(6,647)	259,884	(21,064)
CASH FLOWS FROM FINANCING ACTIVITIES					
(Repayment to)/Advances from directors		(7,276)	2,904	(7,196)	2,853
Repayment of hire purchase liabilities		(453)	(126)	(161)	(121)
Repayment of bank borrowings		(216,440)	(12,490)	(217,940)	(12,490)
Drawn down of bank borrowings		-	13,500	-	13,500
Net cash (used in)/from financing activities		(224,169)	3,788	(225,297)	3,742
CASH AND CASH EQUIVALENTS					
Net changes		3,442	1,216	1,950	629
Effect of translation differences on cash and cash equivalents		(251)	(253)	-	-
Brought forward		2,424	1,461	1,963	1,334
Carried forward	B	5,615	2,424	3,913	1,963

NOTES TO THE STATEMENTS OF CASH FLOWS

A. ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Acquisition of property, plant and equipment	3,480	6,955	597	6,696
Financed by hire purchase arrangements	(1,493)	(306)	(110)	(245)
	1,987	6,649	487	6,451

B. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the Statements of Cash Flows comprise the following:-

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Deposits placed with licensed banks	3,642	1,800	3,612	1,800
Cash and bank balances	2,003	624	301	163
	5,645	2,424	3,913	1,963
Less: Deposit pledged with bank as security for bank facilities	(30)	-	-	-
	5,615	2,424	3,913	1,963

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

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office and principal place of business of the Company are both located at No. 2D, Jalan SS 6/6, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan.

The principal activities of the Company are that of investment holding, provision of management services and construction related activities. The principal activities of its subsidiaries are disclosed in Note 6 to the financial statements. There have been no significant changes in the nature of these activities of the Company and its subsidiaries during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors passed on 20 April 2016.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

2.2 Basis of Measurement

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

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting period.

2. BASIS OF PREPARATION (CONT'D)

2.2 Basis of Measurement (cont'd)

The Group has established control framework in respect to the measurement of fair values of financial instruments. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Board of Directors. The valuation team regularly reviews significant unobservable inputs and valuation adjustments.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

2.3 Functional and Presentation Currency

The financial statements are presented in Ringgit Malaysia ("RM") which is the Group's functional currency and all values are rounded to the nearest thousand RM'000 except when otherwise stated.

2.4 Adoption of Amendments to MFRSs and IC Interpretations ("IC Int")

Except for the changes below, the Group and the Company have consistently applied the accounting policies set out in Note 3 to all periods presented in these financial statements.

At the beginning of the current financial year, the Group and the Company adopted amendments to MFRSs and IC Int which are mandatory effective for the financial periods beginning on or after 1 January 2015.

Initial application of the amendments to standards and IC Int did not have material impact to the financial statements.

2.5 Standard Issued But Not Yet Effective

The Group and the Company have not applied the following new standards and amendments to standards that have been issued by the Malaysian Accounting Standard Board ("MASB") but are not yet effective:-

MFRS and Amendments to MFRSs effective 1 January 2016 :

MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 10	Consolidated Financial Statements, MFRS 12 Disclosure of Interests in Other Entities and MFRS 128 Investments in Associates and Joint Ventures: Investment Entities – Applying the Consolidation Exception
Amendments to MFRS 11	Joint Arrangements: Accounting for acquisitions of interests in joint operations
Amendments to MFRS 101	Presentation of Financial Statements: Disclosure Initiative
Amendments to MFRS 116	Property, Plant and Equipment and MFRS 138 Intangible Assets : Clarification of acceptable methods of depreciation and amortisation
Amendments to MFRS 116	Property, Plant and Equipment and MFRS 141 Agriculture: Agriculture - Bearer Plants
Amendments to MFRS 127	Consolidated and Separate Financial Statements: Equity Method in Separate Financial Statements
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations: Changes in methods of disposal
MFRS 7	Financial Instruments - Disclosures: Servicing contracts
MFRS 7	Financial Instruments - Disclosures: Applicability of the amendments to MFRS 7 to condensed interim financial statements
MFRS 119	Employee Benefits: Discount rate – regional market issue
MFRS 134	Interim Financial Reporting: Disclosure of information "elsewhere in the interim financial report"

2. BASIS OF PREPARATION (CONT'D)

2.5 Standard Issued But Not Yet Effective (cont'd)

The Group and the Company have not applied the following new standards and amendments to standards that have been issued by the Malaysian Accounting Standard Board ("MASB") but are not yet effective (cont'd):-

MFRS and Amendments to MFRS effective 1 January 2018 :

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)
MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 7	Financial Instruments – Disclosures: Mandatory effective date of MFRS 9 and transitional disclosures

Amendments to MFRS (deferred effective date to be announced by the MASB):

Amendments to MFRS 10	Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures: Sale or contribution of assets between an investor and its associate or joint venture

MFRS 14 is not applicable to the Group's operations while MFRS 10 and MFRS 14 are not applicable to the Company's operations.

The initial application of the above standards, amendments and interpretation are not expected to have any financial impacts to the financial statements, except for:-

MFRS 9 Financial Instruments

MFRS 9 replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous version of MFRS 9. The new standard introduces extensive requirements and guidance for classification and measurement of financial assets and financial liabilities which fall under the scope of MFRS 9, new "expected credit loss model" under the impairment of financial assets and greater flexibility has been allowed in hedge accounting transactions. Upon adoption of MFRS 9, financial assets will be measured at either fair value or amortised cost. It is also expected that the Group's investment in unquoted shares will be measured at fair value through other comprehensive income.

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.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 presents new requirements for the recognition of revenue, replacing the guidance of MFRS 111 Construction Contracts, MFRS 118 Revenue, IC Int 13 Customer Loyalty Programmes, IC Int 15 Agreements for Construction of Real Estate, IC Int 18 Transfers of Assets from Customers and IC Int 131 Revenue – Barter Transaction Involving Advertising Services. The principles in MFRS 15 provide a more structured approach to measuring and recognising revenue. It establishes a new five-step model that will apply to revenue arising from contracts with customers. Under MFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The adoption of MFRS 15 will result in a change in accounting policy. The Group is currently assessing the impact of MFRS 15 and plans to adopt the new standards on the required effective date.

2.6 Significant Accounting Estimates and Judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual result may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

2. BASIS OF PREPARATION (CONT'D)

2.6 Significant Accounting Estimates and Judgements (cont'd)

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below:-

2.6.1 Estimation Uncertainty

The following are significant management judgment in applying the accounting policies of the Group and of the Company that have the most significant effect on the financial statements.

Useful lives of depreciable assets

Management estimates the useful lives of the property, plant and equipment to be within 5 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 utility of the assets to the Group. Actual results, however, may vary due to change in the expected level of usage and technological developments, which resulting the adjustment to the Group's assets.

The carrying amount of the Group's property, plant and equipment at the end of the reporting period is disclosed in Note 4 to the financial statements.

Deferred tax assets

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

The carrying value of deferred tax assets of the Group at 31 December 2015 was RM1,713,000 (2014: RM2,519,000) as disclosed in Note 11 to the financial statements.

Income taxes

Significant judgement is involved in determining the Group and the Company's 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 and the Company recognise tax liabilities 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 difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

Property development

The Group recognises property development revenue and expenses in profit or loss by using the "percentage of completion" method. The percentage and completion is determined by the proportion of property development costs incurred for work performed up to the reporting period over the estimated total property development costs.

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

2. BASIS OF PREPARATION (CONT'D)

2.6 Significant Accounting Estimates and Judgements (cont'd)

2.6.1 Estimation Uncertainty (cont'd)

Timber concession rights

The Group assesses the carrying amount of its timber concession rights at each reporting date whether there is any indication that an asset may be impaired. If such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the timber concession rights amount based on the value-in-use calculation using the cash flow projection based on the financial budget approved by the management.

The impairment test has been performed and the assumptions made are disclosed in Note 9 to the financial statements.

Impairment of goodwill

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. The actual results may vary, and may cause adjustments to the Group's assets.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

The carrying amount of the reporting date is disclosed in Note 12 to the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant accounting policies, as summarised below, consistently throughout all periods presented in the financial statements.

3.1 Consolidation

3.1.1 Subsidiaries

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

Investment in subsidiaries is stated at cost less any impairment losses in the Company's financial position, unless the investment is classified as held for sale or distribution.

Upon the disposal of investment in a subsidiary, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

3.1.2 Basic of Consolidation

The Group financial statements consolidate the audited financial statements of the Company and all of its subsidiaries, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiaries are all drawn up to the same reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (cont'd)

3.1.2 Basic of Consolidation (cont'd)

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in asset, such as inventory and property, plant and equipment) are eliminated in full in preparing the consolidated financial statements. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Temporary differences arising from the elimination of profits and losses resulting from intragroup transactions will be treated in accordance to Note 3.3 of the financial statements.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

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

3.1.3 Business Combination and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (cont'd)

3.1.4 Loss of Control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

3.1.5 Non-controlling Interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if that results in a deficit balance.

3.1.6 Joint Arrangements

A joint venture is a type of joint arrangement whereby the parties have joint control of the arrangement and have rights to the net assets of the joint venture. Joint control is contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group's investments in its joint venture are accounted for using the equity method when the joint arrangements are active and in operation. Under the equity method, investment in a joint venture is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The share of the result of a joint venture is reflected in profit or loss. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, where there has been a change recognised directly in the equity of a joint venture, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statement of comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture.

When the Group's share of losses exceeds its interest in a joint venture, the carrying amount of that interest including any long-term investment is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the joint venture.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (cont'd)

3.1.6 Joint Arrangements (cont'd)

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investments in its joint venture. The Group determines at end of each reporting period whether there is any objective evidence that the investments in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and their carrying value, then recognises the amount in the "share of profit of investments accounted for using the equity method" in profit or loss.

Upon loss of significant influence over the joint control in the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of significant influence or joint control 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 a joint venture are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and its carrying amounts is included in profit or loss.

3.2 Foreign Currency Translation

The Group's consolidation financial statements are presented in RM, which is also the parent company's functional currency.

3.2.1 Foreign Currency Translation and Balances

Transactions in foreign currencies are initially recorded at the functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the profit or loss with the exception of all monetary items that forms part of a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising in translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (translation differences on items whose gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss respectively).

3.2.2 Foreign Operations

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combination before 1 January 2011 (the date when the Group and the Company first adopted MFRSs) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations are translated to RM at exchange rates at the date of the transactions.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Foreign Currency Translation (cont'd)

3.2.2 Foreign Operations (cont'd)

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in foreign currency translation reserve in equity.

3.3 Tax Expense

Tax expense comprises current and deferred tax. Current tax and deferred tax are 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.

3.3.1 Current Tax

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. Current tax is recognised in the statement of financial position as a liability (or an asset) to the extent that it is unpaid (or refundable).

3.3.2 Deferred Tax

Deferred tax is recognised using the liability method, providing for 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 that is not a business combination and that affects neither accounting nor taxable profit or 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 amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

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)

3.3 Tax Expense (cont'd)

3.3.2 Deferred Tax (cont'd)

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

3.3.3 Goods and Services Tax

Goods and Services Tax ("GST") is a consumption tax based on value-added concept. GST is imposed on goods and services at every production and distribution stage in the supply chain including importation of goods and services, at the applicable tax rate of 6%. Input GST that the Company paid on purchases of business inputs can be deducted from output GST.

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

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

- Receivables and payables that are stated with the amount of GST included; and

- Sales of residential property which are exempted from GST.

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

3.4 Property, Plant and Equipment

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

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the assets to working condition for its intended use, cost of replacing component parts of the assets and the present value of the expected costs 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.

Depreciation is recognised on the straight line method in order to write off the cost of each asset over its estimated useful life. Freehold land with an infinite life is not depreciated. Other property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:-

Freehold buildings	2%
Warehouse	20%
Plant and machinery	20%
Office renovation	20%
Motor vehicles	20%
Furniture, fittings and office equipment, computer equipment, telecommunication and electrical equipment	10% to 20%

Capital-work-in-progress consists of computer equipment for intended use as administrative facility. It's not depreciated until it is completed and ready for their intended use.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Property, Plant and Equipment (cont'd)

The residual values, useful lives and depreciation method are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable, or at least annually 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 the items 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 in the financial year in which the asset is derecognised.

3.5 Timber Concession Rights

Timber concession rights for the Group are stated at the fair value of the timber concession rights as at the date of acquisition of the subsidiary, inclusive of development expenditure. The timber concession rights will start amortising upon commencement of timber extraction operation. The amortisation method is using percentage of the volume of timber extracted compared to the total estimated volume of timber available for extraction.

3.6 Prepaid Land Lease

3.6.1 Prepaid Land Lease Payments

Leasehold land with lease period below 50 years at inception is classified as prepaid land lease and the cost is amortised over the remaining lease period of 28 years.

3.6.2 Prepaid Land Lease Payments With Cultivation Rights

Prepaid land lease payments with cultivation rights are stated at fair value as at the date of acquisition of the subsidiary. The prepaid land lease payments with cultivation rights are amortised annually on a straight line basis over tenure of the land lease, being 35 years from the date of acquisition.

3.7 Financial Instruments

3.7.1 Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Group or the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets and financial liabilities are measured subsequently as described below.

3.7.2 Financial Assets - Categorisation and Subsequent Measurement

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:-

(a) financial assets at fair value through profit or loss;
(b) held to maturity investments;
(c) loans and receivables; and
(d) available-for-sale financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial Instruments (cont'd)

3.7.2 Financial Assets - Categorisation and Subsequent Measurement (cont'd)

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at end of each reporting period. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

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

As at the reporting date, the Group and the Company carried only loan and receivables and available-for-sale financial assets on their statements of financial position.

<u>Loans and receivables</u>

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process. The Group's cash and cash equivalents, trade and other receivables fall into this category of financial instruments.

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

<u>Available-for-sale financial assets</u>

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Group's available-for-sale financial assets include quoted unit trust and membership as disclosed in Note 8 to the financial statements.

Available-for-sale financial assets are measured at fair value subsequent to the initial recognition. Gains and losses are recognised in other comprehensive income and reported within the available-for-sale reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income.

Interest calculated using the effective interest method and dividends are recognised in profit or loss. Dividends on an available-for-sale equity are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less impairment loss.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial Instruments (cont'd)

3.7.3 Financial Liabilities – Categorisation and Subsequent Measurement

After the initial recognition, financial liability is classified as financial liability at fair value through profit or loss, other financial liabilities measured at amortised cost using the effective interest method or financial guarantee contracts measured.

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

Other Financial Liabilities Measured at Amortised Cost

The Group's other financial liabilities include borrowings, trade, other payables, and hire purchase liabilities.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

3.7.4 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount 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.

3.8 Impairment of Assets

3.8.1 Non-financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's 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, 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.

Goodwill is tested for impairment annually as at the end of each reporting period, and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGU) to which the goodwill relates. Where the recoverable amount of the CGU is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Impairment of Assets (cont'd)

3.8.2 Financial Assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continue to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the profit or loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the profit or loss.

3.9 Inventories

Inventories comprises raw materials and consumables are stated at the lower of cost and net realisable value.

Cost of raw material and consumables are determined on a weighted average basis.

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

3.10 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 or the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Leases (cont'd)

3.10.1 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.

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 in 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.

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

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

3.10.2 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.

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.

3.11 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 during the period of time that is necessary to complete and prepare the asset for its intended use or sale.

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.

All other borrowing costs are expensed 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.

3.12 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, short-term demand deposits, bank overdraft and highly liquid investments which are readily convertible to known amount of cash and which are subject to insignificant risk of changes in value. For the purpose of statements of cash flow, cash and cash equivalents are presented net of pledged deposit.

Bank overdrafts are shown in current liabilities in the statements of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Non-current Assets Held for Sale and Discontinued Operations

Non-current assets, or disposal group comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale.

A component of the Group is classified as discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

Classification of the asset (or disposal group) as held for sale occurs only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary and the sale must be highly probable. Management must be committed to a plan to sell the assets which are expected to qualify for recognition as a completed sale within one year from the date of classification. Action required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or the plan will be withdrawn.

Immediately before classification as held for sale (or disposal group), the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell.

Liabilities are classified as held for sale and presented as such in the statement of financial position if they are directly associated with a disposal group.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

In the consolidated statement of comprehensive income of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after tax, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after tax) is reported separately in the statement of comprehensive income.

Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated. In addition, equity accounting of equity accounted associates ceases once classified as held for sale.

3.14 Revenue Recognition

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

(i) Trading

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

(ii) Construction Revenue

Revenue from construction contracts is accounted for in accordance to the accounting policies as described in Note 3.15 and Note 3.16 to the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Revenue Recognition (cont'd)

(iii) Development Properties

Revenue from sales of development properties is accounted for by using the stage of completion method in respect of all properties that have been sold and is accounted for in accordance to the accounting policies as described in Note 3.16. The stage of completion is determined by reference to the property development cost incurred to date bear to the total estimated costs where the outcome of the projects can be estimated reliably. Where foreseeable losses on development projects are anticipated, full allowance for losses including cost to be incurred over the defects liability period is made in the profit or loss.

(iv) Rental Income

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

3.15 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 percentage of completion of the contract activity at the end of the reporting period. The Group uses the percentage of completion method to determine the appropriate amount of revenue and costs to be recognised in a period of the contract by reference to 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 probably 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/loss recognised on each contract is compared against the progress billings up to the year end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as amounts due from customers on contracts under current assets. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amounts due to customers on contracts under current liabilities.

3.16 Property Development Costs

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Land held for development comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the outcome of a development activity can be estimated reliably, property development revenue and expenses are recognised in the profit or loss by using the percentage of completion method. The percentage of completion is determined by reference to the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Property Development Costs (cont'd)

When the outcome of a development activity cannot be estimated reliably, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on development units sold are recognised as an expense in the period in which they are incurred.

Irrespective of whether the outcome of a property development activity can be estimated reliably, when it is probable that total property development costs (including expected defect liability expenditure) will exceed total property development revenue, any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset and are stated at the lower of cost and net realisable value.

The excess of revenue recognised in the profit or loss over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the profit or loss is classified as progress billings within other payables.

3.17 Employee Benefits

3.17.1 Short-term Employee Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year 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 compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

3.17.2 Defined Contribution Plan

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into independent entities of funds and will have no legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

3.18 Operating Segment

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

3.19 Earnings Per Share

The Group presents basic and diluted earnings per share ("EPS") for its ordinary shares.

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

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary share outstanding adjusted for own shares held for the effects of all dilutive ordinary shares, which comprise share options granted to employees.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.20 Equity and Reserves

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. Share capital represents the nominal value of shares that have been issued.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Retained earnings include all current and prior period retained profits.

All transactions with owners of the Company are recorded separately within equity.

3.21 Treasury Shares

When issued shares of the Company are repurchased, the nominal value of the shares repurchased should be cancelled by a debit to the share capital account. An amount equivalent to the nominal value of the shares repurchased should be transferred to the capital redemption reserve.

The consideration paid, including directly attributable costs and premium or discount arising from the shares repurchased should be adjusted directly to the share premium or any other distributable reserve.

The shares cancelled and the adjustments made to share premium or reserve should be shown as a movement in equity.

3.22 Provisions

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, 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 a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

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.

Provisions are reviewed at end of each 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. Where the effect of the time of money is material, provision is 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.

3.23 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 not recognised in the statements of financial position and 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.

3.24 Related parties

A related party is a person or entity that is related to the Group. A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is charged.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.24 Related parties (cont'd)

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;
(ii) has significant influence over the Group; or
(iii) is a member of the key management personnel of the ultimate holding company of the Group, or the Group.

(b) An entity is related to the Group if any of the following conditions applies:

(i) the entity and the Group are members of the same group.
(ii) one entity is an associate or joint venture of the other entity.
(iii) both entities are joint ventures of the same third party.
(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) the entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group.
(vi) the entity is controlled or jointly-controlled by a person identified in (a) above.
(vii) a person identified in (a)(i) above has significant influence over the Group or is a member of the key management personnel of the ultimate holding company or the Group.
(viii) The entity or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

4. PROPERTY, PLANT AND EQUIPMENT

Group

	Freehold Buildings RM'000	Warehouse RM'000	Plant and Machinery RM'000	Office Renovation RM'000	Motor Vehicles RM'000	Furniture, Fittings and Office Equipment RM'000	Computer Equipment RM'000	Telecommunication and Electrical Equipment RM'000	Work in progress RM'000	Total RM'000
Cost										
At 1 January 2014	6,026	-	-	-	744	185	426	-	-	7,381
Additions	5,596	-	-	-	1,118	62	50	4	125	6,955
Foreign exchange differences	-	-	-	-	-	7	-	-	-	7
At 31 December 2014	11,622	-	-	-	1,862	254	476	4	125	14,343
Additions	-	946	506	20	1,721	123	164	-	-	3,480
Disposals/Written off	-	-	-	-	(233)	-	-	-	-	(233)
Transfer	-	-	-	10	-	-	115	-	(125)	-
Foreign exchange differences	-	-	-	-	-	15	-	-	-	15
At 31 December 2015	11,622	946	506	30	3,350	392	755	4	-	17,605
Accumulated depreciation										
At 1 January 2014	141	-	-	-	269	97	390	-	-	897
Depreciation for the financial year	176	-	-	-	274	41	18	1	-	510
Foreign exchange differences	-	-	-	-	-	3	-	-	-	3
At 31 December 2014	317	-	-	-	543	141	408	1	-	1,410
Depreciation for the financial year	232	95	51	5	539	55	62	1	-	1,040
Disposals/Written off	-	-	-	-	(76)	-	-	-	-	(76)
Foreign exchange differences	-	-	-	-	-	13	-	-	-	13
At 31 December 2015	549	95	51	5	1,006	209	470	2	-	2,387
Net carrying amounts										
At 31 December 2015	11,073	851	455	25	2,344	183	285	2	-	15,218
At 31 December 2014	11,305	-	-	-	1,319	113	68	3	125	12,933

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

Company	Freehold building RM'000	Motor vehicles RM'000	Furniture, Fittings and Equipment RM'000	Computer Equipment RM'000	Telecommunication and Electrical Equipment RM'000	Total RM'000
Cost						
At 1 January 2014	-	744	43	424	-	1,211
Additions	5,596	1,043	24	29	4	6,696
At 31 December 2014	5,596	1,787	67	453	4	7,907
Additions	-	461	89	46	1	597
Disposals	-	(200)	-	-	-	(200)
Write-offs	-	(33)	-	-	-	(33)
At 31 December 2015	5,596	2,015	156	499	5	8,271
Accumulated depreciation						
At 1 January 2014	-	269	32	389	-	690
Depreciation for the financial year	56	267	3	16	1	343
At 31 December 2014	56	536	35	405	1	1,033
Depreciation for the financial year	112	400	12	20	1	545
Disposals	-	(50)	-	-	-	(50)
Write-offs	-	(26)	-	-	-	(26)
At 31 December 2015	168	860	47	425	2	1,502
Net carrying amounts						
At 31 December 2015	5,428	1,155	109	74	3	6,769
At 31 December 2014	5,540	1,251	32	48	3	6,874

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

Assets held under hire purchase arrangements

Net carrying amounts of property, plant and equipment held under hire purchase arrangements are as follows:-

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Motor vehicles	1,632	669	553	605

Assets pledged as securities to financial institutions

Freehold buildings of the Group with a total net carrying amounts of RM Nil (2014: RM11,305,000) have been charged to a financial institution to secure term loan facilities granted to the Company.

5. PREPAID LAND LEASE PAYMENTS

(a) **Prepaid land lease payments**

	Group	
	2015 RM'000	2014 RM'000
Cost		
At 1 January/31 December	2,600	2,600
Less: Accumulated amortisation		
At 1 January	155	62
Amortisation for the financial year	93	93
At 31 December	248	155
Net carrying amounts		
At 31 December	2,352	2,445

The leasehold industrial land was last valued at RM2,600,000 on 26 April 2012 by Azmi & Co Sdn. Bhd., an independent firm of professional valuer registered with Board of Valuers, Ministry of Finance, using the comparison method by reference to recent market transactions.

The leased term will be expired by 17 May 2041. The leasehold land is amortised over the period of 28 years.

5. PREPAID LAND LEASE PAYMENTS (CONT'D)

(b) Prepaid land lease payments with cultivation rights

	Group	
	2015 RM'000	2014 RM'000
Cost		
At 1 January/31 December	69,000	69,000
Less: Accumulated Amortisation		
At 1 January	5,914	3,943
Amortisation for the financial year	1,972	1,971
At 31 December	7,886	5,914
Net carrying amounts		
At 31 December	61,114	63,086

These prepaid land lease payments with cultivation rights were acquired in 2011 as a result of the acquisition of subsidiaries. It represents the fair value of two parcels of leasehold agricultural lands with a combined land area of 80,000 hectares, located in Indonesia.

The fair value of acquisition of leasehold agriculture lands worth RM69,000,000 was based on a valuation report prepared by an independent valuer, namely Azmi & Co (Shah Alam) Sdn. Bhd. dated 15 November 2011.

6. INVESTMENT IN SUBSIDIARIES

	Company	
	2015 RM'000	2014 RM'000
Cost		
Unquoted shares		
At 1 January	490,382	657,896
Additions	-	837
Subscription of shares	2,400	1,000
Disposals	(221,870)	-
Capital repayment	-	(169,351)
At 31 December	270,912	490,382
Less: Accumulated impairment loss		
At 1 January	95,393	95,393
Impairment loss for the financial year	1,237	-
Disposals	(89,303)	-
At 31 December	7,327	95,393
Net carrying amounts		
At 31 December	263,585	394,989

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows:-

Name of Company	Country of Incorporation	Effective ownership and voting interest 2015 %	2014 %	Principal Activities
Direct subsidiaries:				
Arus Global Sdn. Bhd.	Malaysia	100	100	Engage in quarry operation, dormant during the financial year
Kirana Abadi Sdn. Bhd.	Malaysia	100	100	Property investment, dormant during the financial year
Platinum Frigate Sdn. Bhd.	Malaysia	100	100	Dormant
Tadmax Builders Sdn. Bhd.	Malaysia	100	100	General contractor
Tadmax Power Sdn. Bhd.	Malaysia	-	100	Property development
Tadmax Properties Sdn. Bhd.	Malaysia	100	100	Properties investment
Usama Industries Sdn. Bhd.	Malaysia	-	100	Extraction and trading of timber logs, dormant during the financial year
Tadmax Energy Sdn. Bhd.	Malaysia	100	100	Dormant
Ganggarak Development Sdn. Bhd.	Malaysia	100	100	Property development
Tadmax Concrete (Labuan) Sdn. Bhd.	Malaysia	100	-	Producing construction material
Tadmax Permai Sdn. Bhd.	Malaysia	70	-	Dormant
Suffolk Pte Ltd*	Singapore	100	100	Investment holding
Wealth Gate Pte Ltd*	Singapore	100	100	Investment holding
Indirect subsidiaries:				
PT Trimegah Karya Utama*	Indonesia	90	90	Engaged in timber, oil palm plantation and palm oil trading
PT Manunggal Sukses Mandiri*	Indonesia	90	90	Engaged in timber, oil palm plantation and palm oil trading
Tadmax Builders (Labuan) Sdn. Bhd.	Malaysia	100	-	Dormant

* Not audited by SJ Grant Thornton.

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

Acquisition of subsidiaries

2015

(1) On 17 April 2015, the Company's wholly owned subsidiary, Tadmax Builders Sdn. Bhd. incorporated a wholly owned subsidiary known as Tadmax Builders (Labuan) Sdn. Bhd. with an issued and paid up capital of RM2.

(2) On 8 June 2015, the Company acquired two shares, representing 100% equity interests in Tadmax Concrete (Labuan) Sdn. Bhd. for RM2.

(3) On 5 August 2015, the Company incorporated a subsidiary known as Tadmax Permai Sdn. Bhd. with an issued and paid-up share capital of RM100 comprising 100 ordinary shares of RM1.00 each where the Company holds seventy shares, representing 70% equity interests.

2014

(1) The Company acquired 100% equity interest in Ganggarak Development Sdn. Bhd. for a total consideration of RM2. The acquisition was completed on 19 June 2014.

(2) The Company acquired 100% equity interest in Tadmax Energy Sdn. Bhd. for a total consideration of RM836,500. The acquisition was completed on 19 June 2014.

The following summarises the recognised amount of assets acquired and liabilities assumed at the acquisition date:-

	2015 RM'000	2014 RM'000
Inventories	-	38
Other payables	-	(40)
	-	(2)
Cash consideration	-*	836
Less: Cash and cash equivalent	-	(838)
Net cash inflow arising on acquisition	-	(2)

* Cash consideration less than RM1,000.

Disposal of Subsidiaries

2015

(a) On 20 February 2014, the Company entered into a Sale and Purchase Agreement to dispose its entire equity interest in Tadmax Power Sdn. Bhd. and the final purchase consideration on completion was RM302,365,668. The disposal was completed during the financial year ended 31 December 2015.

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

Disposal of Subsidiaries (cont'd)

2015 (cont'd)

(a) (cont'd)

The effect of the disposal on the financial position of the Group is as below:-

	2015 RM'000
Inventories	138,390
Other receivables, deposit and prepayment	308
Other payables	(625)
	138,073
Gain on disposal of subsidiary	147,649
Tax, expenses payable and waiver of balance due to the Company	16,644
Total consideration received	302,366
Cash consideration received	302,366
Less: Tax and expenses paid	(16,644)
Net cash inflow from disposal	285,722

The analysis of the results of the disposed subsidiary is as below:-

Administrative expenses	(7)
Loss for the financial year	(7)

(b) On 28 September 2015, the Company entered into a Sale and Purchase Agreement to dispose its entire equity interest in Usama Industries Sdn. Bhd. for a consideration of RM1,989,000. The disposal was completed during the financial year ended 31 December 2015.

The effect of the disposal on the financial position of the Group is as below:-

	2015 RM'000
Other receivables, deposit and prepayment	4,386
Cash and cash equivalents	29
Other payables	(2,430)
	1,985
Gain on disposal of subsidiary	4
Total consideration received	1,989
Cash consideration received	1,989
Less: Cash and cash equivalents	(29)
Net cash inflow from disposal	1,960

The analysis of the results of the disposed subsidiary is as below:-

Administrative expenses	(9)
Loss for the financial year	(9)

7. INVESTMENT IN JOINT VENTURE

Group and Company

The Group and Company have 14% (2014: 14%) equity interest in a jointly controlled entity, Tulen Jayamas Sdn. Bhd.. This joint venture is incorporated in Malaysia and is in the business of timber logs extraction, manufacturing and trading of processed timber logs.

The investment in this jointly controlled entity had not been accounted for in the consolidated financial statements using equity accounting as it remains inactive during the financial year.

8. OTHER INVESTMENTS

The other investments represent the following:-

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Corporate golf membership	50	50	50	-
Investment in quoted unit trust in Malaysia	50	-	50	-
	100	50	100	-

9. TIMBER CONCESSION RIGHTS

	Group	
	2015 RM'000	2014 RM'000
Cost/Carrying amounts		
At 1 January/ 31 December	218,000	218,000

The timber concession rights were acquired in 2011 as a result of the acquisition of new subsidiaries. It represents the fair value of extractable and merchantable timber on the leasehold agricultural land located in Indonesia. This fair value of acquisition was based on a valuation report prepared by an independent valuer, Azmi & Co (Shah Alam) Sdn. Bhd., dated 15 November 2011.

The timber concession rights will be amortised annually from the date at which timber extraction activities have commenced based on the percentage of the volume of timber extracted compared to the total estimated volume of timber available for extraction.

The recoverable amounts of the cash-generating units are determined using the value-in-use approach approved by management, and this is derived from the present value of the future cash flows from the operating segment computed based on the projections of financial information covering a period of 6 years (2014: 6 years), as stated in the agreement with the business partner.

The key assumptions used in the determination of the recoverable amounts are as follows:-

<u>2015</u>

(a) The Group expects to commence the palm oil planting of 10,000 hectares of land from the second half of 2016 and the directors estimate that the 10,000 hectares of land will be planted with palm oil for the next 7 years after the commencement of operation.

(b) Cash flows were projected based on the planting of palm oil for the concession period. Estimated planting of palm oil had been based on the plan proposed to an interested buyer.

9. TIMBER CONCESSION RIGHTS (CONT'D)

2015 (cont'd)

(c) The selling price used is a pre-agreed amount by the interested buyer.

(d) A pre-tax rate of 15% was applied in determining the recoverable amount of the land. The discount rate was estimated based on the average cost of capital, adjusted further upwards to reflect the agriculture industry and country risk.

(e) The expected net present value of the cashflow projection over a period of 7 years from the commencement of operation is USD2,063,000.

2015 and 2014

(a) The Group expects to commence the extraction of timber few months prior to the completion of the construction of the Integrated Timber Extraction Complex ("ITC"). The directors estimate that the forested areas will be felled over the next 6 years after the commencement of operation.

(b) Cash flows were projected based on the estimated annual log production volume of the timber and log prices for the concession period. Estimated annual log production volume had been based on a Forest Assessment Report prepared by an independent forester for the purpose of estimating the available timber resources.

(c) The lower average of the 5 years log prices reported by ITTO (International Tropical Timber Organisation) were used in the estimation to derive the achievable and long term sustainable timber price.

(d) A pre-tax discount rate 18% (2014: 18%) was applied in determining the recoverable amount of the unit. The discount rate was estimated based on the average cost of capital, adjusted further upwards to reflect the timber industry and country risk.

(e) The expected net present value of the cash flow projection over a period of 6 years from the commencement of operation is RM237.1 million (2014: RM237.1 million).

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

Based on the sensitivity analysis performed, management believes that no reasonably possible change in base case key assumptions would cause the carrying values of the cash generating unit to exceed its recoverable amounts.

10. LAND AND DEVELOPMENT EXPENDITURE

Land and development expenditure consists of the following:-

	Group 2015 RM'000	Group 2014 RM'000
At beginning of financial year		
- Long term leasehold land at cost	33,013	26,013
- Development costs	3,163	-
	36,176	26,013
Cost incurred during the financial year		
- Long term leasehold land at cost	-	7,000
- Development costs	9,787	3,163
	9,787	10,163
Total	45,963	36,176
Cost recognised in the profit or loss		
- current financial year	(7,606)	-
	38,357	36,176
Presented as:		
Land and development expenditure		
Non-current	7,630	7,129
Current	30,727	29,047
	38,357	36,176

The land and development expenditure with the carrying amount of RM12,117,000 (2014: RM36,176,000) has been pledged as security for banking facilities granted to the Group as disclosed in Note 23 to the financial statements.

11. DEFERRED TAX (ASSETS)/LIABILITIES

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Deferred tax assets	(1,713)	(2,519)	-	-
Deferred tax liabilities	70,364	70,292	21	21
	68,651	67,773	21	21

11. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At 1 January	67,773	68,166	21	21
Recognised in the profit or loss	448	(271)	-	-
Attributable to fair value adjustment on prepaid land lease payments	624	-	-	-
Effect of foreign currency	(194)	(122)	-	-
At 31 December	68,651	67,773	21	21

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

Deferred tax assets

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At 1 January	(2,519)	(2,619)	-	-
Recognised in profit or loss	1,000	222	-	-
Effects of foreign currency	(194)	(122)	-	-
At 31 December	(1,713)	(2,519)	-	-

Deferred tax liabilities

	Timber concession rights RM'000	Land lease with cultivation rights RM'000	Property, plant and equipment RM'000	Land lease payment RM'000	Total RM'000
2015					
Group					
At 1 January	54,500	15,771	21	-	70,292
Recognised in profit or loss	-	(493)	-	(59)	(552)
Attributable to fair value adjustment	-	-	-	624	624
At 31 December	54,500	15,278	21	565	70,364
Company					
At 1 January/31 December	-	-	21	-	21

11. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D)

Deferred tax liabilities (cont'd)

	Timber concession rights RM'000	Land lease with cultivation rights RM'000	Property, plant and equipment RM'000	Total RM'000
2014				
Group				
At 1 January	54,500	16,264	21	70,785
Recognised in the profit or loss	-	(493)	-	(493)
At 31 December	54,500	15,771	21	70,292
Company				
At 1 January/31 December	-	-	21	21

This deferred tax liabilities arose from the initial fair value recognition of timber concession rights and prepaid land lease payments with cultivation rights in respect of the acquisition of two subsidiaries. These deferred tax liabilities have arisen as a result of the temporary timing difference which has arisen from their fair valuation.

12. GOODWILL

	Group 2015 RM'000	2014 RM'000
At 1 January	67,210	67,210
Adjustment of goodwill arising from acquisition of subsidiary	624	-
Written off	(67,834)	-
At 31 December	-	67,210

Impairment testing of goodwill

The carrying amounts of goodwill allocated to the cash generating units are as follows:-

	Group 2015 RM'000	2014 RM'000
Timber extraction (Note a)	-	66,810
Others (Note b)	-	400
At 31 December	-	67,210

12. GOODWILL (CONT'D)

2015

The Group is assessing the recoverable amounts of goodwill allocated and determined that the impairment of goodwill is required to reflect the Group's prudence stance and to state its net asset on a tangible asset backed basis.

2014

(a) Timber extraction

The Group has assessed the recoverable amounts of goodwill allocated and determined that no additional impairment is required. The detailed explanations are disclosed in Note 9 to the Financial Statements.

(b) Others

The recoverable amount of this cash generating units is determined based on the fair value less costs to sell.

13. INVENTORIES

	Group	
	2015 RM'000	2014 RM'000
Consumables	57	-
Raw material	664	-
	721	-

14. TRADE RECEIVABLES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Trade receivables	13,380	10,340	6,850	9,224

Trade receivables are non-interest bearing and are generally on 30 to 60 days (2014: 30 to 60 days) term. Other credit terms are assessed and approved on a case-by-case basis.

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Other receivables (Note a)	16,527	18,223	11,397	18,068
Staff loans	6	-	6	-
Less: Impairment loss	(5,000)	(5,000)	(5,000)	(5,000)
	11,533	13,223	6,403	13,068
Deposits (Note b)	15,001	210	14,962	170
Prepayments (Note c)	7,249	325	35	181
Total	33,783	13,758	21,400	13,419

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

The movement of impairment loss during the financial year is as follow:-

	Group and Company	
	2015 RM'000	2014 RM'000
At 1 January	5,000	-
Impairment loss for the financial year	-	5,000
	5,000	5,000

(a) Included in other receivables of the Group and of the Company are:-

(i) An amount of RM5,000,000 (2014: RM5,000,000) was due from a third party as a result of disposal of a subsidiary, Chongqing Liangshan Wijaya Food Limited.

According to share sales agreement, the amount of RM5,000,000 is a retention sum receivable by June 2014 upon delivery and installation of rice cooking plant. As this amount was not received in the previous year, an impairment loss was provided for in the previous year.

(ii) An amount of RM6,362,000 (2014: RM6,362,000) was due from Venture Credit Sdn. Bhd., a former subsidiary. The amount is secured over a land with a market value exceeding the outstanding balance. The directors are of the view that the amount is recoverable and no impairment is required.

(iii) An amount of RM2,662,000 was due from Beacon GB Sdn. Bhd. in previous year for the balance of the purchase consideration pursuant to the disposal of a subsidiary. The amount is fully settled during current financial year.

(b) Included in the deposits of the Group and of the Company is an amount of RM14,960,000 paid to a contractor in Indonesia as deposit of appointing a company for undertaking development works on the oil palm land in Indonesia.

(c) Included in the prepayment of the Group is an amount of RM7,002,000 paid to a subcontractor, representing mobilisation advance pursuant to the terms of the contract works for the Group's property development project in Labuan.

16. AMOUNT DUE FROM/(TO) CUSTOMERS ON CONTRACT

	Group	
	2015 RM'000	2014 RM'000
Aggregate costs incurred to date	8,287	15,277
Add: Attributable profits on contract works	232	326
	8,519	15,603
Less: Progress billings	(9,267)	(12,127)
	(748)	3,476

17. AMOUNT DUE FROM/(TO) SUBSIDIARIES

The amount due from/(to) subsidiaries is non-trade in nature, unsecured, interest free and repayable on demand.

18. CASH AND BANK BALANCES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash and bank balances	2,003	624	301	163
Deposits placed with licensed banks	3,642	1,800	3,612	1,800
	5,645	2,424	3,913	1,963

Included in cash and bank balances are the following:-

(i) Deposit amounting to RM30,000 (2014: RM Nil) of the Group is registered under the name of an employee of a subsidiary who holds in trust on behalf of the subsidiary, the amount is pledged to the bank as security for banking facilities granted to the subsidiary.

(ii) An amount of RM1,079,000 (2014: RM Nil) is cash held under Section 7A of the Housing Development (Control and Licensing) Act 1966 which is restricted from general use.

The interest rates for the fixed deposits are at 2.20% - 3.40% (2014: 2.20%) per annum.

19. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

2014

On 20 February 2014, the Company entered into a Share Sale Agreement ("SSA") to dispose off the entire issued and paid-up share capital of Tadmax Power Sdn. Bhd. ("TPSB"), a wholly-owned subsidiary of the Company for a total disposal consideration of RM317,334,600 to be satisfied entirely in cash ("Proposed Disposal"). TPSB is the beneficial and registered owner of approximately 310 acres of a piece of vacant leasehold land located at Pulau Indah, Klang, Selangor Darul Ehsan ("the Subject Land").

The Proposed Disposal was approved by the shareholders of the Company at the Extraordinary General Meeting held on 15 May 2014. On 15 December 2014, the parties had entered into a Supplemental Share Sale Agreement to vary certain terms and conditions of the SSA among others the revision in the total disposal consideration to RM294,378,480, on the basis that the Subject Land be sold on an "as is where is" basis.

The completion of the Proposed Disposal and the satisfaction of the conditions subsequent is expected by the 1st half of 2015.

As at 31 December 2014, the assets and liabilities of TPSB have been presented on the consolidated statement of financial position as a disposal group classified as held for sale and results of this subsidiary is presented separately on the consolidated statement of comprehensive income as discontinued operation.

Statement of financial position

The major classes of assets and liabilities of TPSB classified as held for sale as at 31 December 2014.

19. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (CONT'D)

Statement of financial position (cont'd)

	Group 2014 RM'000
Assets	
Inventories	138,389
Assets of disposal group classified as held for sale	138,389
Liabilities	
Other payables	512
Liabilities of disposal group classified as held for sale	512
Net assets of disposal group classified as held for sale	137,877

Statement of comprehensive income

The results of TPSB are as follows:-

Administrative expenses	(982)
Net loss from discontinued operation, net of tax	(982)

20. SHARE CAPITAL

Group and Company

	Number of ordinary shares of RM0.50 each		Amount	
	2015 '000	2014 '000	2015 RM'000	2014 RM'000
Authorised:				
At 1 January/31 December	1,200,000	1,200,000	600,000	600,000
Issued and fully paid:				
At 1 January	445,232	373,232	222,616	186,616
Issued during the financial year	-	72,000	-	36,000
At 31 December	445,232	445,232	222,616	222,616

Treasury shares

There has been no repurchase and resale of treasury shares during the financial year.

At 31 December 2015, the total number of treasury shares held by the Company is 474,300 (2014: 474,300) units with a total cost of RM154,720 (2014: RM154,720).

21. RESERVES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-distributable				
Merger reserve	-	-	-	142,500
Foreign currency translation reserve	866	948	-	-
	866	948	-	142,500
Distributable				
Retained profits/(Accumulated losses)	39,609	(27,916)	66,797	(149,728)
	40,475	(26,968)	66,797	(7,228)

Merger reserve

The merger reserve amounting to RM142.5 million arose in the year 2001 to reflect the effect of changes in accounting policies for the accounting of the costs of investment in a subsidiary.

The merger reserve is fully realised and transferred to retained profits of the Company upon disposal of the subsidiary.

Foreign currency translation reserve

The foreign currency translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operation whose functional currencies are different from that of the Group's presentation currency.

22. HIRE PURCHASE LIABILITIES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Future minimum lease payments				
- within 1 year	723	185	201	174
- more than 1 year but not later than 5 years	1,006	429	289	339
- more than 5 years	42	43	31	73
	1,771	657	521	586
Less: Interest-in-suspense	(146)	(72)	(46)	(59)
	1,625	585	475	527
Present value of minimum lease payments				
- within 1 year	641	159	181	151
- more than 1 year but not later than 5 years	807	385	294	345
- more than 5 years	177	41	-	31
	1,625	585	475	527

Hire purchase liabilities bear interest rates ranging from 2.35% to 2.69% (2014: 2.35% to 3.54%) per annum.

23. BANK BORROWINGS

Details of the Group's and the Company's bank borrowings as at the financial year end are as follows:-

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current-Secured				
Bridging loan (a) – Malaysia Building Society Berhad	1,500	-	-	-
Term loan (b) – Exim Bank Malaysia	-	201,440	-	201,440
Term loan (c) – TA Capital Sdn Bhd	-	3,000	-	3,000
Term loans (d) – OSK Capital Sdn Bhd	-	3,500	-	3,500
Term loan (e) – Kenanga Investment Bank Berhad	-	10,000	-	10,000
Total	1,500	217,940	-	217,940

The loans bear interest rates of 8.35% (2014: 5.09% to 10.00%) per annum.

Bridging loan (a) is secured by way of:-

(a) First party first legal charge over a subsidiary's land and development expenditure;
(b) Debenture over a subsidiary's fixed and floating assets both present and future;
(c) Power of attorney by a subsidiary in favor of Malaysia Building Society Berhad over the development project;
(d) Corporate Guarantee by the Company; and
(e) Personal guarantee of Datuk Seri Anuar bin Adam.

Term Loan (b) is secured by way of:-

(a) First legal charge against a subsidiary's land and development expenditure;
(b) Third party fiduciary contract against timber revenue proceeds;
(c) Third party fiduciary contract against palm oil revenue proceeds;
(d) Third party fiduciary security, debenture or its equivalent against any assets acquired by PT Trimegah Karya Utama and PT Manunggal Sukses Mandiri;
(e) Pledge of Escrow accounts for deposit of timber proceeds to be controlled and operated by Exim Bank under a power of attorney to be granted to Exim Bank;
(f) Cash collateral agreement for Debt Service Reserve Account ("DSRA");
(g) Individual guarantee agreement by Dato' Faizal bin Abdullah and Datuk Seri Anuar bin Adam;
(h) Political risk insurance to cover nationalisation and expropriation, transfer restriction and civil disturbance;
(i) Power of attorney to execute fiduciary security and a letter of undertaking for PT Trimegah Karya Utama and PT Manunggal Sukses Mandiri to ensure they provide a list of assets to be secured;
(j) Pledge of shares and power of attorney in Suffolk Pte Ltd, Wealth Gate Pte Ltd, PT Trimegah Karya Utama and PT Manunggal Sukses Mandiri;
(k) Fiduciary contract or its equivalent over the dividends of Suffolk Pte Ltd, Wealth Gate Pte Ltd, PT Trimegah Karya Utama and PT Manunggal Sukses Mandiri, in favour of the Lender; and
(l) Other further securities as may be imposed by the Lender at its discretion.

The repayment of term loan (b) was rescheduled earlier and has been fully settled on 23 March 2015 from the proceeds of disposal of Tadmax Power Sdn. Bhd. (Note 19).

23. BANK BORROWINGS (CONT'D)

Term Loan (c) is secured by way of:-

(a) Third party legal charge against a third party's property; and
(b) After two (2) years loan tenure on the expiry of the due date pursuant to the terms of the loan agreement, the Group to assign the balance of RM9 million proceeds receivable arising from the sale of a former subsidiary, Wijaya International Medical Centre Sdn. Bhd. to the Purchaser, Beacon GB Sdn. Bhd..

The term loan (c) is repayable by 2 April 2015 and has been fully settled on 30 March 2015.

Term Loans (d) are secured by way of:-

(a) Third party legal charge against a subsidiary's freehold building and first party legal charge against the Company's freehold building; and
(b) Joint and several guarantees by Dato' Faizal bin Abdullah and Datuk Seri Anuar bin Adam.

The term loans (d) are repayable within 12 months from the date of first drawdown which falls on 30 June 2015 for tranche A and 7 July 2015 for tranche B. The term loans have been fully settled on 20 August 2015.

Term Loan (e) is secured by way of:-

(a) Personal guarantee of Datuk Seri Anuar bin Adam;
(b) Cash deposits equivalent to 3 months interest under the facility maintained by Bank, supported by relevant letter of set-off to meet any obligations under the facility; and
(c) An undertaking and power of attorney to create a charge over a parcel of leasehold land owned by a subsidiary.

The term loan (e) is repayable within 12 months (with an option to extend by another 12 months at the Bank's sole discretion) from the date of first drawdown which falls on 10 September 2015. The term loan has been fully settled on 18 August 2015.

24. TRADE PAYABLES

Trade payables are generally unsecured and non-interest bearing. The normal trade credit terms granted to the Group are 30 days (2014: 30 days).

25. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Other payables	8,709	4,196	6,227	1,897
Deposits	5,205	29,143	4,706	24,439
Accruals	571	4,207	141	4,095
	14,485	37,546	11,074	30,431

(a) Included in other payables of the Group and of the Company are:-

(i) An amount of RM Nil (2014: RM476,000) payable to companies with a common director previously. The amount is non-trade in nature, unsecured, interest free and repayable on demand.

(ii) An amount of RM1,001,000 (2014: RM Nil) payable to a former subsidiary company, Usama Industries Sdn. Bhd.. The amount is non-trade in nature, unsecured, interest free and repayable on demand.

(iii) An amount of RM4,544,000 (2014: RM Nil) payable to Inland Revenue Board Malaysia for disposal of a subsidiary. The amount is non-trade in nature, unsecured interest free and repayable on demand.

25. OTHER PAYABLES, DEPOSITS AND ACCRUALS (CONT'D)

(b) Included in deposits of the Group and of the Company are:-

(i) An amount of RM Nil (2014: RM24,439,000) being deposit received from the disposal of Tadmax Power Sdn. Bhd..

(ii) An amount of RM4,704,000 (2014: RM4,704,000) being deposit received on the proposed sale of a wholly owned subsidiary company and in view of the prolonged time taken by the Company to fulfill the conditions precedent, the parties are revisiting the terms of the share sale agreement.

(c) Included in accruals of the Group and of the Company is an amount of RM Nil (2014: RM3,910,000) payable to Exim Bank for term loan interest.

26. AMOUNT DUE TO DIRECTORS

Group and Company

The amount due to directors are non-trade in nature, unsecured, interest free and is not repayable until the Group and the Company have sufficient funds, or alternative arrangements, to effect a repayment or settlement proposal.

27. REVENUE

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Industrial supplies	5,437	22,514	2,282	22,514
Construction revenue	-	76	-	-
Sales of development properties	7,740	-	-	-
Rental income	2	-	-	-
	13,179	22,590	2,282	22,514

28. FINANCE COSTS

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Interest on hire purchase	86	21	23	19
Interest on bank borrowings	270	8,698	270	8,698
	356	8,719	293	8,717

29. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax is determined after charging/(crediting) amongst others, the following:-

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Auditors' remuneration				
- current year	100	103	50	45
- others	10	10	-	-
- other auditors	28	23	-	-
- (over)/under provision in prior year	6	-	5	-
Amortisation of prepaid land lease payments	93	93	-	-
Amortisation of prepaid land lease payments with cultivation right	1,972	1,971	-	-
Depreciation of property, plant and equipment	1,040	510	545	343
Directors' remuneration (Note 32)	2,316	1,594	2,035	1,423
Goodwill written off	67,834	-	-	-
Impairment loss on other receivables	-	5,000	-	5,000
Impairment loss on investment in subsidiaries	-	-	1,237	-
Loss on disposal of property, plant and equipment	18	-	18	-
Loss on waiver of debt from subsidiaries	-	-	73,774	-
Property, plant and equipment written off	7	-	7	-
Realised foreign exchange (gain)/loss	(157)	179	-	179
Rental of permits	7	-	-	-
Rental of motor vehicles	11	-	-	-
Rental of equipment	37	-	-	-
Rental of premises	60	188	-	-
Gain on disposal of subsidiaries	(147,653)	-	(155,298)	-
Rental income				
- equipment	(156)	-	-	-
- premises	(7)	-	(7)	-
Gain on recognition of financial assets	(38)	(569)	(38)	(569)
Interest income	(175)	(22)	(152)	(17)
Unrealised foreign exchange gain	(36)	(8,139)	(36)	(8,139)

30. TAXATION

	Group	
	2015 RM'000	2014 RM'000
Income tax		
- Malaysian - overprovision in prior year	-	(12)
Deferred tax		
- current year (Note 11)	448	(271)
	448	(283)

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

30. TAXATION (CONT'D)

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit/(Loss) before tax from continuing operations	67,714	(15,243)	74,025	(11,921)
Loss before tax from discontinued operations	-	(982)	-	-
	67,714	(16,225)	74,025	(11,921)
Taxation at applicable tax rate of 25%	16,929	(4,056)	18,506	(2,980)
Tax effects arising from				
- non-taxable income	(57,374)	-	(38,900)	-
- non-deductible expenditure	38,848	2,527	19,122	1,887
- deferred tax assets not recognised in the financial statements	2,045	1,258	1,272	1,093
- over provision in prior years	-	(12)	-	-
	448	(283)	-	-

Deferred tax assets have not been recognised for the following items:-

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deductible temporary differences	(754)	(310)	(322)	(284)
Unutilised tax losses	2,217	8,790	13,233	8,250
Unabsorbed capital allowances	15,432	235	239	96
	16,895	8,715	13,150	8,062

The potential deferred tax assets of the Group and the Company are not provided for in the financial statements as it is anticipated that the tax effects of such benefits will not reversed in the foreseeable future.

The corporate tax will be reduced to 24% in Malaysia for the year of assessment 2016 as announced in Malaysia Budget 2014. Consequently, deferred tax assets and liabilities are measured using this tax rate.

31. EARNINGS/(LOSS) PER ORDINARY SHARE

(a) Basic earnings/(loss) per ordinary share (sen)

The basic earnings/(loss) per share is calculated by dividing the Group's net profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

31. EARNINGS/(LOSS) PER ORDINARY SHARE (CONT'D)

(a) Basic earnings/(loss) per ordinary share (sen) (cont'd)

	Group	
	2015 RM'000	2014 RM'000
Profit/(Loss) from continuing operations	67,266	(14,960)
Profit/(Loss) from discontinued operations	-	(982)
Profit/(Loss) for the financial year	67,266	(15,942)
Weighted average number of ordinary shares in issue ('000)	444,757	418,931
Basic earnings/(loss) per ordinary share (sen)		
- continuing operations	15.12	(3.57)
- discontinued operations	-	(0.23)
	15.12	(3.80)

(b) Dilution

There is no diluted earnings/(loss) per share during the financial year as the Company does not have any convertible financial instruments as at the end of the reporting period.

32. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Salaries, bonuses and allowances	5,157	3,531	3,408	2,979
Defined contribution plans	518	322	309	281
Social security contributions ("SOCSO")	23	11	12	9
Other benefits	219	163	224	159
	5,917	4,027	3,953	3,428

32. EMPLOYEE BENEFITS EXPENSE (CONT'D)

Included in the employee benefits expense are directors' remuneration and key management personnel's remuneration as below:-

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Executive Director				
Salaries	1,775	866	1,520	710
Allowances	-	240	-	240
Defined contribution plan	158	95	132	80
Benefits in kind	84	62	84	62
	2,017	1,263	1,736	1,092
Non-executive Director				
Fees and allowances	299	331	299	331
	2,316	1,594	2,035	1,423
Key management personnel other than Directors				
Salaries, bonuses and other emoluments	1,305	1,210	714	1,000
Defined contribution plan and SOCSO	152	154	90	129
	1,457	1,364	804	1,129

33. RELATED PARTY DISCLOSURES

(a) Identification of related parties

A related party is an entity or person that directly or indirectly through one or more intermediary controls, is controlled by, or is under common or joint control with the Group and the Company or that have an interest in the Group and the Company that give it significant influence over the Group's and the Company's financial and operating policies. It also includes members of the key management personnel or close members of the family of any individual referred to herein and others who have the ability to control, jointly control or significantly influence for which significant voting power in the Group and the Company reside with, directly or indirectly.

Key management personnel are 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 includes all the Directors of the Group, and certain members of senior management of the Group.

The Group and the Company have related party relationship with its related companies, Directors and key management personnel as follows:

Related parties	Relationship
Fernandez & Selvarajah	Company with one or more common directors
Maxcorp Development Sdn. Bhd.	Company with one or more common directors
Khidmas Capital Sdn. Bhd.	Company with one or more common directors

33. RELATED PARTY DISCLOSURES (CONT'D)

(b) Transactions with related parties

Related party transactions of the Group and the Company during the financial year are as follows: -

	Group and Company	
	2015 RM'000	2014 RM'000
Consultancy fees paid to related parties	128	5

(c) Key management personnel compensation

The remuneration of key management personnel and the Directors' remuneration are disclosed in Notes 29 and 32 to the financial statements.

34. CAPITAL COMMITMENTS

	Group	
	2015 RM'000	2014 RM'000
Approved and contracted for:-		
Property, plant and equipment	-	300

35. OPERATING SEGMENT

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

(i) Timber
(ii) Investment holding
(iii) Property development and construction related
(iv) Industrial supplies
(v) Others (Dormant group entities)

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

Measurement of Reportable Segments

Performance is measured based on segment profit before tax, interest, depreciation and amortisation, as included in the integral management reports that are reviewed by the Group's Chief Executive Officer (the chief operating decision maker). Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operates within these industries.

Segment assets

The total of segment asset is measured based on all assets of a segment other than current and deferred tax assets.

Segment liabilities

The total of segment liability is measured based on all liabilities of a segment other than current and deferred tax liabilities.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment.

35. OPERATING SEGMENT (CONT'D)

2015	Timber RM'000	Investment holding RM'000	Property development and construction related RM'000	Industry supplies RM'000	Others RM'000	Elimination/ Adjustments RM'000	Consolidated RM'000
Group							
Revenue							
External sales	-	-	7,742	5,437	-	-	13,179
Inter segment							
- Contract revenue (a)	-	-	3,816	-	-	(3,816)	-
	-	-	11,558	5,437	-	(3,816)	13,179
Segment results							
Profit/(Loss) from operations (b)	(9)	128,133	15,182	1,229	(157)	(76,308)	68,070
Less: Waiver of debts	-	19,652	(18,238)	(1,406)	(8)	-	-
Profit/(Loss) from operations							
- excluding debt waiver	(9)	147,785	(3,056)	(177)	(165)	(76,308)	68,070
Finance costs	-	(293)	(4)	(59)	-	-	(356)
Taxation	-	-	-	-	(1,000)	552	(448)
Net profit/(loss) for the financial year	(9)	147,492	(3,060)	(236)	(1,165)	(75,756)	67,266
Other information							
Depreciation	-	664	70	267	39	-	1,040
Amortisation of prepaid land lease payments	-	-	-	-	-	93	93
Amortisation of prepaid land lease payments with cultivation rights	-	-	-	-	-	1,972	1,972
Goodwill written off	-	67,834	-	-	-	-	67,834
Property, plant and equipment written off	-	7	-	-	-	-	7
Assets and liabilities							
Segment assets (c)	294,074	64,188	32,700	1,657	4,280	(11,695)	385,204
Additions to non-current assets	-	823	203	2,681	-	(227)	3,480
Other segments assets	-	1,069	16	-	1,713	-	2,798
Consolidated total assets	294,074	66,080	32,919	4,338	5,993	(11,922)	391,482
Segment liabilities (d)	-	15,304	14,358	2,812	8,685	(12,524)	28,635
Other segment liabilities	70,344	21	-	-	-	-	70,365
Consolidated total liabilities	70,344	15,325	14,358	2,812	8,685	(12,524)	99,000

35. OPERATING SEGMENT (CONT'D)

2014	Timber RM'000	Investment holding RM'000	Property development and construction related RM'000	Others RM'000	Elimination/ Adjustments RM'000	Consolidated RM'000	Discontinued operation RM'000	Total operations RM'000
Group								
Revenue								
External sales	-	22,514	76	-	-	22,590	-	22,590
Inter segment								
- Contract revenue (a)	-	-	4,703	-	(4,703)	-	-	-
	-	22,514	4,779	-	(4,703)	22,590	-	22,590
Segment results								
Loss from operations (b)	(27)	(3,435)	(755)	(396)	(1,911)	(6,524)	(982)	(7,506)
Finance costs	-	(8,717)	(2)	-	-	(8,719)	-	(8,719)
Taxation	-	-	12	(222)	493	283	-	283
Net loss for the financial year	(27)	(12,152)	(745)	(618)	(1,418)	(14,960)	(982)	(15,942)
Assets and liabilities								
Segment assets (c)	287,319	208,594	15,141	263	(88,360)	422,957	138,389	561,346
Additions to non-current assets	-	55,047	260	-	(48,352)	6,955	-	6,955
Other segments assets	-	2,138	-	2,519	-	4,657	-	4,657
Consolidated total assets	287,319	265,779	15,401	2,782	(136,712)	434,569	138,389	572,958
Segment liabilities (d)	44	329,746	14,497	4,234	(75,860)	272,661	512	273,173
Other segment liabilities	74,466	21	-	-	-	74,487	-	74,487
Consolidated total liabilities	74,510	329,767	14,497	4,234	(75,860)	347,148	512	347,660
Other information								
Depreciation	-	463	10	37	-	510	-	510
Amortisation of prepaid land lease payments	-	-	-	-	93	93	-	93
Amortisation of prepaid land lease payments with cultivation rights	-	-	-	-	1,971	1,971	-	1,971
Impairment loss on other receivables	-	5,000	-	-	-	5,000	-	5,000

35. OPERATING SEGMENT (CONT'D)

Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

(a) Inter-segment transactions are eliminated on consolidation.
(b) Profit/(Loss) from other segment transactions are eliminated on consolidation.
(c) The following items are deducted from segments assets to arrive at total assets reported in the consolidated statement of financial position:-

	Group 2015 RM'000	Group 2014 RM'000
Trade receivables	(4,894)	-
Other receivables, deposits and prepayment	5,121	-
Prepaid land lease payments	2,352	2,445
Prepaid land lease payments with cultivation rights	61,114	63,086
Investment in subsidiaries	(263,585)	(394,989)
Timber concession rights	218,000	218,000
Amount due from subsidiaries	(7,691)	(70,125)
Goodwill	-	67,210
Property, plant and equipment	(48,579)	(48,352)
Land and development expenditure	26,240	26,013
	(11,922)	(136,712)

(d) The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in consolidated statement of financial position:-

	Group 2015 RM'000	Group 2014 RM'000
Amount due to subsidiaries	-	(75,860)
Amount owing to/(by) subsidiaries/holding	(8,469)	-
Amount owing to fellow subsidiaries	(4,055)	-
	(12,524)	(75,860)

Geographical information

	Revenue		Non-Current Assets		Total Assets	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Malaysia	13,179	22,590	25,314	89,781	106,534	289,349
Singapore	-	-	-	-	4,121	4
Indonesia	-	-	280,827	283,605	280,827	283,605
	13,179	22,590	306,141	373,386	391,482	572,958

The non-current assets and total assets disclosed above exclude deferred tax assets, tax recoverable and financial instruments as per the provisions of MFRS 8.

35. OPERATING SEGMENT (CONT'D)

Information about major customers

Details of transactions with major external customers, being those whose revenue amounts to ten percent or more of the Group's revenue are as follow:-

	2015 RM'000	2014 RM'000
Industrial supplies – Customer A	2,282	22,514

36. FINANCIAL INSTRUMENTS

36.1 Categories of Financial Instruments

The table below provides an analysis of financial assets categorized as loans and receivables ("L&R") and financial liabilities categorized as other liabilities measured at amortised cost ("AC") :-

	L&R RM'000	AC RM'000	Total RM'000
2015			
Group			
Financial assets			
Trade receivables	13,380	-	13,380
Other receivables and deposits	26,538	-	26,538
Cash and bank balances	5,645	-	5,645
	45,563	-	45,563
Financial liabilities			
Trade payables	-	5,482	5,482
Other payables, deposits and accruals	-	14,485	14,485
Amount due to customers on contract	-	748	748
Amount due to directors	-	1,546	1,546
Hire purchase liabilities	-	1,625	1,625
Bank borrowings	-	1,500	1,500
	-	25,386	25,386
Company			
Financial assets			
Trade receivables	6,850	-	6,850
Other receivables and deposits	21,365	-	21,365
Cash and bank balances	3,913	-	3,913
	32,128	-	32,128
Financial liabilities			
Trade payables	-	2,164	2,164
Other payables, deposits and accruals	-	11,074	11,074
Amount due to directors	-	1,546	1,546
Hire purchase liabilities	-	475	475
	-	15,259	15,259

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 Categories of Financial Instruments (cont'd)

The table below provides an analysis of financial assets categorized as loans and receivables ("L&R") and financial liabilities categorized as other liabilities measured at amortised cost ("AC") (cont'd):-

	L&R RM'000	AC RM'000	Total RM'000
2014			
Group			
Financial assets			
Trade receivables	10,340	-	10,340
Other receivables and deposits	13,433	-	13,433
Amount due from contract customers	3,476	-	3,476
Cash and bank balances	2,424	-	2,424
	29,673	-	29,673
Financial liabilities			
Trade payables	-	7,768	7,768
Other payables, deposits and accruals	-	37,546	37,546
Amount due to directors	-	8,822	8,822
Hire purchase liabilities	-	585	585
Bank borrowings	-	217,940	217,940
	-	272,661	272,661
Company			
Financial assets			
Trade receivables	9,224	-	9,224
Other receivables and deposits	13,238	-	13,238
Cash and bank balances	1,963	-	1,963
	24,425	-	24,425
Financial liabilities			
Trade payables	-	5,214	5,214
Other payables, deposits and accruals	-	30,431	30,431
Amount due to subsidiaries	-	12,257	12,257
Amount due to directors	-	8,742	8,742
Hire purchase liabilities	-	527	527
Bank borrowings	-	217,940	217,940
	-	275,111	275,111

36.2 Financial Risk Management

The Group and Company are exposed to financial risks arising from their operations and the use of financial instruments. Financial risk management policy is established to ensure that adequate resources are available for the development of the Group's and the Company's business whilst managing its credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group operates within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

36. FINANCIAL INSTRUMENTS (CONT'D)

36.2 Financial Risk Management (cont'd)

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows:-

(i) **Credit risk**

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. It is the Group's policy to enter into financial instrument with a diversity of creditworthy counterparties. The Group does not expect to incur material credit losses of its financial assets or other financial instruments.

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group's portfolio of financial instrument is broadly diversified along industry, product and geographical lines, and transactions are entered into with diverse creditworthy counterparties, thereby mitigate any significant concentration of credit risk.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group does not offer credit terms without the approval of the head of credit control.

Following are the areas where the Group and the Company are exposed to credit risk:-

(a) Receivables

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is limited to the carrying amounts in the statement of financial position.

With a credit policy in place to ensure the credit risk is monitored on an on-going basis, management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses aging analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than credit terms granted are deemed to have higher credit risk, and are monitored individually.

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

As at 31 December 2015, trade receivables of RM5,390,000 (2014: RM9,008,000) and RM5,283,000 (2014: RM9,008,000) of the Group and of the Company respectively were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

The ageing analysis of the trade receivables and the trade-related inter-company transactions is as follow:-

Group		**2015**	
	Gross RM'000	**Individually impaired RM'000**	**Net RM'000**
Not past due	7,990	-	7,990
Past due 1 to 30 days	719	-	719
Past due 31 to 60 days	240	-	240
Past due 61 to 90 days	-	-	-
Past due 91 to 120 days	-	-	-
Past due more than 121 days	4,431	-	4,431
	13,380	-	13,380

36. FINANCIAL INSTRUMENTS (CONT'D)

36.2 Financial Risk Management (cont'd)

(i) Credit risk (cont'd)

(a) Receivables (cont'd)

The ageing analysis of the trade receivables and the trade-related inter-company transactions is as follow (cont'd):-

Group

	Gross RM'000	2014 Individually impaired RM'000	Net RM'000
Not past due	1,332	-	1,332
Past due 1 to 30 days	668	-	668
Past due 31 to 60 days	1,500	-	1,500
Past due 61 to 90 days	2,543	-	2,543
Past due 91 to 120 days	1,504	-	1,504
Past due more than 121 days	2,793	-	2,793
	10,340	-	10,340

The net carrying amount of receivables is considered a reasonable approximate of fair value. The maximum exposure to credit risk is the carrying value of each class of receivables mentioned above. Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Company

	Gross RM'000	2015 Individually impaired RM'000	Net RM'000
Not past due	1,567	-	1,567
Past due 1 to 30 days	640	-	640
Past due 31 to 60 days	212	-	212
Past due 61 to 90 days	-	-	-
Past due 91 to 120 days	-	-	-
Past due more than 121 days	4,431	-	4,431
	6,850	-	6,850

	Gross RM'000	2014 Individually impaired RM'000	Net RM'000
Not past due	216	-	216
Past due 1 to 30 days	668	-	668
Past due 31 to 60 days	1,500	-	1,500
Past due 61 to 90 days	2,543	-	2,543
Past due 91 to 120 days	1,504	-	1,504
Past due more than 121 days	2,793	-	2,793
	9,224	-	9,224

36. FINANCIAL INSTRUMENTS (CONT'D)

36.2 Financial Risk Management (cont'd)

(i) **Credit risk (cont'd)**

(a) Receivables (cont'd)

The ageing analysis of the trade receivables and the trade-related inter-company transactions is as follow (cont'd):-

As at reporting date, approximately 29% and 57% (2014: 55% and 62%) of trade receivables were due from one major customer of the Group and the Company respectively.

(b) Cash and cash equivalents

The exposure of credit risk for cash and cash equivalent is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

(c) Investments and other financial assets

At the end of the reporting period, the Group and the Company have investments in listed security and golf club membership. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group. Transactions involving derivative financial instruments are with approved financial institutions.

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations.

(d) Financial guarantees

The maximum exposure to credit risk and the outstanding banking facility amounted to RM30,000,000 (2014: RM217,940,000) and RM1,500,000 (2014: RM217,940,000) respectively, represented by the outstanding banking facilities of the Group as at the end of the reporting period.

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an on-going basis the results of the subsidiaries and repayments made by the subsidiaries. As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

Financial guarantees have not been recognised since the fair value on initial recognition was not material.

(ii) **Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due to shortage of funds.

In managing its exposure to liquidity risk arises principally from its various payables, loans and borrowings, the Group maintains a level of cash and cash equivalents and banking facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

The Group aims at maintaining a balance of sufficient cash and deposits and flexibility in funding by keeping sources of committed and uncommitted credit facilities from various banks.

36. FINANCIAL INSTRUMENTS (CONT'D)

36.2 Financial Risk Management (cont'd)

(ii) Liquidity risk (cont'd)

The summary of the maturity profile based on the contractual undiscounted repayment obligations is as follow:-

	Carrying amounts RM'000	Total contractual cash flows RM'000	Within 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	More than 5 years RM'000
2015						
Group						
Financial liabilities:						
Trade payables	5,482	5,482	5,482	-	-	-
Other payables, deposits and accruals	14,485	14,485	14,485	-	-	-
Amount due to customers on contract	748	748	748	-	-	-
Amount due to directors	1,546	1,546	1,546	-	-	-
Hire purchase liabilities	1,625	1,771	723	637	369	42
Bank borrowings	1,500	1,500	1,500	-	-	-
	25,386	25,532	24,484	637	369	42
Company						
Financial liabilities:						
Trade payables	2,164	2,164	2,164	-	-	-
Other payables, deposits and accruals	11,074	11,074	11,074	-	-	-
Amount due to directors	1,546	1,546	1,546	-	-	-
Hire purchase liabilities	475	521	201	112	177	31
	15,259	15,305	14,985	112	177	31
2014						
Group						
Financial liabilities:						
Trade payables	7,768	7,768	7,768	-	-	-
Other payables, deposits and accruals	37,546	37,546	37,546	-	-	-
Amount due to directors	8,822	8,822	8,822	-	-	-
Hire purchase liabilities	585	657	185	197	186	89
Bank borrowings	217,940	220,751	220,751	-	-	-
	272,661	275,544	275,072	197	186	89

36. FINANCIAL INSTRUMENTS (CONT'D)

36.2 Financial Risk Management (cont'd)

(ii) Liquidity risk (cont'd)

The summary of the maturity profile based on the contractual undiscounted repayment obligations is as follow (cont'd):-

	Carrying amounts RM'000	Total contractual cash flows RM'000	Within 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	More than 5 years RM'000
2014						
Company						
Financial liabilities:						
Trade payables	5,214	5,214	5,214	-	-	-
Other payables, deposits and accruals	30,431	30,431	30,431	-	-	-
Amount due to subsidiaries	12,257	12,257	12,257	-	-	-
Amount due to directors	8,742	8,742	8,742	-	-	-
Hire purchase liabilities	527	586	174	185	154	73
Bank borrowings	217,940	220,751	220,751	-	-	-
	275,111	277,981	277,569	185	154	73

(iii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

To mitigate the Group's exposure to foreign currency risk, the Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk is primarily Singapore Dollar (SGD), United States Dollar (USD) and Indonesia Rupiah (RP).

The Group's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting period was:-

	SGD RM'000		USD RM'000		RP RM'000	
	2015	2014	2015	2014	2015	2014
Group						
Financial assets						
Cash and bank balances	26	3	125	126	68	75
Other receivables	4	-	14,960	4,039	84	-
Financial liabilities						
Other payables	(33)	(19)	-	-	(2,388)	(2,161)
Bank borrowings	-	-	-	(201,440)	-	-
	(3)	(16)	15,085	(197,275)	(2,236)	(2,086)

36. FINANCIAL INSTRUMENTS (CONT'D)

36.2 Financial Risk Management (cont'd)

(iii) Foreign currency risk (cont'd)

The Group's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting period was (cont'd):-

	SGD RM'000		USD RM'000		RP RM'000	
	2015	2014	2015	2014	2015	2014
Company						
Financial assets						
Cash and bank balances	8	3	125	126	-	-
Other receivables	-	-	14,960	4,039	-	-
Financial liabilities						
Other payable	-	-	-	-	-	-
Bank borrowings	-	-	-	(201,440)	-	-
	8	3	15,085	(197,275)	-	-

The following table demonstrates the sensitivity of the Group's profit for the financial year to a reasonably possible change in the SGD, USD and RP exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	Group			
	2015		2014	
	Loss for the year RM'000	Equity RM'000	Loss for the year RM'000	Equity RM'000
USD/RM				
Strengthened 1%	(270)	(270)	(1,075)	(1,075)
Weakened 1%	270	270	1,075	1,075
RP/RM				
Strengthened 1%	(19)	(19)	(9)	(9)
Weakened 1%	19	19	9	9

	Company			
	2015		2014	
	Loss for the year RM'000	Equity RM'000	Loss for the year RM'000	Equity RM'000
USD/RM				
Strengthened 1%	(270)	(270)	(1,075)	(1,075)
Weakened 1%	270	270	1,075	1,075

Exposures to foreign exchange rates vary during the financial year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's and the Company's exposures to foreign currency risk.

36. FINANCIAL INSTRUMENTS (CONT'D)

36.2 Financial Risk Management (cont'd)

(iv) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group and the Company manage the net exposure to interest rate risks by maintaining sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risks on an ongoing basis. The Management does not enter into interest rate hedging transactions as the cost of such instruments outweighs the potential risk of interest rate fluctuation.

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amount as at the end of the reporting period was:-

	Group and Company	
	2015 RM'000	2014 RM'000
Fixed rate instruments		
Financial assets		
Deposits placed with licensed banks	3,642	1,800
Financial liabilities		
Hire purchase liabilities	(1,625)	(585)
	2,017	1,215
Floating rate instruments		
Financial liabilities		
Bank borrowings	(1,500)	(217,940)

Fair value sensitivity analysis for fixed rate instruments:

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments:

A change in 100 basis point (bp) in interest rates at the end of the reporting period would have increase/ (decreased) profit for the year and equity by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

36. FINANCIAL INSTRUMENTS (CONT'D)

36.2 Financial Risk Management (cont'd)

(iv) Interest rate risk (cont'd)

Cash flow sensitivity analysis for variable rate instruments (cont'd):

	Loss for the financial year		Equity	
	+100bp RM'000	-100bp RM'000	+100bp RM'000	-100bp RM'000
2015	-*	-*	-*	-*
2014	(22)	22	(22)	22

* Less than RM1,000

Fair value of financial instruments

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

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

The table below analyse financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value Level 1 RM'000	Fair value of financial instruments not carried at fair value Level 3 RM'000	Carrying amount RM'000
2015			
Group			
Financial assets			
Quoted shares	45	-	50
Financial liabilities			
Hire purchase liabilities	-	(1,625)	(1,625)
Bank borrowings	-	(1,500)	(1,500)
Company			
Financial assets			
Quoted shares	45	-	50
Financial liabilities			
Hire purchase liabilities	-	475	(475)
2014			
Group			
Financial liabilities			
Hire purchase liabilities	-	(585)	(585)
Bank borrowings	-	(217,940)	(217,940)
Company			
Financial liabilities			
Hire purchase liabilities	-	(527)	(527)
Bank borrowings	-	(217,940)	(217,940)

37. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong capital base and safeguards the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain the future development of the business. The Group manages its capital structure by monitoring the capital and net debts on an on-going basis.

There were no changes in the Group's approach to capital management during the financial year.

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total liabilities	99,000	347,660	15,280	275,132
Less: Cash and cash equivalent	(5,645)	(2,424)	(3,913)	(1,963)
Net debt	93,355	345,236	11,367	273,169
Total equity	264,303	196,860	290,625	216,600
Gearing ratio	35%	175%	4%	126%

The Group is also required to comply with the disclosure and necessary capital requirements as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(i) On 20 February 2014, the Company announced the proposal to dispose off the entire issued and paid-up share capital of Tadmax Power Sdn. Bhd. ("TPSB"), a wholly-owned subsidiary of the Company for a total consideration of RM317,334,600 to be satisfied entirely in cash ("Proposed Disposal") through the execution of a share sale agreement ("SSA"). TPSB is the beneficial and registered owner of approximately 310 acres of a piece of vacant leasehold land located at Pulau Indah, Klang, Selangor Darul Ehsan ("the Subject Land").

The Proposed Disposal was approved by the shareholders of the Company at the Extraordinary General Meeting held on 15 May 2014.

On 15 December 2014, the parties had executed a Supplemental Share Sale Agreement ("SSSA") to vary certain terms and conditions of the SSA among others the revision in the total disposal consideration to RM294,378,480, on the basis that the Subject Land be sold on an "as is where is" basis.

On 23 March 2015, partial payment of RM201,440,000 was made to settle the Company's bank borrowing and the remainder of the revised disposal consideration of approximately RM52,026,000 will be settled on or before the completion date pursuant to the terms of the SSSA.

The disposal was completed on 30 June 2015 and the gain on disposal of TPSB has been fully recognised.

(ii) On 28 September 2015, the Company announced the proposal to dispose off the entire issued and paid-up share capital of Usama Industries Sdn. Bhd., ("UISB"), a wholly owned subsidiary of the Company for a total consideration of RM1,989,000 to be satisfied entirely in cash through the execution of a share sale agreement ("SSA").

The disposal was completed on the same date, 28 September 2015 and the gain on the disposal of UISB has been fully recognised in the financial statements.

DISCLOSURE OF REALISED AND UNREALISED PROFITS/(LOSSES)

Bursa Malaysia Securities Berhad had on 25 March 2010 and 20 December 2010, issued directives requiring all listed corporations to disclose the breakdown of unappropriated profits or accumulated losses into realised and unrealised on Group and Company basis, as the case may be, in quarterly reports and annual audited financial statements.

The breakdown of unappropriated profits or accumulated losses as at the reporting date that has been prepared by the Directors in accordance with the directives from Bursa Malaysia Securities Berhad stated above and Guidance on Special Matter No. 1 issued on 20 December 2010 by the Malaysian Institute of Accountants are as follows:-

	2015		2014	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries				
- Realised	38,692	66,761	(35,867)	(157,867)
- Unrealised	917	36	7,951	8,139
	39,609	66,797	(27,916)	(149,728)

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

Address / Location	Land Area / Build Up Area	Existing Use	Tenure	Age of Building	Net Carrying Value (RM'000)	Date of Acquisition[a]/ Revaluation[b]
HS(D) 154505 PT 146972 in Mukim Klang, Daerah Klang, Negeri Selangor Darul Ehsan.	Land area measuring approximately 245,453 sq meter	Vacant	99 years lease expiring on 24 March 2096	N/A	26,013	2 November 2015[a] (Valuation not reflected in Accounts but for the purposes of assessing the need for impairment)
Parcel Nos. A-13-01, A-13-02, A-13-03, A-13-03A, A-13-05, A-13-06, A-13-07, A-13-08, A-13-09 & A-13-10, Taragon Kelana Commercial Centre, Kelana Jaya, Selangor Darul Ehsan.	Total area measuring approximately 12,157 sq. ft.	Vacant	Freehold	Approximately 3 years	5,644	30 November 2011[a]
Kawasan Industri Batu Kapur Keramat Pulai with legal description as HS(D) No. 199746 Lot No. PT 23013, Mukim of Sungai Raya, Kinta, Perak Darul Ridzuan.	Land area measuring approximately 8.094 hectares	Quarry land	28 years expiring 17 May 2041	N/A	2,352	29 April 2013[a]
Two units of five-storey shop offices held under HS(D) 78018 PT 3645 & HS(D) 78017 No. PT 3644 both in Mukim Damansara, Daerah Petaling & Negeri Selangor. No. 2D, Jalan SS 6/6, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan.	Total land area measuring approximately 372 sq. meters. Total built up is approximately 20,000 sq. ft.	Office	Freehold	Approximately 21 years	5,428	8 July 2014[a]
Title No. PN 7599, Lot 7298, Kampung Ganggarak, Wilayah Persekutuan Labuan	Land area measuring approximately 16.82 hectares	Mixed development land	99 years expiring 30 October 2098	N/A	7,000	10 September 2014[a]

Address / Location	Land Area / Build Up Area	Existing Use	Tenure	Age of Building	Net Carrying Value (RM'000)	Date of Acquisition[(a)]/ Revaluation[(b)]
Distirk KI dan Jair, Kabupaten Boven Digoel, Provinsi Papua, Indonesia. (PT. Manunggal Sukses Mandiri)	Land area measuring approximately 40,000 hectares	Timber Logging and Oil Palm Cultivation	35 years of Land Use Right expiring from the date of issue of Certificate of Rights to Cultivate (pending issuance)	N/A	30,557	23 December 2011[(a)]
Distirk KI dan Jair, Kabupaten Boven Digoel, Provinsi Papua, Indonesia. (PT. Trimegah Karya Utama)	Land area measuring approximately 40,000 hectares	Timber Logging and Oil Palm Cultivation	35 years of Land Use Right expiring from the date of issue of Certificate of Rights to Cultivate (pending issuance)	N/A	30,557	23 December 2011[(a)]

CLASS OF EQUITY SECURITY

Authorised share capital	: RM600,000,000
Issued & fully paid-up capital	: RM222,615,873
Class of shares	: Ordinary shares of RM0.50 each
Voting rights	: One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Holdings	No. of Shareholders	No. of Shares	%*
Less than 100	306	15,016	0.00
100 to 1,000	1,243	1,177,963	0.26
1,001 to 10,000	2,749	12,488,560	2.81
10,001 to 100,000	1,185	43,139,077	9.70
100,001 to less than 5% of issued shares	260	166,102,823	37.35
5% and above of issued shares	3	221,834,007	49.88
Total	**5,746**	**444,757,446***	**100.00**

DIRECTORS' SHAREHOLDINGS

	Direct Interest		Indirect Interest	
Name	No. of Shares held	%*	No. of Shares held	%*
Tan Sri Datuk Dr. Abdul Samad bin Haji Alias	65,000	0.01	-	-
Datuk Seri Anuar bin Adam	116,556,665	26.21	-	-
Dato' Faizal bin Abdullah	84,803,600	19.07	-	-
Dato' Che Abdullah @ Rashidi bin Che Omar	-	-	-	-
Noel John A/L M Subramaniam	250,000	0.06	-	-
Aldillan bin Anuar	-	-	116,556,665	26.21^
Dato' Samsudin bin Abu Hassan	616,000	0.14	-	-
Tan Peng Koon	-	-	-	-
Derek John Fernandez	-	-	-	-

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Indirect Interest	
Name	No. of Shares held	%*	No. of Shares held	%*
Datuk Seri Anuar bin Adam	116,556,665	26.21	-	-
Dato' Faizal bin Abdullah	84,803,600	19.07	-	-
Chen Chee Min	38,839,552	8.73	-	-
Aldillan bin Anuar	-	-	116,556,665	26.21^
Almiran bin Anuar	-	-	116,556,665	26.21^

THIRTY (30) LARGEST SHAREHOLDERS

No.	Name	Shareholdings	%*
1.	Kenanga Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Anuar bin Adam*	116,556,665	26.21
2.	Kenanga Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Faizal bin Abdullah*	67,000,000	15.06
3.	RHB Nominees (Tempatan) Sdn. Bhd. *OSK Capital Sdn. Bhd. for Chen Chee Min*	38,277,342	8.61
4.	RHB Nominees (Tempatan) Sdn. Bhd. *OSK Capital Sdn. Bhd. for Tiong King Sing*	20,055,442	4.51
5.	RHB Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Faizal bin Abdullah*	17,803,600	4.00
6.	Kenanga Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Kok Boon Kiat*	11,214,200	2.52
7.	Affin Hwang Nominees (Asing) Sdn. Bhd. *UOB Kay Hian Pte Ltd for Zulkifli bin Baharudin*	7,296,800	1.64
8.	JF Apex Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Hew Tien Shoong*	6,725,000	1.51
9.	Chia May Fong	5,384,000	1.21
10.	Lee Ngee Moi	5,002,800	1.12
11.	Ong Kow Wha	4,645,900	1.04
12.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Gan Seong Liam*	3,090,000	0.69
13.	RHB Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Mohd Shafie bin Abdullah*	2,500,000	0.56
14.	Tan Teong Hock	2,203,400	0.50
15.	Ong Boon Par	2,103,500	0.47
16.	Kenanga Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Beng Eng Siew*	1,773,400	0.40
17.	Ng Boo Kean @ Ng Beh Kian	1,749,900	0.39
18.	RHB Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Leong Poh Seng*	1,255,000	0.28
19.	Maybank Nominees (Tempatan) Sdn. Bhd. *Teh Hock Chai*	1,133,000	0.25
20.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Ng Yoke Yen*	1,109,000	0.25
21.	Maybank Nominees (Asing) Sdn. Bhd. *Wong Kim Sen*	1,070,000	0.24
22.	Yeo Chong Yee	1,050,000	0.24
23.	RHB Capital Nominess (Tempatan) Sdn Bhd *Gan Seong Liam*	1,041,700	0.23
24.	Foong Kah Heng	1,000,000	0.22
25.	Stephen bin Abok	980,860	0.22
26.	Ong Kee Chau	950,000	0.21
27.	Public Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Chuah Kim Joo*	880,000	0.20
28.	RHB Capital Nominees (Tempatan) Sdn. Bhd. *Gan Kuok Chyuan*	866,000	0.19
29.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Phua Sin Mo*	856,000	0.19
30.	Maybank Nominees (Tempatan) Sdn. Bhd. *So Giok Sin @ Soh Giok Sin*	825,000	0.19

Note : * Excluding 474,300 treasury shares
^ Deemed interested by virtue of their family's interest pursuant to Section 6A of the Companies Act, 1965

NOTICE IS HEREBY GIVEN THAT the Forty-Seventh (47th) Annual General Meeting of Tadmax Resources Berhad ("Tadmax" or "the Company") will be held at Inspire Room, OWG, No. 10, Jalan Pelukis U1/46, Section U1, Temasya Industrial Park, Glenmarie, 40150 Shah Alam, Selangor Darul Ehsan on Tuesday, 24 May 2016 at 11.00 a.m. for the following purposes:

AGENDA

As Ordinary Business

1.	To receive the Audited Financial Statements for the financial year ended 31 December 2015 together with the Reports of the Directors and Auditors thereon.	**Please refer to Note (b)**
2.	To approve Directors Fee of RM284,000.00 for the financial year ended 31 December 2015.	**Resolution 1**
3.	To re-elect the following Directors who retire as Directors of the Company pursuant to the Article 90 of the Company's Articles of Association.	
	(i) Dato' Faizal bin Abdullah	**Resolution 2**
	(ii) Dato' Che Abdullah @ Rashidi bin Che Omar	**Resolution 3**
4.	To re-elect the following Director who retires pursuant to the Article 95 of the Company's Articles of Association.	
	(i) Dato' Samsudin bin Abu Hassan	**Resolution 4**
5.	To re-appoint Messrs SJ Grant Thornton as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.	**Resolution 5**

As Special Business

To consider and if thought fit, to pass the following resolutions with or without modifications :-

6.	To consider and if thought fit, to pass the following Ordinary Resolutions in accordance with Section 129 (6) of the Companies Act, 1965:	
	"THAT the following Directors retiring pursuant to Section 129 (6) of the Companies Act, 1965 be and are hereby re-appointed as Directors of the Company to hold office until the next Annual General Meeting:-	
	(i) Tan Sri Datuk Dr Abdul Samad bin Haji Alias	**Resolution 6**
	(ii) Datuk Seri Anuar bin Adam	**Resolution 7**
7.	**Authority to Allot and Issue Shares pursuant to Section 132D of the Companies Act, 1965**	**Resolution 8**
	"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum of the issued share capital of the Company for the time being, subject always to the approvals of all the relevant regulatory authorities being obtained for such issue and allotment."	

8. **Proposed Share Buy-Back by the Company** **Resolution 9**

"THAT subject to the rules, regulations and orders made pursuant to the Companies Act, 1965 ("the Act"), provisions of the Memorandum and Articles of Association of the Company and the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, the Board be and is hereby authorized to purchase the Company's issued and paid-up ordinary shares of RM0.50 each ("Tadmax Shares") through Bursa Securities ("Proposed Share Buy-Back") subject to the following:-

a. the maximum number of Tadmax Shares which may be purchased and/or held as treasury shares by the Company at any point in time pursuant to the Proposed Share Buy-Back shall not exceed ten percent (10%) of the total issued and paid-up share capital of the Company;

b. the maximum funds to be allocated by the Company for the purpose of purchasing Tadmax Shares shall not exceed the aggregate of the retained profits and/or the share premium account of the Company;

c. the authority conferred by this resolution will be effective immediately upon the passing of this Resolution and will expire at the conclusion of the next Annual General Meeting of the Company, unless earlier revoked or varied by an ordinary resolution of the shareholders of the Company at a general meeting or the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is the earlier, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Listing Requirements of Bursa Securities or any other relevant authorities; and

d. upon completion of the purchase(s) of the Tadmax Shares by the Company, the Board be and is hereby authorized to retain the Tadmax Shares so purchased as treasury shares, of which may be distributed as dividends to shareholders and/or re-sold on Bursa Securities and/or subsequently cancelled and in other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authorities for the time being in force.

AND THAT the Board be and is hereby authorized to take all such steps as are necessary or expedient to implement or to effect the purchase(s) of the Tadmax Shares with full power to assent to any condition, modification, variation and/or amendment as may be imposed by the relevant authorities and to take all such steps as they may deem necessary or expedient in order to implement, finalise and give full effect in relation thereto."

9. To transact any other matter for which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

By Order of the Board

POW TUCK WENG (MIA 8046)
CHEW MEI LING (MAICSA 7019175)
Company Secretaries

Date : 29 April 2016
Petaling Jaya

NOTES:

(a) Only members whose names appear in the Record of Depositors as at 17 May 2016 will be entitled to attend and vote at the meeting.

(b) This Agenda item is meant for discussion only, as the provision of Section 169 of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

(c) A member entitled to attend and vote at this meeting is entitled to appoint at least one proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

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

(e) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, under its common seal, or the hand of its attorney duly authorised.

(f) The instrument appointing a proxy must be deposited at the registered office of the Company at No. 2D, Jalan SS 6/6, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight hours before the time set for holding the meeting or any adjournment thereof.

(g) The Directors who have served as Independent Non-Executive Directors of the Company have been assessed by the Nomination Committee and affirmed by the Board.

Explanatory Notes on Special Business

Resolution 6 - Director seeking re-appointment pursuant to Section 129(6) of the Companies Act, 1965

The re-appointment of Tan Sri Datuk Dr Abdul Samad bin Haji Alias, who is over the age of 70 years to hold office until the conclusion of the next Annual General Meeting of the Company shall take effect if the proposed Resolution 6 is passed by a majority of not less than three-fourths (3/4) of members entitled to vote in person or by proxy at the 47th Annual General Meeting.

Resolution 7 - Director seeking re-appointment pursuant to Section 129(6) of the Companies Act, 1965

The re-appointment of Datuk Seri Anuar bin Adam who is over the age of 70 years to hold office until the conclusion of the next Annual General Meeting of the Company shall take effect if the proposed Resolution 7 is passed by a majority of not less than three-fourths (3/4) of members entitled to vote in person or by proxy at the 47th Annual General Meeting.

Resolution 8 - Authority to Allot and Issue Shares

Resolution 8, if passed, will empower the Directors of the Company to allot and issue shares in the Company up to an aggregate amount not exceeding ten per centum of the issued share capital of the Company for the time being for such purposes as they consider would be in the interest of the Company. This authority unless revoked or varied at a general meeting will expire at the next annual general meeting. This renewed mandate will provide flexibility to the Company for the allotment of shares for the purpose of funding working capital, future expansion, investment and/or acquisition(s). As at the date of this notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Forty-Sixth Annual General Meeting held on 15 June 2015 and which will lapse at the conclusion of the 47th Annual General Meeting.

Resolution 9 – Proposed Share Buy-Back by the Company

Resolution 9, if passed, will empower the Company to purchase and/or hold up to ten percent (10%) of the issued and paid-up share capital of the Company. This authority will, unless revoked or varied by the Company at a general meeting, expire at the next Annual General Meeting. For further information, please refer to the Circular to Shareholders dated 29 April 2016 which is dispatched together with the Company's 2015 Annual Report.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Additional information pursuant to paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is set out below:-

The profile of the Directors who are standing for re-election and re-appointment (as per Resolutions 2, 3, 4, 6 and 7 are stated on pages 11 to 13 of the 2015 Annual Report.

Details of any interest in the securities of Tadmax and its subsidiaries held by the Directors are stated on page 109 of the 2015 Annual Report.

TADMAX

TADMAX RESOURCES BERHAD (8184-W)

FORM OF PROXY

CDS Account No.

I/We ____ (name as per NRIC, in capital letters)

NRIC No./Company No. ______________________ (new) ______________________ (old)

of ____ (full address)

being a member(s) of **TADMAX RESOURCES BERHAD**, hereby appoint ______________________

______________________ (name of proxy as per NRIC, in capital letters) NRIC/Passport No.

______________________ (new) ______________________ (old) of ______________________

____ (full address)

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Forty-Seventh (47th) Annual General Meeting of the Company to be held at Inspire Room, OWG, No. 10, Jalan Pelukis U1/46, Section U1, Temasya Industrial Park, Glenmarie, 40150 Shah Alam, Selangor Darul Ehsan, on Tuesday, 24 May 2016 at 11.00 a.m. and at any adjournment thereof, in the manner indicated below:-

No	RESOLUTIONS	FOR	AGAINST
1.	To approve Directors' Fee for the financial year ended 31 December 2015		
2.	To re-elect the retiring Director, Dato' Faizal bin Abdullah		
3.	To re-elect the retiring Director, Dato' Che Abdullah @ Rashidi bin Che Omar		
4.	To re-elect the retiring Director, Dato' Samsudin bin Abu Hassan		
5.	To re-appoint Messrs SJ Grant Thornton as Auditors of the Company and to authorize the Directors to fix their remuneration		
6.	To re-appoint Tan Sri Datuk Dr Abdul Samad bin Haji Alias retiring pursuant to Section 129 (6) of the Companies Act, 1965		
7.	To re-appoint Datuk Seri Anuar bin Adam retiring pursuant to Section 129 (6) of the Companies Act, 1965		
8.	Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965		
9.	Proposed share buy-back by the Company		

(Please indicate with an "X" in the spaces provided 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.)

____

Signature/Common Seal

Number of shares held : ______________________

Date : ______________________

Notes :

1. Only members whose names appear in the Record of Depositors as at 17 May 2016 will be entitled to attend and vote at the meeting.
2. A member entitled to attend and vote at this meeting is entitled to appoint at least one proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
3. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, under its common seal, or the hand of its attorney duly authorised.
5. The instrument appointing a proxy must be deposited at the registered office of the Company at No. 2D, Jalan SS 6/6, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight hours before the time set for holding the meeting or any adjournment thereof.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company Secretary

TADMAX RESOURCES BERHAD

No. 2D, Jalan SS 6/6, Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan

1st fold here

Tadmax Resources Berhad
(Company No. 8184-W)

No. 2D, Jalan SS 6/6, Kelana Jaya,
47301 Petaling Jaya,
Selangor Darul Ehsan, Malaysia.
Tel : 03-7803 7008
Fax : 03-7803 7327