ANNUAL REPORT 2010

PROTASCO BERHAD

548078-H

ROAD MAINTENANCE certification
RESEARCH AND DEVELOPMENT
mobile technology Construction Material Trading
CIPR PROPERTY DEVELOPMENT
MANAGEMENT TRAINING Soil Investigation
HIPR DATA COLLECTION green consultancy
SKILLS TRAINING ROAD CONSTRUCTION
BUILDING INVESTIGATION SLOPE REPAIR
green technology GEOTECHNICAL Information Technology
PMC HIGHER EDUCATION
ENGINEERING CONSULTANCY pavement

Vision
Engineering infrastructure solutions for a better quality of life

Core Values
- Integrity and reliability
- Excellent customer service
- Human development
- Innovative and creative
- Socially responsible

Contents

corporate information

BOARD OF DIRECTORS

Tan Sri Datuk Dr Hadenan Bin A Jalil
Chairman
Independent Non-Executive Director

Dato' Ir Hasnur Rabiain Bin Ismail
Deputy Chairman
Executive Director

Dato' Ir Chong Ket Pen
Executive Director

Dato' Mohd Ibrahim Bin Mohd Nor
Non-Independent Non-Executive Director

Dato' Dr Norraesah Binti Hj Mohamad
Independent Non-Executive Director

Datin Normah Binti Kassim
Independent Non-Executive Director

Datin Azliza Binti Ahmad Tajuddin
Independent Non-Executive Director

Benny Soh Seow Leng
Independent Non-Executive Director

COMPANY SECRETARIES

Khor Hooi Ling (MAICSA 7014879)
Seow Fei San (MAICSA 7009732)

REGISTERED OFFICE

312, 3rd Floor
Block C, Kelana Square
17, Jalan SS7/26
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : 603 7803 1126
Fax : 603 7806 1387

PRINCIPAL OFFICES

Kuala Lumpur

87, Jalan Kampung Pandan
55100 Kuala Lumpur
Malaysia
Tel : 603 9286 4050
Fax : 603 9284 8118

Kajang

Unipark Suria, Jalan Ikram-Uniten
43000 Kajang
Selangor Darul Ehsan
Malaysia
Tel : 603 8738 3388
Fax : 603 8926 4008
Web : www.protasco.com.my
Email : ccd@protasco.com.my

REGISTRAR

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel : 603 7841 8000
Fax : 603 7841 8008

PRINCIPAL BANKERS

RHB Bank Berhad
CIMB Bank Berhad
EON Bank Berhad
Bank Islam Malaysia Berhad
Malayan Banking Berhad

AUDITORS

Crowe Horwath
Chartered Accountants
Level 16, Tower C, Megan Avenue II
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur, Malaysia

STOCK EXCHANGE LISTING

Main Board
Bursa Malaysia Securities Berhad
Listed Since: 8 August 2003
Stock Name : Prtasco
Stock Code : 5070

corporate structure

PROTASCO BERHAD

- **100%** HCM Engineering Sdn Bhd
  - **100%** HCM (L) Bhd
  - **70%** KPS-HCM Sdn Bhd
  - **70%** Permint Granite-HCM Sdn Bhd
  - **60%** HCM Arabia Sdn Bhd
  - **60%** HCM-Ikhtisas Sdn Bhd
    - **49%** Libyan Malaysian Company for Roads & Construction
  - **60%** HCM-Molek JV Sdn Bhd
  - **51%** Roadcare (M) Sdn Bhd
- **100%** Kumpulan Ikram Sdn Bhd
  - **100%** Ikram Education Sdn Bhd (KLIUC – Kuala Lumpur Infrastructure University College)
  - **100%** Ikram Engineering Services Sdn Bhd
  - **100%** Ikram Infrastructure Asset Management Sdn Bhd *(formerly known as Ikram Structure Assessment Sdn Bhd)*
  - **100%** Ikram QA Services Sdn Bhd
  - **100%** Ikram Latihan Sdn Bhd (iTiDi – Ikram Training and Infrastructure Development Institute)
    - **100%** Ikram Skills Academy Sdn Bhd
  - **100%** Ikram Paves Sdn Bhd
  - **100%** Ikram Greentech Sdn Bhd
  - **60%** Kumpulan Ikram (Sarawak) Sdn Bhd
  - **60%** Kumpulan Ikram (Sabah) Sdn Bhd
- **100%** Protasco Trading Sdn Bhd
  - **100%** QP Industries Sdn Bhd
  - **100%** Linktel Communication Sdn Bhd
  - **100%** Ximax Communications Sdn Bhd
    - **100%** Ximax Communications Co Ltd
- **100%** Protasco Infra Sdn Bhd
  - **100%** Infra Builders Sdn Bhd
- **100%** Protasco Land Sdn Bhd
  - **100%** De Centrum Development Sdn Bhd
  - **70%** Protasco Land SA (Pty) Ltd

Note: This structure depicts main operating subsidiaries only

group financial highlights

2010 KEY FIGURES

TURNOVER

RM771 MILLION

PROFIT AFTER TAX AND MINORITY INTERESTS

RM47 MILLION

EARNINGS PER SHARE

16 SEN

TOTAL NET DIVIDEND PER SHARE

10 SEN

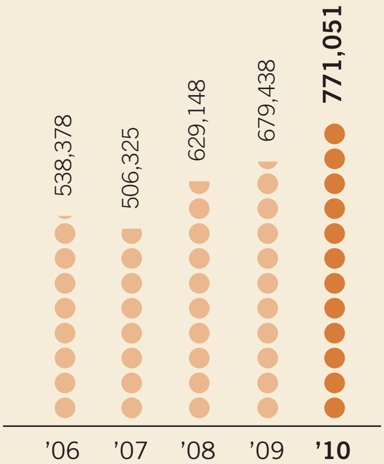
NET TANGIBLE ASSETS PER SHARE

RM1.20

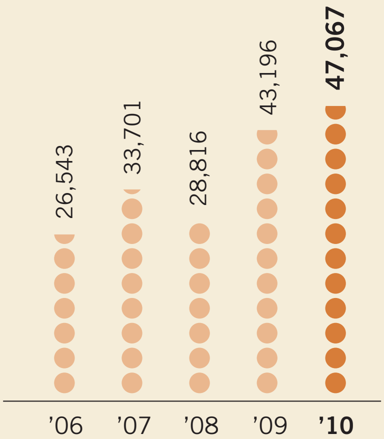
	YEAR ENDED 31 DECEMBER				
	2006	2007	2008	2009	2010
Turnover (RM'000)	538,378	506,325	629,148	679,438	**771,051**
Profit After Taxation and Minority Interests (PATAMI) (RM'000)	26,543	33,701	28,816	43,196	**47,067**
Earnings Per Share (sen)	8.87	11.29	9.71	14.56	**15.87**
Total Net Dividend Per Share (sen)	7.0	8.0	7.0	9.0	**10.0***
Net Tangible Assets Per Share (RM)	1.05	1.08	1.11	1.18	**1.20**

Remarks

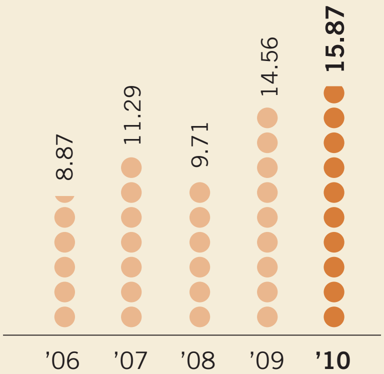
* Including a final single tier dividend in respect of the financial year ended 31 December 2010 of 5 sen per ordinary share which will be proposed for the shareholders' approval at the forthcoming Annual General Meeting.



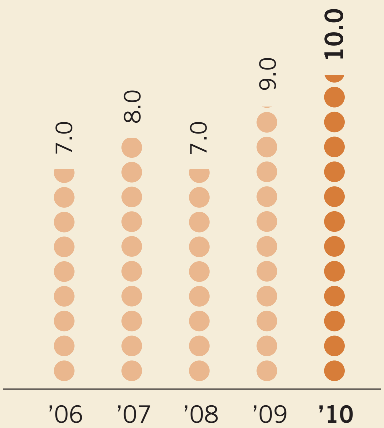
Turnover
(RM'000)



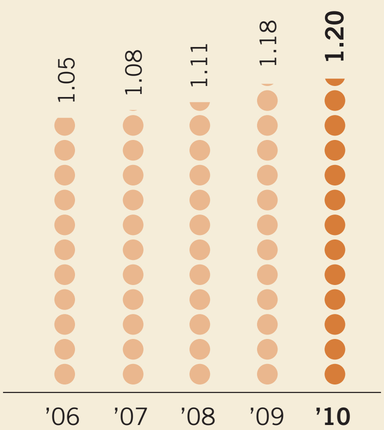
Profit After Taxation and Minority Interests
(RM'000)



Earnings Per Share
(Sen)



Total Net Dividend Per Share
(Sen)



Net Tangible Assets Per Share
(RM)

core business divisions

ROAD CONSTRUCTION AND MAINTENANCE

Protasco Berhad's road construction and maintenance activities involve construction of new roads, rehabilitation works, road upgrading, and road maintenance. The Group have completed more than USD600 million worth of project works since 1993 and in addition, more than 12,000km of roads in Malaysia are maintained by the Group.

ENGINEERING SERVICES AND CONSULTANCY

The Group provides a wide range of engineering and consultancy services such as site investigations, laboratory testing, slope studies, pavement evaluation & data collection, traffic studies, geotechnical & structural forensic engineering services, design works, materials certification, product listing, research & development and quality control & assurance.

PROPERTY DEVELOPMENT AND CONSTRUCTION

Since 2007, the Group has been involved in property development at its own 100-acre Unipark Suria. The Group is also involved in specialised construction activities such as building bridge and project management.

TRADING OF CONSTRUCTION RELATED MATERIALS

Our trading arm market products such as bitumen, petroleum products, building materials, bridge joints and MAXON paving machine. We also market our own R&D products ie. Q-Mix and QS3E emulsions.

EDUCATION & TRAINING

Kuala Lumpur Infrastructure University College (KLIUC) offers a range of foundation, diploma, degree and postgraduate programmes, all of which are accredited by the Malaysian Qualification Agency (MQA). About 35% of KLIUC student population is of international nationalities and the number is expected to continue rising.

Ikram Training & Infrastructure Development Institute (ITiDi) has since 1997, trained more than 73,500 participants, including those from Africa, Middle East, Asia and South East Asia region. ITiDi provides a wide range of technical, professional and management courses to public and private sectors. More attention is being given to skills training courses and a subsidiary entity known as Ikram Skills & Retraining Academy (ISRA) undertakes to deliver these programmes. Currently ISRA is offering skills programmes in Electrical (Levels 1-4), Automotive (Levels 1-4), Air Conditioning (Levels 1-4), Computer System (Levels 2-3) and Information System (Levels 2-3).

directors' profile

TAN SRI DATUK DR HADENAN BIN A JALIL

Chairman
Independent Non-Executive Director
Malaysian, Age 65

Tan Sri Datuk Dr Hadenan Bin A Jalil, was appointed to the Board on 28 April 2010. He received his tertiary education from the University of Malaya in 1970 and graduated with a Bachelor of Economics (Honours). He later obtained a Master in Business Management from the Asian Institute of Management, Philippines in 1975. In 1986, he obtained a Doctor of Philosophy from Henley Management College, United Kingdom.

He started his career by joining the Malaysian Administrative and Diplomatic Services as an Assistant Secretary in the Budget Division at the Ministry of Finance in 1970. He assumed various positions at the Ministry of Finance such as Principal Assistant Secretary, Tax Division; Deputy Secretary, Economic Division; Deputy Secretary, Finance Division and Secretary, Finance Division until 1998. He then served at the Ministry of International Trade and Industry as Deputy Secretary General (Trade) from 1998 to 1999, Secretary General at the Ministry of Works from 1999 to 2000 and as the Auditor General at the National Audit Department until his retirement in 2006.

At present, he is a Director of Malayan Banking Berhad and Maybank Islamic Berhad. He is also the Chairman of Roadcare (M) Sdn Bhd, Director of THP Sinar Sdn Bhd, Chairman of ICB Islamic Bank Ltd Dhaka, Bangladesh and Group Business Advisor, Sinar Jernih Sdn Bhd. In addition, he is a Director of Unilever (M) Sdn Bhd; Chairman, PNB Commercial Sdn Bhd; Chairman, Operations Review Panel, Malaysian Anti-Corruption Commission and Chairman, PG Hotel Sdn Bhd. Besides that, he is also a member of Johor Corporation's Audit Committee and Director, Universiti Tun Abdul Razak Sdn Bhd.

Tan Sri Datuk Dr Hadenan was awarded the Asian Institute of Management Alumni Award (AAA) in 2003. He is also a Fellow Member of Association of International Accountants and Honorary Member, Institute of Internal Auditors Malaysia.

DATO' IR HASNUR RABIAIN BIN ISMAIL

Deputy Chairman
Executive Director
Malaysian, Age 54

Dato' Ir Hasnur Rabiain Bin Ismail is the Deputy Chairman of Protasco Berhad. He was appointed as a board member on 15 May 2001. He obtained his BSc (Hons) degree in 1980 and his MPhil (Civil Engineering) in 1990 from United Kingdom's Middlesex Polytechnic and the University of Birmingham respectively. The co-founder of Protasco Group has been a member of the Malaysian Institute of Engineers for almost 19 years.

Dato' Ir Hasnur started his career as Road Design Engineer at Jabatan Kerja Raya (JKR) Ipoh in 1980. He was then promoted to Project and Road Engineer with JKR Kuala Kangsar a year later. From 1983 to 1984 he underwent an on-the-job training programme with Samsung Construction, in Korea. Subsequently Dato' Hasnur served as Senior Materials Engineer at the Design and Research Branch of JKR Headquarters. In 1988, he assumed the position of Senior Engineer, Pavement Unit of the then JKR's Institut Kerja Raya Malaysia (IKRAM). In 1991, he joined forces with Dato' Ir Chong Ket Pen, laying the foundation for the formation of Protasco Group.

Dato' Ir Hasnur was registered as a Professional Engineer with the Board of Engineers Malaysia in 1994. He was appointed as a member of the Muslim Welfare Organisation Malaysia (PERKIM)'s Council of Thinkers for two years from March 2007 to March 2009. In March 2009, Dato' Ir Hasnur was appointed as a member of the World Road Association (PIARC)'s Commission on Technological Exchanges and Development (TED Commission) for the period 2009 to 2012.

Dato' Ir Hasnur was instrumental in promoting the use of the cold and hot recycling in pavement rehabilitation and is actively involved in the R&D of new and innovative pavement rehabilitation and maintenance techniques.

DATO' IR CHONG KET PEN

Executive Director
Malaysian, Age 56

Dato' Ir Chong Ket Pen is the Executive Director of Protasco Berhad. A co-founder of Protasco Group, he was appointed as a board member on 15 May 2001. Following a BEng (Hons) degree from the University of Malaya in 1979, he obtained his MPhil (Civil Engineering) degree from the University of Birmingham, United Kingdom in 1990.

In 1984, he joined the Institute of Engineers Malaysia as a member and became a registered Professional Engineer with the Board of Engineers Malaysia in the following year. He has been a member of the Institution of Civil Engineers, United Kingdom since 1985. In 1987, he registered as a Chartered Engineer with the United Kingdom's Engineering Council.

His career began in 1979 with his appointment as Road Design Engineer cum Assistant Project Engineer at JKR Kelantan. Promoted to the position of Project Engineer in 1982, he later became Senior Engineer at the Design and Research Branch of the JKR Headquarters. He was a Senior Pavement Research Engineer at Institut Kerja Raya Malaysia (IKRAM) in 1988, and subsequently as a Senior Engineer, Pavement Evaluation and Research. In 1991, he joined forces with Dato' Ir Hasnur Rabiain Ismail, and founded Protasco Group.

DATO' MOHD IBRAHIM BIN MOHD NOR

Non-Independent Non-Executive Director
Malaysian, Age 52

Dato' Mohd Ibrahim Bin Mohd Nor is a Non-Independent Non-Executive Director of Protasco Berhad. He was appointed as a board member on 23 November 2009.

He is currently the Executive Chairman of Blu Inc Group of Companies. He has an MBA from Drake University, Iowa as well as a Degree in Mathematics from Knox College, Illinois, USA. He worked initially in the Asian International Merchant Bank Berhad (now part of Public Investment Bank) and Utama Wardley Berhad. He then held various positions in The New Straits Times Press Group.

Dato' Ibrahim was Chief Operating Officer of Malakoff Bhd in 1994 and left to lead the privatisation of Padiberas Nasional Bhd (BERNAS) in late 1995. He was BERNAS Group Managing Director from 1996 to 2001 and its Vice Chairman from 2001 to 2003. He was also the Executive Vice Chairman of Sistem Television Malaysia Bhd in 2001.

DATO' DR NORRAESAH BINTI HAJI MOHAMAD

Independent Non-Executive Director
Malaysian, Age 63

Dato' Dr Norraesah Binti Haji Mohamad has been an Independent Non-Executive Director of Protasco Berhad since 18 January 2005. She has a PhD in Economics Science (International Economics and Finance) from University of Paris-Pantheon Sorbonne, France. She has more than 39 years of experience in banking, consultancy, international trade and commerce.

Prior to her participation in the private sector, between 1972 and 1988, she was attached to the Ministry of International Trade & Industry and Ministry of Finance. She held the position of Communication Manager at ESSO Production Malaysia, Inc in 1988, and in 1990 became the Managing Director of a consultant firm involved in financial advisory. She was the Chief Representative of Credit Lyonnais Bank in Malaysia from 1991 to 1998. In 2000, she was appointed as the Chairman of Bank Rakyat, up to 2003.

Apart from Protasco Berhad, Dato' Dr Norraesah also assumes Directorship at SBC Corporation Bhd, KESM Industries Bhd, Ya Horng Electronics (M) Bhd, Adventa Bhd, Malaysian Genomics Resource Centre Bhd and some local private limited companies. At present, she is the Executive Chairman of MY EG Services Bhd and the Chairman of Penang Bridge Sdn Bhd.

DATIN NORMAH BINTI KASSIM

Independent Non-Executive Director
Malaysian, Age 54

Datin Normah Binti Kassim was appointed as a Director of Protasco Berhad on 29 April 2002. She is also the Chairperson of the Audit Committee and a member of the Nomination Committee and Remuneration Committee of the Board.

She is an Associate Member of the Institute of Chartered Secretaries and Administrators, United Kingdom as well as the Malaysian Association of the Institute of Chartered Secretaries and Administrators. In 1978, she began her career as the Company Secretary cum Head, Secretarial Services for Malaysia Building Society Berhad. For 10 years, until 2000, she held the position as Group Company Secretary and Head, Secretarial and Legal for HICOM Holdings Berhad and subsequently DRB-HICOM Berhad and its group of companies.

DATIN AZLIZA BINTI AHMAD TAJUDDIN

Independent Non-Executive Director
Malaysian, Age 44

Datin Azliza Binti Ahmad Tajuddin has been a Director of Protasco Berhad since 1 May 2003. Apart from being the Chairperson of the Remuneration Committee, she is also a member of the Audit Committee and Nomination Committee of the Board.

She graduated from Australian National University with a Degree in Commerce (Accounting), and began her career in 1990 at Coopers & Lybrand as an auditor. Until 2004, she held various positions in companies such as Amanah Merchant Bank Berhad, Padiberas Nasional Berhad, Sistem Televisyen Malaysia Berhad (TV3) and Simpletech Sdn Bhd.

She became Chief Executive Officer of Blu Inc Group of Companies, a magazine publishing company in January 2005.

BENNY SOH SEOW LENG

Independent Non-Executive Director
Malaysian, Age 40

Benny Soh Seow Leng was appointed as a Director of Protasco Berhad on 29 April 2002. He serves as the Chairman of the Nomination Committee and sits on the Audit Committee and Remuneration Committee of the Board. He is an Advocate and Solicitor by profession, hence also a Member of the Malaysian Bar. He is a partner of a firm known as Messrs Manjit Singh Sachdev, Mohammad Radzi & Partners, which specialises in corporate, litigation, banking and consultancy work.

Apart from that, he is also a registered Trade Marks Agent and Associate of the Chartered Institute of Arbitrators. His range of clients include banking and financial institutions, developers, building and construction companies, private and public companies and associations from Malaysia and other Asia Pacific countries.

Notes:

(i) None of the Directors has any family relationship with each other and with any substantial shareholders of the Company.

(ii) None of the Directors has any conviction for offences, other than traffic offences, within the past 10 years.

(iii) Other than the related party transactions disclosed in Note 10 of Other Compliance Information on page 26, none of the Directors has conflict of interest with the Company.

(iv) With the exception of Tan Sri Datuk Dr Hadenan Bin A Jalil and Dato' Dr Norraesah Binti Haji Mohamad, none of the Directors holds any directorship in other public companies.

(v) The Directors' holdings in shares of the Company are disclosed in the Analysis of Shareholdings section of the Annual Report. The Directors do not hold any shares in the subsidiaries of the Company.

chairman's statement

Tan Sri Datuk Dr Hadenan Bin A Jalil
Chairman

Dear Valued Shareholders,

On behalf of the Board of Directors of Protasco Berhad, it is my pleasure to present the Annual Report of the Company and its subsidiaries (the "Group") for the year ended 31 December 2010.

ECONOMIC LANDSCAPE

The year 2010 saw a continuation in global economic recovery, which had begun in the second half of 2009. The emerging economies experienced a resumption of rapid economic growth, but faced challenges from volatile capital flows and rising inflationary pressures.

After the downturn in 2009, the Malaysian economy experienced a strong growth of expansion of 7.2% in 2010. It was mainly driven by robust domestic demand, with strong expansion in the private sector. Meanwhile, the public sector continued to support the domestic economy through the implementation of programmes to enhance growth.

Closer to our core business, the construction sector grew by 5.2% in 2010 supported mainly by the non-residential sub-sector and public infrastructure, reflecting momentum in construction and civil engineering services. The unveiling of the Economic Transformation Programme also brought cheer to the construction industry.

Proposed development plan for Unipark Suria, Kajang.

OPERATIONAL REVIEW AND RESULT

The year 2010 once again proved to be another good year for the Group. Group net profit attributable to equity holders rose about 9.0% to RM47.07 million from RM43.20 million posted in the previous year backed by RM771.05 million Group turnover.

Over the year, the Group has built up a well diversified portfolio with five (5) core divisions – Road Construction & Maintenance, Engineering, Education & Training, Property Development and Trading.

Our Road Construction and Maintenance Division chalked up slightly better profit despite the unexpected political turmoil in the Middle East and North African Region since early this year which affected our operations in Libya. We have suspended our operations in Libya and have made the necessary provisions in the Group's financial statements after consultation with the Company's auditors.

During the year, the Group maintained about 12,600km of federal and state roads under four (4) long term road maintenance contracts and concessions. It also provides engineering and consultancy services to the Government under another concession. These long term concessions and maintenance contracts provided recurring income to the Group with an estimated remaining value of RM1.4 billion in future billings.

Engineering Services Division also posted higher earning in 2010 mainly derived from provision of forensic and geotechnical consultancy services. Taking into account that the fee-based concession will end in December 2011, the Group has taken proactive measures including undertaking other related business activities such as infrastructure asset management and property development.

Property Development Division had also contributed positively to the Group. All 320 units in the two (2) 20-storey condominium blocks launched in 2007 and 2009 at Unipark Suria, Kajang had been sold out. Block A had been completed and handed over to the purchasers whilst Block B is scheduled to be completed in 2012.

To further enhance the value of an undeveloped area of our land in Unipark Suria, the Group will be commencing a mixed development project in 2011. This development comprises a mixture of residential units, retail lots, shopping complex and small office home office (SOHO) with a total estimated gross development value of about RM180 million and is expected to be completed in 2014.

Cold-In-Place Recycling (CIPR) Works at Pulau Indah, Klang.

Block A, Unipark Condominium in Kajang.

DIVIDENDS

For the financial year ended 31 December 2010, the Company had paid an interim single tier dividend of 5 sen per share on 18 January 2011. Subject to shareholders' approval at the forthcoming Annual General Meeting, the Directors are recommending a final single tier dividend of 5 sen per share. This would bring the total dividend to 20% or 10 sen per share for the year under review.

MOVING FORWARD

In 2011, the Malaysian economy is projected to grow by 5% to 6%. With impetus provided by further progress in on-going infrastructure projects and new projects being implemented under the Economic Transformation Programme, the construction sector is expected to expand further by 5.4% in 2011. We are therefore cautiously optimistic that the Group would continue to perform well in 2011.

APPRECIATION

On behalf of the Board of Directors, I wish to congratulate the Management Team led by YBhg Dato' Ir Hasnur Rabiain Bin Ismail and YBhg Dato' Ir Chong Ket Pen for their unwavering dedication over the past year. We would also like to express our appreciation to our shareholders, investors, customers, business associates, staff and regulatory bodies for their support and confidence in us. We look forward to another year of good performance.

Thank you.

TAN SRI DATUK DR HADENAN BIN A JALIL
Chairman

statement on corporate social responsibility

At Protasco Group, good responsible practices and business conducts are emphasised as guiding principles in its Corporate Social Responsibility Statement (CSR). While continuously pursuing its business and profitability growth, the Group maintains good ethics and practices in all its operations.

In striking a balance of business and social responsibility and adopting to the framework that emphasises its commitment to shareholders, employees, environment and community which is in line with the Bursa Malaysia Securities Berhad's CSR guideline, the following activities and programs were undertaken by companies of Protasco Group.

THE WORKPLACE

A healthy and safe working environment is primary at Protasco. Annual health checks for employees are organised at sub company levels. Talks on health and other topics such as the subject of environment, statutory and regulatory requirements on safety and occupational health are also conducted to educate and update staff.

Sports and recreation activities are held regularly to promote healthy body and mind and to foster unity and cohesiveness amongst staff. Friendly matches and tournaments are organised between employees of the Group. Communication between management and employees is crucial to the Group's success. Hence, communication sessions between Management and staff are conducted on a regular basis as a platform to keep employees updated on company matters and also to address concerns raised by employees for improvement and enhancement of the work environment. Recently, Kumpulan Ikram introduced a knowledge sharing portal to encourage staff to voice out and share their experiences and knowledge while providing them with a platform to communicate with the management levels.

THE ENVIRONMENT

Protasco recognises that all activities they undertake have an impact on the environment. All the operations of the Group continue to ensure strict compliance and adherence to existing statutory and regulatory requirements in areas relating to environment which include water and energy conservation.

Employees of the Group continue to carry out the Recycling activities by bringing in recyclable items to the recycling centre set up by Ikram Centre for Sustainable and Green Technology (ICSG). The income generated from the sale of the recycled items were donated for charitable causes. Recycling bins that has been placed around the KLIUC campus and office areas have also encouraged staff and students to 'think before they throw'. In addition, talks and articles on ways to live a greener life were also conducted and posted from time to time. On 21 November 2010, ICSG made arrangements for a world-travelling environmentally friendly vehicle called the 'Bio Truck' to make Unipark Suria as one of its stops. During the visit, the staff were able to visit the vehicle, which runs on used vegetable oil and met with the Bio-Truck team who gave talks on alternative fuels as well as ways everyone could do to save the environment.

THE COMMUNITY

Protasco regards education as key to a successful future and provides financial aids to needy KLIUC students and encourage academic excellence. Protasco also provides industrial training and programs for students from universities and technical institutions.

Moving forward, Protasco will continue in its quest, to be a socially responsible citizen in the business community and to contribute back to society effectively by adopting the process of CSR.

calendar of events

Corporate Highlights

JUNE 2010

ROADCARE'S POLYMER MODIFIED ASPHALTIC CONCRETE LAUNCHED BY WORKS MINISTER

Works Minister, YB Dato' Shaziman Abu Mansor launched the application of Polymer Modified Asphaltic Concrete (PMA) in Padang Tras on 21 June 2010. The launch marks another milestone for federal road concessionaire, Roadcare (M) Sdn Bhd, as it has been entrusted to carry out the ministry's PMA policy for road projects and maintenance. The selected routes comprise FT08 Jalan Bentong-Raub (Section 7.635-10.000), FT02 Jalan Karak-Temerloh (Section 185.10-186.580) and FT68 Jalan Bentong-Kuala Lumpur (Section 72.230-73.830).

JUNE 2010

GROUNDBREAKING CEREMONY OF KLIUC MOSQUE

The KLIUC mosque is being developed on a 1,829 sqm. of land, and is estimated to be ready at the end of 2011 upon which it will be able to accommodate a congregation of up to 1,800 people. The groundbreaking ceremony was graced by the representative of DYMM Sultan Selangor, YDM Tengku Dato' Jamaluddin b Tengku Mahmud Shah Alhaj, Tengku Orang Kaya Maha Bijaya Sepang and was also attended by the Deputy Mufti of Selangor, Sohibus Samahah Dato' Hj Abdul Majid b Omar. The ceremony also saw the launch of a fund which will be channeled to the construction of the mosque.

SEPTEMBER 2010

BUKIT ANTARABANGSA SLOPE PROJECT WRAPS UP

The HCM Engineering's Slope Repair and Strengthening Works at Taman Bukit Mewah, Bukit Antarabangsa, Selangor came to a close on 2 September 2010. The RM10.3 million project was awarded by Malaysia's Public Works Department following the 6 December 2008 landslide which destroyed 14 bungalows and claimed 5 lives. It consisted of earthworks, soil nailing, micropiling and building retaining wall as well as pavement works comprising road reconstruction, drain and guardrail installation.

SEPTEMBER 2010

MIND 2010

The School of Communication and Language Studies (SCLS) of KLIUC, with the cooperation of other schools in KLIUC organised the Ministry of Higher Education Invitational National Debate 2010 (MIND 2010). The event was held in KLIUC from 24 to 26 September 2010. MIND 2010 was a continuation of the first inter-varsity debate tournament which was held the year before and was known as KLIUC invitational national debate (KIND '09). MIND 2010 was organised and hosted for the Ministry of Higher Education.

NOVEMBER 2010

ISRA'S 2ND CONVOCATION

Ikram Skills and Retraining Academy (ISRA) had its 2nd convocation ceremony on 13 November 2010. The graduating batch comprised 113 trainees, with 69 from the Electrical course, 39 from Automotive, 4 from Air-Conditioning and 1 from Computer System. So far 300 students have graduated from ISRA since April 2008.

DECEMBER 2010

CHARITY GOLF TOURNAMENT FOR KLIUC MOSQUE FUND

On 4 December 2010, a charity Golf Tournament was held to raise funds for the building of the KLIUC mosque. The event succeeded in collecting approximately RM100,000 for the fund. VVIP at the tournament was Works Minister, YB Dato' Shaziman Abu Mansur.

DECEMBER 2010

MACC SIGNS COOPERATION WITH KUMPULAN IKRAM TO COMBAT CORRUPTION THROUGH FORENSIC ENGINEERING

On 27 December 2010, the Malaysian Anti-Corruption Commission (MACC) signed a Memorandum of Cooperation (MoC) with Kumpulan Ikram Sdn Bhd to combat corruption through forensic engineering. The MoC was signed by MACC Special Operations Director Datuk Mohd Jamidan Abdullah and Ikram Centre for Engineering Forensic and Consultancy Services Director, Dr Ch'ng Guan Bee. With the MoC, the combined knowledge and expertise of the two agencies would help speed up investigations into high-profile and public-interest cases. The scope of cooperation would cover sharing of forensic engineering expertise and consultancy services, particularly in the aspects of site inspection, geotechnics, building structure detection tests, and expertise in other engineering fields.

Social Highlights

NOVEMBER 2010

BIO TRUCK VISITS KUMPULAN IKRAM

JANUARY 2011

KUMPULAN IKRAM'S RETRO THEMED ANNUAL DINNER

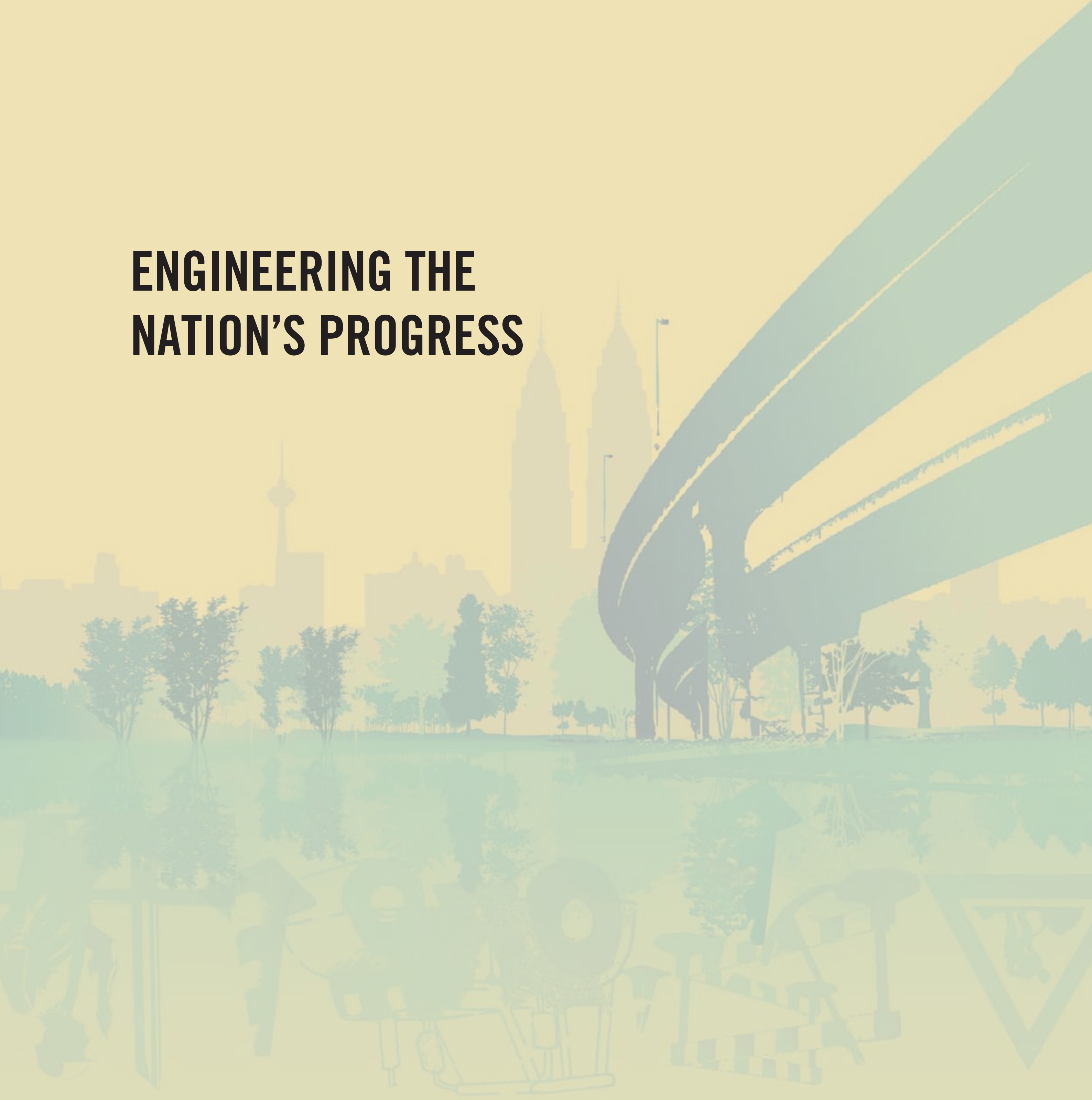
APRIL 2011

LAUNCH OF NEW MAIN ENTRANCE TO KLIUC

MARCH 2011

PROTASCO BERHAD'S ANNUAL BOWLING CHAMPIONSHIP

ENGINEERING THE NATION'S PROGRESS



audit committee report

MEMBERSHIP AND MEETINGS

The Audit Committee comprises the following members:

Datin Normah Binti Kassim
Chairperson *(Independent Non-Executive Director)*

Datin Azliza Binti Ahmad Tajuddin
Member *(Independent Non-Executive Director)*

Benny Soh Seow Leng
Member *(Independent Non-Executive Director)*

The Audit Committee held five (5) meetings during the financial year ended 31 December 2010. The meetings were attended by all members except for Benny Soh Seow Leng who had attended three (3) out of five (5) meetings.

SUMMARY OF ACTIVITIES

The following are the main duties and responsibilities of the Audit Committee:

(i) Discuss the appointment of external auditors and their audit fees, the nature and scope of the audit, the audit plan and ensure co-ordination where more than one audit firm is involved;

(ii) Review the adequacy of the scope, functions, competency and resources of the Internal Audit Department and that it has the necessary authority to carry out its work;

(iii) Review and discuss the major issues raised in the internal audit reports, audit's recommendations, management's response and actions taken to strengthen internal control system;

(iv) Review the quarterly results and annual financial statements of the Group and its subsidiaries prior to approval by the Board of Directors, focusing particularly on unusual events and compliance with accounting standards and other regulatory requirements;

(v) Review any related party transactions and conflict of interest situation that may arise within the Group and to ensure that such transactions are undertaken at arm's length, on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company; and

(vi) Consider other issues as defined by the Board.

INTERNAL AUDIT FUNCTION

The Group has an Internal Audit Department, which reports to the Audit Committee and assists the Board in monitoring and managing risks and internal controls.

The principal responsibility of the Internal Audit Department is to undertake an independent, regular and systematic review of the system of internal control so as to provide reasonable assurance that internal controls and risks are satisfactorily monitored and managed within the Group.

The Internal Audit Department also conducts special audits and investigations on an ad-hoc basis as requested by either the Audit Committee or Senior Management. Total costs incurred by the Department for the financial year ended 31 December 2010 were approximately RM237,500.

None of the issues raised during audit review had any significant impact on the Group. However, all the issues raised had been addressed accordingly.

TERMS OF REFERENCE

1. To review the following and report the same to the Board of Directors:
   (a) with the external auditors:
      (i) the external audit plan,
      (ii) the evaluation of the system of internal controls; and
      (iii) the external audit report.
   (b) assistance given by the Company's officers to the external auditors;
   (c) adequacy of the scope, functions, competency and resources of the Internal Audit Department and that it has the necessary authority to carry out its works;
   (d) the internal audit programs, processes, the results of the internal audit programs, processes or investigation undertaken and whether appropriate action is taken on the recommendations of the internal audit function;
   (e) the quarterly financial report and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:
      (i) changes in or implementation of major accounting policy;
      (ii) significant and unusual events;
      (iii) the going concern assumption; and
      (iv) compliance with accounting standards and other legal requirements.
   (f) any related party transactions 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;
   (g) letter of resignation from the external auditors and its written explanations, if any; and
   (h) whether there is any reason (supported by grounds) to believe that the external auditors is not suitable for reappointment.
2. To consider the nomination of external auditors.
3. To review the functions of internal audit department that reports directly to the Audit Committee.
4. To perform such other functions as may be agreed to by the Audit Committee and the Board of Directors.

The authority, responsibility and specific duties of the Audit Committee are set out in the Audit Committee Charter.

AUDIT COMMITTEE CHARTER

1. Composition

1.1 The Audit Committee shall comprise at least three (3) directors, all the Audit Committee members must be Non-Executive Directors, with a majority of them being independent directors. There shall be at least one member who is:
   (a) a member of the Malaysian Institute of Accountants, or
   (b) otherwise, he shall have at least three (3) years' working experience and
      (i) he shall have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
      (ii) he shall 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) (i) a degree/masters/doctorate in accounting or finance and at least three (3) years' post qualification experience in accounting or finance; or
      (ii) at least seven (7) years' experience being a Chief Financial Officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.
   (d) fulfils such other requirements as prescribed or approved by the Exchange.

1.2 The members of the Audit Committee shall elect a Chairman from among their number who shall be an independent director.

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

1.4 Any vacancy in the Audit Committee resulting in the non-compliance of the above shall be filled within three months.

2. Authority

The Audit Committee shall:

2.1 have the authority to investigate any activity of the Group within its terms of reference;

2.2 have resources which are required to perform its duties;

2.3 have full and unrestricted access to the Group's information;

2.4 have direct communication channels with the external auditors, internal auditors and all employees of the Group;

2.5 be able to obtain independent professional advice; and

2.6 be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the company, whenever deemed necessary.

3. Responsibility

The Audit Committee is to serve as a focal point for communication between non-audit committee directors, the external auditors, internal auditors and the company's management as their duties relate to financial accounting and reporting, and controls. The audit committee is to assist the Board of Directors in fulfilling its fiduciary responsibilities as to accounting policies and reporting practices of the Company and all subsidiaries and the sufficiency of auditing relative thereto. It is to be the Board's principal agent in assuring the independence of the company's external auditors, the integrity of management, and the adequacy of disclosures to shareholders.

4. Meetings

4.1 Frequency

The Audit Committee is to meet at least four (4) times per year with minimum two (2) times with the external auditor without the presence of executive board members.

4.2 Quorum and Attendance

Quorum shall be majority of the members who are Independent Directors. If necessary or desirable, the Chairman may request that members of management, the Head of Internal Audit and representatives of the external auditors be present at meetings of the committee.

4.3 Secretary

The Company Secretary or his/her representative shall be the Secretary of the Audit Committee.

4.4 Minutes

Minutes of each Audit Committee meeting are to be made available to the Board of Directors.

4.5 Specific Duties

The Audit Committee is to:

4.5.1 Review with the Company's management, external auditors and the internal auditor, the Company's general policies and procedures to reasonably assure the adequacy of internal accounting and financial reporting controls.

4.5.2 Make all necessary enquiries of management and the external auditors concerning established standards of corporate conduct and performance, and deviations therefrom.

4.5.3 Review the scope of audit and general extent of the external auditor's examination, including their engagement letter.

4.5.4 Review with management and the external auditors upon completion of their audit, financial results for the year prior to the release to the public. This review is to encompass:

(i) significant transactions not forming a normal part of the Company's operations;
(i) changes, if any, during the year in the Company's accounting principles or their application; and
(ii) significant adjustments proposed by the external auditors.

4.5.5 Evaluate the cooperation received by the external auditors during their examination, including their access to all requested records, data and information. Also, elicit the comments of management regarding the responsiveness of the external auditors to the Company's needs. Enquire the external auditors whether there have been any disagreements with management, which if not satisfactorily resolved would have caused them to issue a non-standard report on the company's financial statements.

4.5.6 Discuss with the external auditors any relevant recommendations, which the external auditors may have, especially those in their letter of comments and recommendations. Topics to be considered during this discussion include improving internal financial controls, the selection of accounting principles, and management reporting systems. Review written responses of management to the letter of comments and recommendations from the external auditors.

4.5.7 Review the scope and results of the internal audit procedures and discuss with the Company's management the remedial actions taken on the areas that need improvement.

4.5.8 Apprise the Board of Directors, through minutes and special presentations as necessary, of significant developments in the course of performing the above duties.

4.5.9 Recommend to the Board of Directors the retention or non-retention of the external auditors.

4.6 Audit Committee Report

The Audit Committee shall assist the Board of Directors in preparing an Audit Committee report at the end of each financial year, to be clearly set out in the annual report of the Company, comprising the following:

4.6.1 The composition of the Audit Committee, including the name, designation (indicating the Chairman) and Directorship of the members (indicating whether the Directors are independent or otherwise).

4.6.2 The terms of reference of the Audit Committee.

4.6.3 The number of Audit Committee meetings held during the financial year and details of attendance of each Audit Committee member.

4.6.4 A summary of the activities of the Audit Committee in the discharge of its functions and duties for that financial year of the Company.

4.6.5 A summary of the activities of the internal audit function or activity.

5. Review of the Audit Committee

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

statement on corporate governance

COMPLIANCE WITH THE CODE

The Company's Board of Directors (Board) is committed in ensuring that the Company practices good corporate governance in line with the principles, requirements, and best practices specified in the Malaysian Code on Corporate Governance, in conducting the Company's affairs with full transparency, integrity and professionalism bringing checks and balances with direct and indirect benefits to the Company and its stakeholders.

BOARD OF DIRECTORS

Roles and Responsibilities of the Board

The Company is led by a Board comprising members with a wide range of business, financial, technical, legal and public service experience. This depth and diversity in expertise and perspectives as reflected in the Directors' Profile from page 7 to page 9 bring vital ingredients necessary for the Company's strategic direction and guidance in the Management of the various business activities undertaken by the Group.

The Board

The Board shares a common goal of providing the best total integrated solutions for our clients in road construction, maintenance, upgrading and rehabilitation; engineering services & consultancy, R&D, education and training, trading, construction and property development.

With the overall responsibility for the Company's strategic direction, the Board always strives to give due attention to matters pertaining to corporate strategy development and alignment, business operational execution and performance monitoring within the context of both internal and external factors in the marketplace.

Composition of the Board and Board Balance

At present there are eight (8) members of the Board comprising two (2) Executive and six (6) Non-Executive Directors. The ratio of Independent Directors to Non-Independent Directors remain healthy at 5:3.

There is a balance in the Board with the presence of five (5) Independent Directors in the eight (8) member Board with the necessary skills and experience. All the Independent Directors have neither business nor other relationships that could significantly interfere with the exercise of their independent judgments.

Training

All Directors have attended and obtained certification from the Mandatory Accreditation Programme (MAP). In addition, the Directors attended subsequent continuous education programmes and seminars including those on Corporate Governance to keep abreast with both developments in the marketplace and new regulatory requirements.

Board Meetings

During the year under review, five (5) Board Meetings were held. The Directors' attendance for the Board Meetings in 2010 is as follows:

Directors	Number of Meetings Attended by Directors
Tan Sri Datuk Dr Hadenan A Jalil *(appointed on 28 April 2010)*	3/4
Dato' Hasnur Rabiain Bin Ismail	5/5
Dato' Chong Ket Pen	5/5
Dato' Mohd Ibrahim Bin Mohd Nor	5/5
Dato' Dr Norraesah Binti Haji Mohamad	3/5
Datin Normah Binti Kassim	5/5
Datin Azliza Binti Ahmad Tajuddin	5/5
Mr Benny Soh Seow Leng	3/5

Supply of Access to Information and Advice
The Company provides the Board with full assistance and gives it complete access to the necessary materials and relevant information. Together with proper counsel from the Company Secretaries and others, these have enabled the Board to discharge its functions properly. The Directors are also encouraged to and not prevented from making verifications and endorsements, and seeking external guidance.

Appointments & Re-Election of Directors
In compliance with the Company's Articles of Association, at each Annual General Meeting, one-third (⅓) of Directors or if their number is not three (3), the number nearest to one-third (⅓), shall retire from office at least once in three (3) years. They however, shall be eligible for re-election by the shareholders. The Directors to retire shall be those who have been longest in office since their last re-election or appointment.

Directors' Remuneration
The remuneration of Directors is determined at an acceptable and reasonable level for the Company, enabling it to attract and retain Directors with a good mix of relevant experiences and expertise.

Details of the Directors' Remuneration for the financial year ended 31 December 2010 are stipulated in the Financial Statements as set out on pages 77 and 78 of the Annual Report.

REACHING OUT TO SHAREHOLDERS AND INVESTORS

The Company organises and holds meetings with investors and financial analysts to update them on developments, obtain feedback and discuss matters of common interests.

In addition, the Company issues timely release of its financial results and other mandatory announcements and responds immediately to enquiries from investors, regulators, the public and financial analysts. The Company also has a dedicated website, www.protasco.com.my, designed to assist its stakeholders. The Company has executed an agreement with Bursa Malaysia's website so that the various announcements made to Bursa can be retrieved concurrently from both websites.

The Company also subscribes to the services provided by SI Portal.com Sdn Bhd, as recommended by Bursa Malaysia, to enhance its investor relations programmes.

Contact person:
Marina Jaal, General Manager, Corporate Communications
Tel: 603-8738 3282   Fax: 603-8926 4008   Email: ccd@protasco.com.my

The Annual General Meeting (AGM)
The AGM is the main delivery channel for dialogue with all shareholders. They are encouraged and are given ample opportunities to enquire about the Groups' activities and prospects as well as to communicate their expectations and concerns.

Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf. Shareholders can also contact the Company with their queries.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors are required by the Companies Act, 1965 to ensure that financial statements prepared for each financial year provide a true and fair view of the state of the Company and the Group. The Directors deliberate on financial statements and ensure that the Group has used appropriate accounting policies, supported by reasonable and prudent judgment and estimates. The Audit Committee assists the Board by scrutinising the information to be disclosed. The Group's financial statements are presented in pages 35 to 96 of this Annual Report.

Relationship with the Auditors

Through the Audit Committee of the Board, the Group has established a professional, transparent, and appropriate relationship with the Group's auditors, both internal and external, particularly in obtaining their professional advice towards ensuring full compliance with applicable accounting standards.

Internal Control

The Board acknowledges their responsibility for the Group's system of internal controls and reviews its effectiveness regularly via the Internal Audit Department which provides support to the Audit Committee in dispensing its responsibilities with respect to the adequacy and integrity of the system of internal control within the Group. A statement on Internal Control outlining the internal controls within the Group is presented on page 24 of this Annual Report.

STATEMENT OF DIRECTOR'S RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year in accordance with the applicable approved accounting standards in Malaysia, giving a true and fair view of the financial position of the Group and Company at the end of the financial year and of the results and cash flow of the Group and Company for the financial year ended.

The Directors have the responsibility to ensure that the Company keeps proper accounting records – disclosing with reasonable accuracy the financial position of the Group and Company and ensuring that the financial statements comply with the Companies Act, 1965.

The Directors have overall responsibilities for undertaking necessary steps as are reasonably open to them to protect and safeguard the assets of the Group to prevent and detect fraud and other irregularities. The Board has also ensured that the quarterly and annual financial statements of the Company and Group are released to Bursa Malaysia in a timely manner to keep the investing public well informed of the Groups' latest development.

GOING CONCERN STATEMENT

Having exercised due and reasonable enquiry into the affairs of the Company, the Board is satisfied with the Company and shall proceed to operate as a going concern business in the foreseeable future.

statement on internal control

The Board is committed to maintaining a sound system of internal control to safeguard shareholders' investments and the Group's assets. The system of internal control covers financial, operation and regulatory procedures. The Board ensures the effectiveness of the system through regular reviews.

The Board, however, recognises that there are inherent limitations in any system of internal control, which is generally designed to mitigate rather than eliminate business risk. Accordingly, it can only provide reasonable, and not absolute assurance against material error, misstatement or loss.

The key processes of the Group's internal control system include:

- Well-defined lines of responsibilities for the Board, management and each operating unit within the Group. The authority limits and operational system are subject to periodic review to ensure reliability and consistency in the Group;

- Each operating unit undertakes business planning and budgeting process each year to establish goals and targets against which performance is monitored on an ongoing basis. The Group's quarterly financial performance against budget is also presented to the Board for review and approval;

- Internal Audit Department performs periodic audits based on the Audit Plan approved by the Audit Committee to ascertain the effectiveness of the internal control system, recommend any areas for further improvement and subsequently monitors the implementation of its recommendations; and

- Employees are regularly sent for training in areas relevant to their work to ensure that they are technically sound and competent to discharge their duties effectively.

However, the Group system of internal control does not apply to associate companies where the Group does not have full management over them.

other compliance information

1. SHARE BUY-BACK

The Company had at its Ninth (9th) Annual General Meeting held on 23 June 2010 obtained approval of the shareholders in relation to the Share Buy-Back authority, whereby the Directors are authorised to purchase and/or hold at any point in time up to ten percent (10%) of the issued and paid share capital of the Company for the time being quoted on the Bursa Malaysia Securities Berhad.

For the financial year ended 31 December 2010, the Company purchased a total of 2,000 shares, all of which are retained as treasury shares. None of the shares purchased has been sold or cancelled. Details of the shares repurchased are set out below:

Monthly Breakdown	No. of Ordinary Shares	Buy-Back Price Per Share (RM)		Average Cost Per Share (RM)	Total Cost (RM)
		Lowest	Highest		
March	1,000	1.02	1.02	1.02	1,020.00
August	1,000	1.03	1.03	1.03	1,030.00
TOTAL	2,000				2,050.00

2. AMERICAN DEPOSITORY RECEIPT (ADR) OR GLOBAL DEPOSITORY RECEIPT (GDR) PROGRAMMES

During the financial year, the Company did not sponsor any ADR or GDR programmes.

3. IMPOSITION OF SANCTIONS AND/OR PENALTIES

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

4. NON-AUDIT FEES

The amount of non-audit fees paid to the external auditors by the Group for the financial year ended 31 December 2010 amounted to RM69,840.

5. VARIATION IN RESULTS FOR THE FINANCIAL YEAR

There was no deviation of ten percent (10%) or more between the profit after tax and minority interest (PATAMI) stated in the announced unaudited results and the audited financial statements accounts of the Group for the financial year ended 31 December 2010.

6. PROFIT GUARANTEES

During the financial year, there was no profit guarantees given by the Company.

7. MATERIAL CONTRACTS

Other than as disclosed in Note 49 of the Financial Statements, there is no material contracts entered into by the Company or its subsidiaries involving Directors' and major shareholders' interests since the end of previous financial year.

8. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

The Company did not issue any options, warrants or convertible securities during the financial year ended 31 December 2010.

9. REVALUATION POLICY OF LANDED PROPERTIES

Protasco Group does not adopt a policy of regular revaluation.

10. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE NATURE OR TRADING NATURE

Details of the Recurrent Related Party Transactions are set out below.

Transaction Parties	Relationship	Nature of Transactions	Name of Companies	Amount Transacted during the Financial Year (RM'000)
C&H Engineering Consultants Sdn Bhd	Both Dato' Hasnur Rabiain Ismail and Dato' Chong Ket Pen are Directors and major shareholders of C&H Engineering Consultants Sdn Bhd	Provision of consultancy services for engineering work	Kumpulan Ikram Sdn Bhd	504
Lee Lai Yin	Lee Lai Yin is the spouse of Tan Heng Kui, a Director of Kumpulan Ikram (Sabah) Sdn Bhd	Rental of office	Kumpulan Ikram (Sabah) Sdn Bhd	30

FINANCIAL STATEMENTS

directors' report

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2010.

PRINCIPAL ACTIVITIES

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

RESULTS

	The Group RM'000	The Company RM'000
Profit after taxation for the financial year	63,625	30,166
Attributable to:		
Owners of the Company	47,067	30,166
Non-controlling interest	16,558	–
	63,625	30,166

DIVIDENDS

Since the end of the previous financial year, the Company paid the following dividends:-

(a) an interim single tier dividend of 4 sen per ordinary share amounting to RM11,866,768 in respect of the financial year ended 31 December 2009; and

(b) a final single tier dividend of 5 sen per ordinary share amounting to RM14,833,410 in respect of the previous financial year as proposed in the directors' report of that financial year.

The Company declared an interim single tier dividend of 5 sen per ordinary share amounting to RM14,833,360 in respect of the current financial year.

At the forthcoming Annual General Meeting, the directors recommend a final single tier dividend of 5 sen per ordinary share in respect of the financial year ended 31 December 2010 amounting to approximately RM14,833,360 computed based on the issued and paid-up capital with voting rights as at 31 December 2010 of 296,667,200 ordinary shares of RM0.50 each to be paid to shareholders whose names appear in the Record of Depositors on 30 June 2011. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for as a liability in the financial year ending 31 December 2011.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year,

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

(b) there were no issues of debentures by the Company.

TREASURY SHARES

During the financial year, the Company purchased 2,000 (2009 – 2,000) of its issued ordinary shares from the open market at prices ranging from RM1.02 to RM 1.03 (2009 – RM0.56 to RM0.90) per share. The total consideration paid for the purchase including transaction costs amounted to RM2,134 (2009 – RM1,460). The shares purchased were retained as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965 and presented as a deduction from shareholders' equity.

As at 31 December 2010, the Company held as treasury shares a total of 3,332,800 (2009 – 3,330,800) of its 300,000,000 (2009 – 300,000,000) issued ordinary shares. The treasury shares are held at a carrying amount of RM2,831,573 (2009 – RM2,829,356) and further relevant details are disclosed in Note 25 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

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

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their 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 which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

The contingent liabilities are disclosed in Note 48 to the financial statements. At the date of this report, there does not exist:-

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

DIRECTORS

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

Tan Sri Datuk Dr. Hadenan Bin A. Jalil
Dato' Hasnur Rabiain Bin Ismail
Dato' Chong Ket Pen
Dato' Mohd Ibrahim Bin Mohd Nor
Dato' Dr. Norraesah Binti Hj. Mohamad
Datin Normah Binti Kassim
Datin Azliza Binti Ahmad Tajuddin
Benny Soh Seow Leng

DIRECTORS' INTERESTS

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

	Number of Ordinary Shares of RM0.50 Each			
	At 1.1.2010	**Bought**	**Sold**	**At 31.12.2010**
Direct Interests				
Dato' Hasnur Rabiain Bin Ismail	44,624,142	–	–	44,624,142
Dato' Chong Ket Pen	45,190,142	–	–	45,190,142
Datin Azliza Binti Ahmad Tajuddin	149,500	–	–	149,500
Datin Normah Binti Kassim	90,000	–	–	90,000
Benny Soh Seow Leng	130,000	–	(80,000)	50,000
Indirect Interests				
Dato' Hasnur Rabiain Bin Ismail	36,078,373	–	(35,805,373)	273,000
Dato' Chong Ket Pen	639,000	–	–	639,000
Dato' Mohd Ibrahim Bin Mohd Nor	–	35,805,373	–	35,805,373

By virtue of their interests in the Company, Dato' Hasnur Rabiain Bin Ismail, Dato' Chong Ket Pen and Dato' Mohd Ibrahim Bin Mohd Nor are deemed to have interests in shares in the subsidiaries to the extent of the Company's interest, in accordance with Section 6A of the Companies Act, 1965.

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 49 to the financial statements.

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events of the Group and of the Company during the financial year are disclosed in Note 50 to the financial statements.

SIGNIFICANT EVENT SUBSEQUENT TO END OF THE REPORTING PERIOD

The significant event of the Group and of the Company subsequent to the end of the reporting period is disclosed in Note 51 to the financial statements.

AUDITORS

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

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 26 APRIL 2011

Dato' Hasnur Rabiain Bin Ismail

Dato' Chong Ket Pen

statement by directors

We, Dato' Hasnur Rabiain Bin Ismail and Dato' Chong Ket Pen, being two of the directors of Protasco Berhad, state that, in the opinion of the directors, the financial statements set out on pages 35 to 96 are drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2010 and of their results and cash flows for the financial year ended on that date.

The supplementary information set out in Note 56, which is not part of the financial statements, is prepared in all material respects, 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 and the directive of Bursa Malaysia Securities Berhad.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 26 APRIL 2011

Dato' Hasnur Rabiain Bin Ismail

Dato' Chong Ket Pen

statutory declaration

I, Chow Siew Meng, being the officer primarily responsible for the financial management of Protasco Berhad, do solemnly and sincerely declare that the financial statements set out on pages 35 to 96 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by)
Chow Siew Meng, at Kuala Lumpur)
in the Federal Territory on this 26 April 2011) **Chow Siew Meng**

Before me

Mohd Radzi Bin Yasin (W-327)
Commissioner for Oaths

independent auditors' report

to the members of Protasco Berhad (Company No.: 548078-H) (Incorporated In Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Protasco Berhad, which comprise the statements of financial position as at 31 December 2010 of the Group and of the Company, and 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 35 to 96.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, and 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 have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2010 and of their financial performance and cash flows for the financial year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 to the financial statements.

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

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

The supplementary information set out in Note 56 on page 97 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

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

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

James Chan Kuan Chee
Approval No: 2271/10/11 (J)
Chartered Accountant

26 April 2011
Kuala Lumpur

statement of financial position
at 31 December 2010

	Note	The Group 31.12.2010 RM'000	Restated 31.12.2009 RM'000	Restated 1.1.2009 RM'000	The Company 31.12.2010 RM'000	31.12.2009 RM'000
ASSETS						
NON-CURRENT ASSETS						
Investment in subsidiaries	5	**–**	–	–	**129,429**	129,429
Investment in associates	6	**2,624**	4,856	3,370	**–**	–
Property, plant and equipment	7	**191,092**	197,307	190,829	**–**	–
Prepaid land lease	8	**–**	–	–	**–**	–
Land held for property development	9	**3,092**	3,078	2,456	**–**	–
Development costs	10	**1,210**	1,650	2,090	**–**	–
Long-term investments	11	**523**	2,629	2,483	**–**	–
Goodwill on consolidation	12	**837**	–	–	**–**	–
Deferred tax asset	13	**–**	47	31	**–**	–
		199,378	209,567	201,259	**129,429**	129,429
CURRENT ASSETS						
Inventories	14	**3,988**	5,394	5,011	**–**	–
Property development costs	15	**1,406**	905	1,591	**–**	–
Amount owing by contract customer	16	**5,905**	28,206	25,828	**–**	–
Trade receivables	17	**219,210**	191,234	227,432	**–**	–
Other receivables, deposits and prepayments	18	**27,488**	31,584	24,559	**5**	6
Amount owing by subsidiaries	19	**–**	–	–	**74,728**	73,448
Amount owing by associates	20	**7,484**	13,888	6,517	**–**	–
Tax recoverable		**1,577**	11,985	9,558	**–**	–
Short-term investments	21	**27,386**	21,407	20,442	**–**	–
Deposits with licensed banks	22	**107,306**	94,298	55,902	**1,828**	799
Cash and bank balances	23	**73,817**	70,489	35,593	**1,237**	71
		475,567	469,390	412,433	**77,798**	74,324
TOTAL ASSETS		**674,945**	678,957	613,692	**207,227**	203,753

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

statement of financial position

at 31 December 2010

	Note	The Group 31.12.2010 RM'000	Restated 31.12.2009 RM'000	Restated 1.1.2009 RM'000	The Company 31.12.2010 RM'000	31.12.2009 RM'000
EQUITY AND LIABILITIES						
EQUITY						
Share capital	24	**150,000**	150,000	150,000	**150,000**	150,000
Treasury shares	25	**(2,831)**	(2,829)	(2,828)	**(2,831)**	(2,829)
Share premium	26	**43,531**	43,531	43,531	**43,531**	43,531
Fair value reserve	27	**(52)**	–	–	**–**	–
Foreign exchange translation reserve	28	**(8,544)**	285	396	**–**	–
Capital reserve	29	**8,600**	8,600	–	**–**	–
Retained profits	30	**165,041**	149,696	139,634	**607**	108
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**355,745**	349,283	330,733	**191,307**	190,810
Non-controlling interest		**35,870**	42,466	38,547	**–**	–
TOTAL EQUITY		**391,615**	391,749	369,280	**191,307**	190,810
NON-CURRENT LIABILITIES						
Deferred tax liabilities	31	**7,528**	10,123	6,845	**–**	–
Long-term borrowing	32	**3,198**	3,453	1,923	**–**	–
		10,726	13,576	8,768	**–**	–
CURRENT LIABILITIES						
Trade payables	34	**178,082**	184,436	154,292	**–**	–
Other payables and accruals	35	**38,550**	39,512	31,601	**837**	826
Amount owing to subsidiaries	19	**–**	–	–	**250**	250
Dividend payable		**14,833**	11,867	8,900	**14,833**	11,867
Provision for taxation		**8,728**	5,609	5,996	**–**	–
Short-term borrowings	36	**31,459**	31,112	33,132	**–**	–
Bank overdrafts	37	**952**	1,096	1,723	**–**	–
		272,604	273,632	235,644	**15,920**	12,943
TOTAL LIABILITIES		**283,330**	287,208	244,412	**15,920**	12,943
TOTAL EQUITY AND LIABILITIES		**674,945**	678,957	613,692	**207,227**	203,753

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

statements of comprehensive income

for the financial year ended 31 December 2010

	Note	The Group 2010 RM'000	The Group 2009 RM'000	The Company 2010 RM'000	The Company 2009 RM'000
REVENUE	38	**771,051**	679,438	**42,766**	36,384
COST OF SALES	39	**(567,334)**	(508,412)	**–**	–
GROSS PROFIT		**203,717**	171,026	**42,766**	36,384
OTHER INCOME		**5,930**	3,753	**486**	22
ADMINISTRATIVE EXPENSES		**(45,140)**	(16,233)	**(3,314)**	(3,110)
OTHER EXPENSES		**(69,221)**	(69,115)	**–**	–
PROFIT FROM OPERATIONS		**95,286**	89,431	**39,938**	33,296
FINANCE COSTS		**(1,788)**	(1,606)	**–**	–
SHARE OF PROFIT IN ASSOCIATES		**626**	1,580	**–**	–
PROFIT BEFORE TAXATION	40	**94,124**	89,405	**39,938**	33,296
INCOME TAX EXPENSE	42	**(30,499)**	(24,726)	**(9,772)**	(8,533)
PROFIT AFTER TAXATION		**63,625**	64,679	**30,166**	24,763
OTHER COMPREHENSIVE INCOME, NET OF TAX					
– Fair value changes of available-for-sale financial assets		**(52)**	–	**–**	–
– Share of associate's other comprehensive income		**(316)**			
– Foreign currency translation		**(10,557)**	(111)	**–**	–
		(10,925)	(111)	**–**	–
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		**52,700**	64,568	**30,166**	24,763
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		**47,067**	43,196	**30,166**	24,763
Non-controlling interest		**16,558**	21,483	**–**	–
		63,625	64,679	**30,166**	24,763
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		**38,186**	43,085	**30,166**	24,763
Non-controlling interest		**14,514**	21,483	**–**	–
		52,700	64,568	**30,166**	24,763
EARNINGS PER SHARE (SEN)					
Basic:-	43	**15.9**	14.6		
Diluted:-	43	**N/A**	N/A		

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

statements of changes in equity

for the financial year ended 31 December 2010

	Note	<---- Share Capital RM'000	Non-Distributable Share Premium RM'000	Treasury Shares RM'000	Foreign Exchange Translation Reserve RM'000	Fair Value Reserve RM'000	Capital Reserve RM'000 ---->	Distributable Retained Profits RM'000	Attributable to Owners of the Company RM'000	Non-Controlling Interest RM'000	Total Equity RM'000
The Group											
At 1.1.2009		150,000	43,531	(2,828)	396	–	–	139,634	330,733	38,547	369,280
Total comprehensive income for the financial year		–	–	–	(111)	–	–	43,196	43,085	21,483	64,568
Capitalisation for bonus issue in a subsidiary		–	–	–	–	–	8,600	(8,600)	–	–	–
Treasury shares acquired		–	–	(1)	–	–	–	–	(1)	–	(1)
Dividends	44	–	–	–	–	–	–	(24,534)	(24,534)	–	(24,534)
Dividends paid by subsidiaries to non-controlling interest		–	–	–	–	–	–	–	–	(17,901)	(17,901)
Net effects of the acquisition of subsidiaries		–	–	–	–	–	–	–	–	337	337
At 31.12.2009		150,000	43,531	(2,829)	285	–	8,600	149,696	349,283	42,466	391,749
At 31.12.2009/1.1.2010											
– as previously reported		**150,000**	**43,531**	**(2,829)**	**285**	**–**	**8,600**	**149,696**	**349,283**	**42,466**	**391,749**
– effect of adopting FRS 139	3(a)(iii)	**–**	**–**	**–**	**–**	**–**	**–**	**(1,926)**	**(1,926)**	**–**	**(1,926)**
– as restated		**150,000**	**43,531**	**(2,829)**	**285**	**–**	**8,600**	**147,770**	**347,357**	**42,466**	**389,823**
Total comprehensive income for the financial year		**–**	**–**	**–**	**(8,829)**	**(52)**	**–**	**47,067**	**38,186**	**14,514**	**52,700**
Treasury shares acquired		**–**	**–**	**(2)**	**–**	**–**	**–**	**–**	**(2)**	**–**	**(2)**
Adjustment due to non-consolidation of a subsidiary		**–**	**–**	**–**	**–**	**–**	**–**	**(129)**	**(129)**	**–**	**(129)**
Dividends	44	**–**	**–**	**–**	**–**	**–**	**–**	**(29,667)**	**(29,667)**	**–**	**(29,667)**
Dividends paid by subsidiaries to non-controlling interest		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(21,080)**	**(21,080)**
Net effect of the disposal of a subsidiary		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(30)**	**(30)**
At 31.12.2010		**150,000**	**43,531**	**(2,831)**	**(8,544)**	**(52)**	**8,600**	**165,041**	**355,745**	**35,870**	**391,615**

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

	Note	<--------------- Non-Distributable		--------------->	Distributable (Accumulated Loss)/	
		Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Retained Profits RM'000	Total Equity RM'000
The Company						
At 1.1.2009		150,000	43,531	(2,828)	(121)	190,582
Total comprehensive income for the financial year		–	–	–	24,763	24,763
Treasury shares acquired		–	–	(1)	–	(1)
Dividends	44	–	–	–	(24,534)	(24,534)
At 31.12.2009/1.1.2010		**150,000**	**43,531**	**(2,829)**	**108**	**190,810**
Total comprehensive income for the financial year		**–**	**–**	**–**	**30,166**	**30,166**
Treasury shares acquired		**–**	**–**	**(2)**	**–**	**(2)**
Dividends	44	**–**	**–**	**–**	**(29,667)**	**(29,667)**
At 31.12.2010		**150,000**	**43,531**	**(2,831)**	**607**	**191,307**

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

statements of cash flows
for the financial year ended 31 December 2010

	Note	The Group 2010 RM'000	The Group 2009 RM'000	The Company 2010 RM'000	The Company 2009 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
Profit before taxation		**94,124**	89,405	**39,938**	33,296
Adjustments for:-					
Amortisation of development costs		**440**	440	**–**	–
Allowance for foreseeable losses		**15,648**	810		
Allowance for impairment losses		**17,605**	12,410	**–**	–
Bad debts written off		**–**	2,052	**–**	–
Depreciation of property, plant and equipment		**17,604**	17,096	**–**	–
Impairment loss on investment in associates		**768**	70	**–**	–
Interest expense		**1,748**	1,606	**–**	–
Inventories written off		**150**	667	**–**	–
Property, plant and equipment written off		**6**	–	**–**	–
Gain on disposal of a subsidiary		**–**	(20)	**–**	–
Gain on disposal of property, plant and equipment		**(540)**	(326)	**–**	–
Gross dividends from subsidiaries		**–**	–	**(39,946)**	(34,134)
Interest income		**(2,520)**	(1,164)	**(33)**	(18)
Writeback of allowance for impairment losses		**(363)**	(257)	**–**	–
Share of profit in associates		**(626)**	(1,580)	**–**	–
Tax-exempt dividends received from investment in unit trusts		**(325)**	(466)	**–**	–
Unrealised exchange (gain)/loss		**(241)**	6	**–**	–
Waiver of debts		**(36)**	–	**–**	–
Reversal of foreseeable losses		**(4,392)**	–	**–**	–
Operating profit/(loss) before working capital changes		**139,050**	120,749	**(41)**	(856)
Decrease/(Increase) in inventories		**1,256**	(1,061)	**–**	–
(Increase)/Decrease in property development costs		**(501)**	686	**–**	–
Decrease/(Increase) in amount owing by contract customers		**11,045**	(3,188)	**–**	–
(Increase)/ Decrease in trade and other receivables		**(40,737)**	16,818	**1**	(1)
(Decrease)/ Increase in trade and other payables		**(7,526)**	37,289	**11**	(67)
Increase in amount owing by associates		**(408)**	(9,221)	**–**	–
CASH FROM/(FOR) OPERATIONS		**102,179**	162,072	**(29)**	(924)
Interest paid		**(1,748)**	(1,606)	**–**	–
Tax paid		**(19,520)**	(24,270)	**–**	–
NET CASH FROM/(FOR) OPERATING ACTIVITIES		**80,911**	136,196	**(29)**	(924)

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

	Note	The Group 2010 RM'000	The Group 2009 RM'000	The Company 2010 RM'000	The Company 2009 RM'000
NET CASH FROM/(FOR) OPERATING ACTIVITIES		**80,911**	136,196	**(29)**	(924)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Advances to subsidiaries		**–**	–	**(47)**	–
Interest received		**2,520**	1,164	**33**	18
Net dividends received from subsidiaries		**–**	–	**28,940**	21,000
Net cash outflow on disposal of a subsidiary		**(30)**	(3)	**–**	–
Net cash outflow on acquisition of a subsidiary		**(1)**	–	**–**	–
Proceeds from disposal of property, plant and equipment		**1,147**	3,089	**–**	–
Proceeds from issuance of share capital of a subsidiary to non-controlling interest		**–**	337	**–**	–
Proceeds from disposal of unquoted shares		**2,106**	–	**–**	–
Purchase of property, plant and equipment	45	**(14,399)**	(23,621)	**–**	–
Purchase of treasury shares		**(2)**	(1)	**(2)**	–
Purchase of unquoted investments		**–**	(146)	**–**	–
Tax-exempt dividends received from investment in unit trusts		**325**	466	**–**	–
Acquisition of marketable unit trusts		**(5,979)**	(965)	**–**	–
NET CASH (FOR)/FROM INVESTING ACTIVITIES		**(14,313)**	(19,680)	**28,924**	21,018
NET CASH FLOWS FOR FINANCING ACTIVITIES					
Dividends paid		**(26,700)**	(20,767)	**(26,700)**	(20,767)
Dividends paid to minority shareholders		**(21,080)**	(17,901)	**–**	–
Repayment of hire purchase obligations		**(1,539)**	(1,241)	**–**	–
Net repayment of short-term borrowings		**(18)**	(2,020)	**–**	–
NET CASH FOR FINANCING ACTIVITIES		**(49,337)**	(41,929)	**(26,700)**	(20,767)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**17,261**	74,587	**2,195**	(673)
FOREIGN EXCHANGE TRANSLATION DIFFERENCES		**(781)**	(668)	**–**	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		**163,691**	89,772	**870**	1,543
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	46	**180,171**	163,691	**3,065**	870

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

notes to the financial statements
for the financial year ended 31 December 2010

1. GENERAL INFORMATION

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

Registered office	:	312, 3rd Floor, Block C, Kelana Square, 17, Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan.
Principal place of business	:	Unipark Suria, Jalan Ikram-Uniten, 43000 Kajang, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 26 April 2011.

2. PRINCIPAL ACTIVITIES

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

3. BASIS OF PREPARATION

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

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

FRSs and IC Interpretations (including the Consequential Amendments)

FRS 4 Insurance Contracts

FRS 7 Financial Instruments: Disclosures

FRS 8 Operating Segments

FRS 101 (Revised) Presentation of Financial Statements

FRS 123 (Revised) Borrowing Costs

FRS 139 Financial Instruments: Recognition and Measurement

Amendments to FRS 1 and FRS 127: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

Amendments to FRS 2: Vesting Conditions and Cancellations

Amendments to FRS 7, FRS 139 and IC Interpretation 9

Amendments to FRS 101 and FRS 132: Puttable Financial Instruments and Obligations Arising on Liquidation

Amendments to FRS 132: Classification of Rights Issues and the Transitional Provision in Relation to Compound Instruments

IC Interpretation 9 Reassessment of Embedded Derivatives

IC Interpretation 10 Interim Financial Reporting and Impairment

IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions

IC Interpretation 13 Customer Loyalty Programmes

IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Annual Improvements to FRSs (2009)

3. BASIS OF PREPARATION (CONTINUED)

(a) FRSs and IC Interpretations (including the Consequential Amendments) (continued)

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements, other than the following:-

(i) FRS 7 requires additional disclosures about the financial instruments of the Group. Prior to 1 January 2010, information about financial statements was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosures and Presentation. FRS 7 requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group has applied FRS 7 prospectively in accordance with the transitional provisions. Accordingly, the new disclosures have not been applied to the comparatives and are included throughout the financial statements for the current financial year.

(ii) FRS 101 (Revised) introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present this statement as one single statement.

The revised standard also separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of comprehensive income as other comprehensive income.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the statement.

FRS 101 (Revised) also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. This new disclosure is made in Note 54(b) to the financial statements.

Comparative information has been re-presented so that it is in conformity with the requirements of this revised standard.

(iii) The adoption of FRS 139 (including the consequential amendments) has resulted in several changes to accounting policies relating to recognition and measurements of financial instruments.

The financial impact to the financial statements is summarised as follows:-

	Note	The Group At 1.1.2010 RM'000
Retained profits		
Remeasurement of loan and receivables financial assets	(aa)	**(3,151)**
Remeasurement of other financial liabilities	(bb)	**1,391**
Impairment of trade receivables, net of tax	(cc)	**(166)**
		(1,926)

3. BASIS OF PREPARATION (CONTINUED)

(a) (iii) The financial impact to the financial statements is summarised as follows (continued):-

(aa) Prior to 1 January 2010, trade and other receivables were recorded at cost. With the adoption of FRS 139, these amounts are now recognised initially at their fair values, which are estimated by discounting the expected cash flows using the current market interest rate of a loan with similar risk and tenure. Interest income is recognised in profit or loss using the effective interest method.

(bb) Prior to 1 January 2010, trade and other payables were recorded at cost. With the adoption of FRS 139, these amounts are now recognised initially at their fair values, which are estimated by discounting the expected cash flows using the current market interest rate of a loan with similar risk and tenure. Interest income is recognised in profit or loss using the effective interest method.

(cc) Prior to 1 January 2010, allowance for doubtful debts was recognised when it was considered uncollectable. With the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

All these financial impacts are recognised as an adjustment to the opening balance of retained profits or another appropriate reserve upon the adoption of FRS 139. Comparatives are not adjusted/represented by virtue of the exemption given in this standard.

(iv) The Company has previously asserted explicitly that it regards financial guarantee contracts of banking facilities granted to its subsidiaries as insurance contracts and will apply FRS 4 to such financial guarantee contracts. Accordingly, the adoption of FRS 139 did not have any financial impact on the financial statements in respect of the financial guarantee contracts issued by the Company to its subsidiaries. These financial guarantee contracts issued are disclosed as contingent liabilities under Note 48 to the financial statements.

(v) The Group has adopted the amendments made to FRS 117 Leases pursuant to the Annual Improvements to FRSs (2009). The Group has reassessed and determined that the leasehold land of the Group is in substance a finance lease and has been reclassified as property, plant and equipment. This change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendments.

(b) The Group has applied in advance the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standard Board ("MASB") but are not yet effective for the current financial year:-

(i) FRS 3 (Revised) Business Combination

FRS 3 (Revised) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred.

(ii) FRS 127 (Revised) Consolidated and Separate Financial Statements

FRS 127 (Revised) requires accounting for changes in ownership interests by the group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the minority interest to be absorbed by the minority interest instead of by the parent.

3. BASIS OF PREPARATION (CONTINUED)

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

FRSs and IC Interpretations (including the Consequential Amendments)	Effective date
FRS 1 (Revised) First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 124 (Revised) Related Party Disclosures	1 January 2012
Amendments to FRS 1 (Revised): Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1: Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2: Scope of FRS 2 and FRS 3 (Revised)	1 July 2010
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary	1 July 2010
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 138: Consequential Amendments Arising from FRS 3 (Revised)	1 July 2010
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011
Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and FRS 3 (Revised)	1 July 2010
IC Interpretation 4 Determining Whether An Arrangement Contains a Lease	1 January 2011
IC Interprétation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 15 Agreements for the Construction of Real Estate	1 January 2012
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
IC Interpretation 18 Transfers of Assets from Customers	1 January 2011
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Annual Improvements to FRSs (2010)	1 January 2011

The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group's operations.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Critical Accounting Estimates And Judgements

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

(i) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment is based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Critical Accounting Estimates And Judgements (continued)

(ii) Income Taxes

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

(iii) Impairment of Non-financial Assets

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

(iv) Construction Contracts

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

(i) Contract Revenue

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

(ii) Contract Costs

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

(v) Impairment of Trade and Other Receivables

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

(vi) Allowance for Inventories

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

(vii) Impairment of Available-for-sale Financial Assets

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Critical Accounting Estimates And Judgements (continued)

(viii) Classification of Leasehold Land

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

(ix) Fair Value Estimates for Certain Financial Assets and Liabilities

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

(x) Impairment of Goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December 2010.

A subsidiary is defined as a company in which the parent company has the power, directly or indirectly, to exercise control over its financial and operating policies so as to obtain benefits from its activities.

All subsidiaries are consolidated using the purchase method. Under the purchase method, the results of the subsidiaries acquired or disposed of are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Intragroup transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Non-controlling interest in the consolidated statement of financial position consist of the non-controlling interest's share of fair values of the identifiable assets and liabilities of the acquiree as at the date of acquisition and the non-controlling interest's share of movements in the acquiree's equity.

Non-controlling interest are presented within equity in the consolidated statement of financial position, separately from the Company's shareholders' equity, and are separately disclosed in the consolidated statement of comprehensive income. Transactions with non-controlling interest are accounted for as transactions with owners. Gain or loss on disposal to non-controlling interest is recognised directly in equity.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Goodwill

Goodwill represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable assets, liabilities and contingent liabilities of the subsidiaries at the date of acquisition.

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

If, after reassessment, the Group's interest in the fair values of the identifiable net assets of the subsidiaries exceeds the cost of the business combinations, the excess is recognised as income immediately in profit or loss.

(d) Functional and Foreign Currencies

(i) Functional and Presentation Currency

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

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

(ii) Transactions and Balances

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

(iii) Foreign Operations

Assets and liabilities of foreign operations are translated to RM at the rates of exchange ruling at the end of the reporting period. Revenues and expenses of foreign operations are translated at exchange rates ruling at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity under translation reserve. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is reclassified from equity to profit or loss.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

(e) Financial Instruments

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial Instruments (continued)

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

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

(i) Financial Assets

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

- *Financial Assets at Fair Value Through Profit or Loss*

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

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

- *Held-to-maturity Investments*

  Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with revenue recognised on an effective yield basis.

- *Loans and Receivables Financial Assets*

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

- *Available-for-sale Financial Assets*

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial Instruments (continued)

(ii) Financial Liabilities

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

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

(iii) Equity Instruments

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

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

(iv) Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity.

Where such shares are subsequently sold or reissued, any consideration received, net of any direct costs, is included in equity.

(f) Investments in Subsidiaries

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

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

(g) Investments in Associates

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

The investment in an associate is accounted for under the equity method, based on the financial statements of the associate made up to 31 December 2010. The Group's share of the post acquisition profits of the associate is included in the consolidated statement of comprehensive income and the Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post acquisition retained profits and reserves.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Property, Plant and Equipment

Property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land is stated at cost less any impairment losses, and is not depreciated.

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Buildings	2%
Leasehold land	Over the lease period of 99 years
Renovation	10%-33.33%
Reference books, office equipment, furniture and fittings	10%-33.33%
Motor vehicles	12.50%-20%
Laboratory equipment, plant and machinery	12.50%-20%

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period 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 the property, plant and equipment.

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

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

In the previous financial year, leasehold land that normally had an indefinite economic life and title was not expected to pass to the lessee by the end of the lease term was treated as an operating lease. The payment made on entering into or acquiring leasehold land that was accounted for as an operating lease represents prepaid lease payments.

During the financial year, the Group adopted the amendments made to FRS 117 Leases in relation to the classification of lease of land. The Group's leasehold land which in substance is a finance lease has been reclassified as property and equipment and measured as such retrospectively.

(i) Land Held for Property Development

Property development expenditure includes any incidental expenditure incurred to put a piece of land in a condition ready for development. Property development expenditure is classified as non-current assets on the statement of financial position and is stated at cost.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Property Development Costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

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

Where the financial outcome of a development activity cannot be reliably estimated, the 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 properties sold are recognised as an expense in the period in which they are incurred. 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, which is measured 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 whilst the excess of billings to purchasers over revenue recognised in the profit or loss is classified as progress billings within trade payables.

(k) Development Costs

Mobilisation and development costs incurred prior to the commercial readiness of the operations have been capitalised and are amortised on a straight line basis over the period of their expected benefit, being not more than 5 years.

(l) Impairment

(i) Impairment of Financial Assets

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

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Impairment (continued)

(ii) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which FRS 136 Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value in use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

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

(m) Assets under Hire Purchase

Assets acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 4(h) above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

(n) Inventories

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

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

Where necessary, due allowance is made for all damaged, obsolete and slow-moving items.

(o) Amounts Owing By/To Contract Customers

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

(p) Provisions

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Income Taxes

Income tax for the year comprises current and deferred tax.

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

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

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

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

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

(r) Borrowing Costs

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

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

(s) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with financial institutions, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Employee Benefits

(i) Short-term Benefits

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

(ii) Defined Contribution Plans

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

(u) Related Parties

A party is related to an entity if:-

(i) directly, or indirectly through one or more intermediaries, the party:-

- controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
- has an interest in the entity that gives it significant influence over the entity; or
- has joint control over the entity;

(ii) the party is an associate of the entity;

(iii) the party is a joint venture in which the entity is a venturer;

(iv) the party is a member of the key management personnel of the entity or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

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

(v) Operating Segments

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

(w) Contingent Liabilities

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Revenue Recognition

(i) Sale of Goods

Revenue is recognised upon delivery of goods and customers' acceptance and where applicable, net of sales tax, returns and trade discounts.

(ii) Services

Revenue is recognised upon rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

(iii) Education and Training Fees

Tuition and training fees are recognised on an accrual basis whereas non-refundable registration and enrolment fees are recognised when chargeable.

(iv) Construction Contracts

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

The stage of completion is determined based on completion of a physical proportion of the contract work.

(v) Property Development

Revenue from property development is recognised from the sale of completed and uncompleted development properties.

Revenue from the sale of completed properties is recognised when the sale is contracted.

Revenue on uncompleted properties contracted for sale is recognised based on the stage of completion method unless the outcome of the development cannot be reliably determined in which case the revenue on the development is only recognised to the extent of development costs incurred that are recoverable.

The stage of completion is determined based on the proportion that the development costs incurred for work performed to date bear to the estimated total development costs.

(vi) Dividend Income

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

(vii) Interest Income

Interest income is recognised on an accrual basis, based on the effective yield on the investment.

(viii) Management Fees

Management fees are recognised when services are rendered.

(ix) Rental Income

Rental income is recognised on an accrual basis.

5. INVESTMENT IN SUBSIDIARIES

	The Company 2010 RM'000	The Company 2009 RM'000
Unquoted shares, at cost	**129,429**	129,429

Details of the subsidiaries held by the Company are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest 2010 %	Effective Equity Interest 2009 %	Principal Activities
HCM Engineering Sdn. Bhd.	Malaysia	**100**	100	Road construction, rehabilitation and maintenance.
Kumpulan Ikram Sdn. Bhd.	Malaysia	**100**	100	Training, geotechnical laboratory, structural and material testing, soill investigation, research and development, listing of building materials, engineering and technical related activities and services.
Protasco Trading Sdn. Bhd.	Malaysia	**100**	100	Trading of construction materials and petroleum products.
Protasco Land Sdn. Bhd.*	Malaysia	**100**	100	Property development.
Protasco Infra Sdn. Bhd.*	Malaysia	**100**	100	Infrastructure and related works.

Details of subsidiaries held through HCM Engineering Sdn. Bhd. are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest 2010 %	Effective Equity Interest 2009 %	Principal Activities
Roadcare (M) Sdn. Bhd.*	Malaysia	51	51	Road maintenance and rehabilitation.
HCM-TH Technologies Sdn. Bhd.*	Malaysia	70	70	Road maintenance and rehabilitation.
HCM Engineering-Isyoda JV Sdn. Bhd.*	Malaysia	100	100	Road maintenance and rehabilitation.
FRM Roadworks Sdn. Bhd.*	Malaysia	–	51	Dormant.
HCM-Ikhtisas Sdn. Bhd.*	Malaysia	60	60	Investment holding.
HCM (L) Bhd.*	FT Labuan	100	100	Renting out machines.
HCM-Molek JV Sdn. Bhd.*	Malaysia	60	60	Road maintenance and rehabilitation.
HCM Arabia Sdn. Bhd.*	Malaysia	60	60	Road maintenance and rehabilitation.
KPS-HCM Sdn. Bhd.*	Malaysia	70	70	Road maintenance and rehabilitation.
Permint Granite-HCM Sdn. Bhd.*	Malaysia	70	70	Road maintenance and rehabilitation.

5. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries held through HCM (L) Bhd. are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest 2010 %	2009 %	Principal Activities
HCM Engineering (PNG) Ltd.*#	Papua New Guinea	**100**	100	Dormant.
Global Traders Ltd.*	FT Labuan	**100**	100	Dormant.

Details of subsidiaries held through Kumpulan Ikram Sdn. Bhd. are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest 2010 %	2009 %	Principal Activities
Ikram Engineering Services Sdn. Bhd.	Malaysia	**100**	100	Site investigation and soil testing services.
Kumpulan Ikram (Sabah) Sdn. Bhd.*	Malaysia	**60**	60	Site investigation and soil testing services.
Ikram Education Sdn. Bhd.*	Malaysia	**100**	100	Educational services.
Ikram Latihan Sdn. Bhd.*	Malaysia	**100**	100	Training courses.
Ikram Structure Assessment Sdn. Bhd.*	Malaysia	**100**	100	Provision of structural and material testing.
Ikram QA Services Sdn. Bhd.*	Malaysia	**100**	100	Certification and listing of products.
Kumpulan Ikram (Sarawak) Sdn. Bhd.*	Malaysia	**60**	60	Site investigation and soil testing services.
Ikram Paves Sdn. Bhd.	Malaysia	**100**	100	Provision of evaluation and testing services for road pavement.
Ikram Libyana Sdn. Bhd.*	Malaysia	**60**	60	Provision of structural repair and rehabilitation.
Ikram Greentech Sdn. Bhd.*	Malaysia	**100**	–	Provision of green technology services
Ikram International Sdn. Bhd.*	Malaysia	**100**	–	Overseas operations

Details of a subsidiary held through Ikram Latihan Sdn. Bhd. are follows:-

Name of Company	Country of Incorporation	Effective Equity Interest 2010 %	2009 %	Principal Activities
Ikram Skills Academy Sdn. Bhd.*	Malaysia	100	100	Provision of skills training courses.

5. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries held through Protasco Trading Sdn. Bhd. are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest 2010 %	Effective Equity Interest 2009 %	Principal Activities
QP Industries Sdn. Bhd.*	Malaysia	**100**	100	Production of pavement materials.
Protasco Enterprise SA (Pty) Ltd.*	South Africa	**100**	100	Investment holding.
Linktel Communication Sdn. Bhd.*	Malaysia	**100**	100	Distributor of mobile phone/digital products.
Ximax Communication Sdn. Bhd.*	Malaysia	**100**	–	Investment holding.

Details of a subsidiary held through Protasco Enterprise SA (Pty) Ltd. is as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest 2010 %	Effective Equity Interest 2009 %	Principal Activities
Protasco Trading (Pty) Ltd.*	South Africa	**100**	100	Trading in building products.

Details of a subsidiary held through Ximax Communication Sdn. Bhd. are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest 2010 %	Effective Equity Interest 2009 %	Principal Activities
Ximax Communications Co. Ltd.*	Hong Kong	**100**	50	Trading in mobile phones and related products.

Details of a subsidiary held through Ximax Communications Co. Ltd. are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest 2010 %	Effective Equity Interest 2009 %	Principal Activities
Ximax Communications (Shenzhen) Co. Ltd.*	China	**100**	100	Dormant.

Details of subsidiaries held through Protasco Land Sdn. Bhd. are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest 2010 %	Effective Equity Interest 2009 %	Principal Activities
Protasco Land SA (Pty) Ltd.*	South Africa	**70**	70	Property development.
De'Centrum Development Sdn. Bhd.*	Malaysia	**100**	–	Property development.

5. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries held through Protasco Infra Sdn. Bhd. are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest 2010 %	Effective Equity Interest 2009 %	Principal Activities
Hainan Protasco Engineering Co. Ltd. *	China	**100**	100	Maintenance and rehabilitation of roads and other infrastructure works.
Infra Builders Sdn. Bhd.*	Malaysia	**100**	100	Building construction.
Infra Water Sdn. Bhd.*	Malaysia	**55**	55	Water and waste water works.
Ximax Communication Sdn. Bhd.*	Malaysia	**–**	100	Investment holding.

Details of a subsidiary held through Hainan Protasco Engineering Co. Ltd. are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest 2010 %	Effective Equity Interest 2009 %	Principal Activities
Hainan Rifu Resources Co. Ltd.*	China	**82**	82	Provide gravel and crushed rock for construction works.

* Audited by firms of auditors other than Messrs. Crowe Horwath.

\# The subsidiary is in the process of winding up. Accordingly, the financial statements of this subsidiary are excluded from consolidation as at 31 December 2010.

6. INVESTMENT IN ASSOCIATES

	The Group 2010 RM'000	The Group 2009 RM'000
Unquoted shares, at cost	**1,482**	2,516
Share of post acquisition profits	**1,636**	1,700
Foreign exchange translation reserve	**(356)**	10
	2,762	4,226
Redeemable preference shares	**1,400**	1,400
	4,162	5,626
Accumulated impairment losses	**(1,538)**	(770)
At 31 December	**2,624**	4,856
Accumulated impairment losses:-		
At 1 January	**(770)**	(700)
Addition during the year	**(768)**	(70)
At 31 December	**(1,538)**	(770)

6. INVESTMENT IN ASSOCIATES (CONTINUED)

Details of associates held through HCM Engineering Sdn. Bhd. are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest 2010 %	2009 %	Principal Activities
THT-HCM JV Sdn. Bhd.	Malaysia	**40**	40	Road construction.
Protasco Engineering International Ltd.*	South Africa	**49**	49	Dormant.

Details of the associate held through HCM-Ikhtisas Sdn. Bhd. are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest 2010 %	2009 %	Principal Activities
Libyan Malaysian Company for Roads and Construction	Libya	**49**	49	Construction and maintenance.

* The results of this associate have not been equity accounted as the company is dormant and the amount involved is insignificant.

The summarised financial statements of the associates are as follows:-

	The Group 2010 RM'000	2009 RM'000
ASSETS AND LIABILITIES		
Current assets	**28,092**	35,935
Non-current assets	**726**	992
Total assets	**28,818**	36,927
Current liabilities	**23,189**	–
Non-current liabilities	**–**	28,451
Total liabilities	**23,189**	28,451
RESULTS		
Revenue	**36,797**	30,066
Profit for the financial year	**1,056**	2,975

7. PROPERTY, PLANT AND EQUIPMENT

The Group	Freehold Land RM'000	Leasehold Land RM'000	Buildings RM'000	Renovation RM'000	Reference Books, Office Equipment, Furniture and Fittings RM'000	Laboratory Equipment, Plant and Machinery RM'000	Motor Vehicles RM'000	Total RM'000
AT COST								
As previously reported at 1.1.2010	69,878	–	55,017	13,125	43,231	135,415	35,798	352,464
Effects of FRS 117	–	5,354	–	–	–	–	–	5,354
As restated at 1.1.2010	69,878	5,354	55,017	13,125	43,231	135,415	35,798	357,818
Additions	–	2,808	251	1,158	3,416	3,065	5,350	16,048
Disposals	–	–	–	(16)	(95)	(999)	(2,480)	(3,590)
Written off	–	–	–	–	(25)	(132)	–	(157)
Exchange rate differences	–	(53)	–	(52)	(44)	(5,642)	(247)	(6,038)
At 31.12.2010	69,878	8,109	55,268	14,215	46,483	131,707	38,421	364,081
ACCUMULATED DEPRECIATION								
As previously reported at 1.1.2010	–	–	6,222	9,187	34,790	85,061	24,642	159,902
Effects of FRS 117	–	609	–	–	–	–	–	609
As restated at 1.1.2010	–	609	6,222	9,187	34,790	85,061	24,642	160,511
Charge for the financial year	–	841	1,101	1,035	2,679	9,813	2,135	17,604
Disposals	–	–	–	–	(77)	(998)	(1,908)	(2,983)
Written off	–	–	–	–	(24)	(127)	–	(151)
Exchange rate differences	–	(25)	–	(30)	(21)	(1,823)	(93)	(1,992)
At 31.12.2010	–	1,425	7,323	10,192	37,347	91,926	24,776	172,989
NET BOOK VALUE	69,878	6,684	47,945	4,023	9,136	39,781	13,645	191,092

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Group	Freehold Land RM'000	Leasehold Land RM'000	Buildings RM'000	Renovation RM'000	Reference Books, Office Equipment, Furniture and Fittings RM'000	Laboratory Equipment, Plant and Machinery RM'000	Motor Vehicles RM'000	Total RM'000
AT COST								
As previously reported at 1.1.2009	69,878	–	53,424	12,062	39,962	126,140	32,205	333,671
Effects of FRS 117	–	5,135	–	–	–	–	–	5,135
As restated at 1.1.2009	69,878	5,135	53,424	12,062	39,962	126,140	32,205	338,806
Additions	–	219	1,862	1,063	3,298	15,219	4,731	26,392
Disposals	–	–	(269)	–	(23)	(5,902)	(1,126)	(7,320)
Written off	–	–	–	–	(3)	–	–	(3)
Reclassification	–	–	–	–	(2)	2	–	–
Exchange rate differences	–	–	–	–	(1)	(44)	(12)	(57)
At 31.12.2009	69,878	5,354	55,017	13,125	43,231	135,415	35,798	357,818
ACCUMULATED DEPRECIATION								
As previously reported at 1.1.2009	–	–	5,149	8,170	32,325	78,150	23,804	147,598
Effects of FRS 117	–	379	–	–	–	–	–	379
As restated at 1.1.2009	–	379	5,149	8,170	32,325	78,150	23,804	147,977
Charge for the financial year	–	217	1,073	1,017	2,487	10,477	1,825	17,096
Disposals	–	–	–	–	(18)	(3,555)	(984)	(4,557)
Written off	–	–	–	–	(3)	–	–	(3)
Reclassification	–	–	–	–	(1)	1	–	–
Exchange rate differences	–	13	–	–	–	(12)	(3)	(2)
At 31.12.2009	–	609	6,222	9,187	34,790	85,061	24,642	160,511
NET BOOK VALUE	69,878	4,745	48,795	3,938	8,441	50,354	11,156	197,307

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Certain property, plant and equipment of the Group with a total net book value of RM6,927,156 (2009 – RM6,135,310) are held under hire purchase arrangements.

Certain property, plant and equipment of the Group with a total net book value of RM103,915,784 (2009 – RM105,522,870) were pledged to financial institutions as security for credit facilities granted as disclosed in Note 36.

8. PREPAID LAND LEASE

	The Group	
	2010	**2009**
	RM'000	**RM'000**
At Cost:		
– as previously reported	**5,354**	5,354
– Effects of FRS 117	**(5,354)**	(5,354)
– as restated	**–**	–
Accumulated Amortisation:-		
– as previously reported	**609**	609
– Effects of FRS 117	**(609)**	(609)
– as restated	**–**	–
At 31 December	**–**	–

The Group has adopted the amendments made to FRS 117 – Lease during the financial year. The Group has reassesed and determined that the leasehold land of the Group is in substance a finance lease and has been reclassified as property, plant and equipment. This change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendments.

9. LAND HELD FOR PROPERTY DEVELOPMENT

	The Group	
	2010	**2009**
	RM'000	**RM'000**
At Cost:-		
Development expenditure		
At 1 January	**3,078**	2,456
Exchange rate differences	**14**	622
At 31 December	**3,092**	3,078

10. DEVELOPMENT COSTS

	The Group 2010 RM'000	The Group 2009 RM'000
At Cost:		
At 1 January/31 December	**2,200**	2,200
Accumulated amortisation:-		
At 1 January	**(550)**	(110)
Amortisation for the financial year	**(440)**	(440)
At 31 December	**(990)**	(550)
Net book value at 31 December	**1,210**	1,650

11. LONG-TERM INVESTMENTS

	The Group 2010 RM'000	The Group 2009 RM'000
At Cost:		
Unquoted shares	**223**	2,243
Club membership	**300**	386
	523	2,629
Represented by:		
At cost	**223**	2,629
At fair value	**300**	–

Investments in unquoted shares of the Group, designated as available for sale financial assets, are stated at cost as their fair value cannot be measured reliably using valuation techniques due to the lack of marketability of the shares.

12. GOODWILL ON CONSOLIDATION

	The Group 2010 RM'000	The Group 2009 RM'000
At 1 January	**–**	–
Acquisition of a subsidiary	**837**	–
At 31 December	**837**	–

The Group has assessed the recoverable amounts of goodwill allocated and determined that no additional impairment is required. The recoverable amounts of the cash-generating units are determined using the value-in-use approach, and this is derived from the present value of the future cash flows from the operating segments computed based on the projections of financial budget approved by management covering a period of 5 years.

12. GOODWILL ON CONSOLIDATION (CONTINUED)

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

Gross margin	–	8%
Growth rate	–	Revenue is estimated to increase by 21% in year 2011, further increase of 9% per annum in year 2012, followed by a decrease of 20% in year 2013 and remained unchanged in year 2014 and 2015, based on management's expectation of customer demands.
Discount rate	–	8%

Management determined the budgeted gross margin based on past performance and its expectations of market development. The growth rate used is based on the expected projection of the trading business. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments.

13. DEFERRED TAX ASSET

	The Group	
	2010 RM'000	2009 RM'000
At 1 January	**47**	31
Recognised in profit or loss	**(47)**	16
At 31 December	**–**	47

The deferred tax asset in the previous financial year was as follows:-

	The Group	
	2010 RM'000	2009 RM'000
Unutilised tax losses	**–**	47

14. INVENTORIES

	The Group	
	2010 RM'000	2009 RM'000
At Cost:		
Handphones, stores and spares	**3,221**	1,675
Quarry products	**703**	3,719
	3,924	5,394
At Net realisable value:		
Handphones, stores and spares	**64**	–
	3,988	5,394

15. PROPERTY DEVELOPMENT COSTS

	The Group 2010 RM'000	2009 RM'000
At 1 January	**31,264**	17,895
Reclassification	**948**	15,196
Development costs incurred during the financial year	**17,659**	13,369
	49,871	46,460
Accumulated costs charged to profit or loss	**(47,517)**	(30,359)
Reclassification	**(948)**	(15,196)
	(48,465)	(45,555)
At 31 December	**1,406**	905
Represented by:		
Development costs	**49,871**	46,460
Accumulated costs charged to profit or loss	**(48,465)**	(45,555)
At 31 December	**1,406**	905

16. AMOUNT OWING BY CONTRACT CUSTOMER

	The Group 2010 RM'000	2009 RM'000
Contract costs incurred to date	**415,535**	286,495
Attributable profits	**12,978**	11,645
	428,513	298,140
Allowance for foreseeable losses	**(15,648)**	(4,392)
	412,865	293,748
Progress billings	**(406,960)**	(265,542)
Amount owing by contract customers	**5,905**	28,206
Contract costs recognised as an expense	**138,909**	108,466

16. AMOUNT OWING BY CONTRACT CUSTOMER (CONTINUED)

The costs incurred todate on construction include the following charges made during the financial year:-

	2010 RM'000	2009 RM'000
Depreciation of property, plant and equipment	**1,215**	1,172
Hire of motor vehicles	**552**	481
Hire of plant and machinery	**17,689**	3,770
Rental expense	**485**	619
Staff costs	**9,714**	9,968

17. TRADE RECEIVABLES

	The Group	
	2010 RM'000	2009 RM'000
Trade receivables	**235,686**	201,324
Accrued billings	**8,829**	5,716
	244,515	207,040
Allowance for impairment losses	**(25,305)**	(15,806)
	219,210	191,234
Allowance for impairment losses:-		
At 1 January	**(15,806)**	(4,063)
Addition during the financial year	**(9,854)**	(12,410)
Effects of adopting FRS139	**(166)**	–
Interest income	**89**	–
Writeback for the financial year	**363**	257
Written off during the financial year	**69**	410
At 31 December	**(25,305)**	(15,806)

In the previous financial year, the trade receivables include an amount of RM560,905 owing by C & H Engineering Construction Sdn. Bhd., a company in which certain directors have substantial financial interests.

The Group's normal trade credit terms range from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

18. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2010	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Other receivables	**25,414**	24,618	**5**	6
Allowance for impairment losses	**(1,657)**	(718)	**–**	–
	23,757	23,900	**5**	6
Prepayments	**900**	565	**–**	–
Deposits	**2,831**	7,119	**–**	–
	27,488	31,584	**5**	6
Allowance for impairment losses:-				
At 1 January	**(718)**	–	**–**	–
Addition during the financial year	**(939)**	–	**–**	–
At 13 December	**(1,657)**	–	**–**	–

19. AMOUNTS OWING BY/(TO) SUBSIDIARIES

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

20. AMOUNT OWING BY ASSOCIATES

	The Group	
	2010	**2009**
	RM'000	**RM'000**
Trade balances	**13,960**	13,552
Non-trade balances	**336**	336
	14,296	13,888
Allowance for impairment losses	**(6,812)**	–
	7,484	13,888

The normal trade credit terms range from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis. The amount owing is unsecured and to be settled in cash.

The non-trade amounts owing are unsecured, interest-free and repayable on demand. The amounts owing are to be settled in cash.

21. SHORT-TERM INVESTMENTS

	The Group	
	2010	2009
	RM'000	RM'000
Unit trusts, quoted in Malaysia	**24,716**	21,407
Islamic money market fund	**2,670**	–
	27,386	21,407
Represented by:		
At cost	**–**	21,407
At fair value	**27,386**	–
Market value of unit trusts	**24,716**	21,407
Market value of Islamic Money Market Fund	**2,670**	–

The short-term investments were previously stated at the lower of cost and market value, determined on an aggregate basis. Upon adoption of FRS 139 during the financial year, these short-term investments are now classified as financial assets at fair value through profit or loss investments, measured at fair value.

22. DEPOSITS WITH LICENSED BANKS

Deposits with licensed banks of the Group amounting to RM10,914,848 (2009 – RM13,306,891) are pledged to banks for credit facilities granted to the subsidiaries.

The effective interest rates of deposits at the end of the reporting period were as follows:-

	The Group		The Company	
	2010	2009	2010	2009
	%	%	%	%
	1.30 to 3.00	1.30 to 3.02	**1.74 to 2.05**	1.74

The average maturity period of the deposits as at the end of the reporting period were as follows:-

	The Group		The Company	
	2010	2009	2010	2009
Licensed banks (days)	**1 to 365**	1 to 365	**1 to 7**	1

23. CASH AND BANK BALANCES

Included in cash and bank balances of the Group is a sum of RM3,534,900 (2009 – RM547,744) held under Housing Development Account pursuant to Section 7A of the Housing Developer (Control & Licensing) Act 1966.

The effective interest rate of the above bank balances at the end of the reporting period is 1% per annum and above.

24. SHARE CAPITAL

	The Group/The Company			
	2010	**2009**	**2010**	**2009**
	Number Of Shares		**RM'000**	**RM'000**
	'000	**'000**		
Ordinary Shares Of RM0.50 Each:-				
AUTHORISED	**600,000**	600,000	**300,000**	300,000
ISSUED AND FULLY PAID-UP	**300,000**	300,000	**150,000**	150,000

Of the total 300,000,000 (2009 – 300,000,000) issued and fully paid ordinary shares as at 31 December 2010, 3,332,800 (2009 – 3,330,800) were held as treasury shares by the Company. As at 31 December 2010, the number of outstanding ordinary shares in issue and fully paid net of treasury shares amounted to 296,667,200 (2009 – 296,669,200).

25. TREASURY SHARES

The amount relates to the acquisition cost of treasury shares net of the proceeds received on their subsequent sale or issuance.

At the annual general meeting held on 23 June 2010, the shareholders of the Company approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company purchased its own ordinary shares from the open market under the share buy-back programme. Details are as follows:-

Date	**Price Per Share**	**Number of Shares**	**Total Consideration RM'000**
Balance at 1 January 2010	–	3,330,800	2,829
March 2010	1.02	1,000	1
August 2010	1.03	1,000	1
At 31 December 2010		3,332,800	2,831

The total shares purchased under the share buy-back program were financed by internally generated funds. The shares purchased were retained as treasury shares and are presented as a deduction from shareholders' equity.

26. SHARE PREMIUM

The share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act 1965.

27. FAIR VALUE RESERVE

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

28. FOREIGN EXCHANGE TRANSLATION RESERVE

The exchange fluctuation reserve arose from the translation of the financial statements of foreign subsidiaries, foreign associates and the foreign branch and is not distributable by way of dividends.

29. CAPITAL RESERVE

The capital reserve relates to the Group's portion of bonus shares issued by a sub-subsidiary through the capitalisation of its retained profits account.

The reserve is not distributable as cash dividends.

30. RETAINED PROFITS

At the end of the reporting period, the Company will be able to distribute dividends out of its entire retained profits under the single tier tax system.

31. DEFERRED TAXATION

	The Group	
	2010 RM'000	**2009 RM'000**
At 1 January	**10,123**	6,845
Recognised in profit or loss	**(2,595)**	3,278
At 31 December	**7,528**	10,123
Presented after appropriate offsetting as follows:-		
Deferred tax liabilities:-		
Accelerated capital allowances	**6,747**	5,727
Fair value adjustment	**–**	2,471
Others	**839**	2,760
	7,586	10,958
Deferred tax assets:-		
Unutilised tax losses and unabsorbed capital allowances	**(58)**	(199)
Provisions	**–**	(636)
	(58)	(835)
At 31 December	**7,528**	10,123

31. DEFERRED TAXATION (CONTINUED)

Deferred tax assets have not been recognised in respect of the following items:-

	The Group	
	2010	**2009**
	RM'000	**RM'000**
Unutilised tax losses	**6,797**	4,514
Unabsorbed capital allowances	**536**	607
Allowance for impairment losses on receivables	**744**	–
	8,077	5,121

The availability of the unutilised tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the respective subsidiaries and of the Company are subject to no substantial changes in the shareholdings of those subsidiaries and the Company under Section 44 (5A) and (5B) of the Income Tax Act, 1967.

32. LONG-TERM BORROWING

	The Group	
	2010	**2009**
	RM'000	**RM'000**
SECURED:		
Hire purchase payables (Note 33)	**3,198**	3,453

33. HIRE PURCHASE PAYABLES

	The Group	
	2010	**2009**
	RM'000	**RM'000**
Minimum lease payments:		
– not later than one year	1,712	1,350
– later than one year but not later than five years	3,603	3,943
	5,315	5,293
Less: Future finance charges	(653)	(741)
Present value of hire purchase payables	4,662	4,552
The net hire purchase payables are repayable as follows:-		
– not later than one year (Note 36)	1,464	1,099
– later than one year but not later than five years (Note 32)	3,198	3,453
	4,662	4,552

The hire purchase payables of the Group bore effective interest rates which ranged from 2.41% to 7.21% (2009 – 2.17% to 7.21%) per annum at the end of the reporting period.

34. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 60 days.

35. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Other payables and accruals	**38,434**	39,396	**837**	826
Amount owing to a director	**116**	116	**–**	–
	38,550	39,512	**837**	826

The amount owing is unsecured, interest free and repayable on demand. The amount owing is to be settled in cash.

36. SHORT-TERM BORROWINGS

	The Group	
	2010 RM'000	2009 RM'000
SECURED:		
Bills payable	**7,339**	7,357
Revolving credit	**22,656**	22,656
Hire purchase payables (Note 33)	**1,464**	1,099
	31,459	31,112

The weighted average effective interest rates at the end of the reporting period for borrowings, excluding hire purchase payables, were as follows:

	The Group	
	2010 %	2009 %
Bills payable	**3.0 to 4.5**	2.2 to 3.7
Revolving credit	**5.0 to 5.8**	4.2 to 5.4

The bankers' acceptances and revolving credit of the Group are secured by:-

(a) a corporate guarantee of the Company; and

(b) fixed and floating charges on certain property, plant and equipment as disclosed in Note 7.

37. BANK OVERDRAFTS

The bank overdrafts bore an effective interest rate of 7.75% (2009 - 6.8% to 7.25%) per annum at the end of the reporting period and were secured by a corporate guarantee of the Company.

38. REVENUE

	The Group		The Company	
	2010	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Gross dividends from subsidiaries	–	–	**39,946**	34,134
Management fees from subsidiaries	–	–	**2,820**	2,250
Construction and maintenance contracts	**489,525**	434,985	**–**	–
Property development	**20,235**	15,784	**–**	–
Sale of goods	**108,743**	104,604	**–**	–
Education and training fees	**43,697**	40,083	**–**	–
Engineering services	**103,830**	75,549	**–**	–
Others	**5,021**	8,433	**–**	–
	771,051	679,438	**42,766**	36,384

39. COST OF SALES

	The Group	
	2010	**2009**
	RM'000	**RM'000**
Construction and maintenance contracts	**376,038**	350,881
Property development	**18,105**	13,150
Sale of goods	**100,847**	94,847
Education and training fees	**23,537**	18,361
Engineering services	**48,719**	30,816
Others	**88**	357
	567,334	508,412

40. PROFIT BEFORE TAXATION

	The Group		The Company	
	2010	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit before taxation is arrived at after charging/(crediting):-				
Allowance for foreseeable losses	**15,648**	810	**–**	–
Allowance for impairment losses on receivables	**17,605**	12,410	**–**	–
Amortisation of development costs	**440**	440	**–**	–
Audit fee:				
– statutory audit:				
– current year	**312**	279	**37**	15
– (over)/underprovision in the previous year	**(6)**	(5)	**5**	–
– others	**–**	10	**–**	10
Bad debts written off	**–**	2,052	**–**	–
Compensation on legal suit	**1,800**	–	**–**	–
Depreciation of property, plant and equipment	**16,389**	15,924	**–**	–
Directors' benefits-in-kind	**70**	70	**–**	–
Directors' fee	**193**	73	**133**	73
Directors' non-fee emoluments	**2,071**	1,671	**2,071**	1,671
Impairment loss on investment in associates	**768**	70	**–**	–
Interest expense:				
– bank overdrafts	**101**	41	**–**	–
– hire purchase	**284**	149	**–**	–
– bills payable	**275**	301	**–**	–
– revolving credit	**1,033**	1,115	**–**	–
– other	**55**	–	**–**	–
Inventories written off	**150**	667	**–**	–
Property, plant and equipment written off	**6**	–	**–**	–
Rental of:				
– land	**33**	–	**–**	–
– office premises	**1,471**	2,505	**–**	–
– plant and machinery	**339**	105	**–**	–
– motor vehicles	**394**	365	**–**	–
– office equipment	**506**	456	**–**	–
– others	**73**	54	**–**	–
Staff costs:				
– salaries, wages, bonuses and allowances	**59,091**	47,861	**694**	739
– defined contribution plan	**6,198**	4,921	**80**	85
– other benefits	**6,504**	5,148	**41**	60
Gain on disposal of property, plant and equipment	**(540)**	(326)	**–**	–
Gain on disposal of a subsidiary	**–**	(20)	**–**	–
Interest income:				
– financial institution	**(1,639)**	(1,164)	**(33)**	(18)
– others	**(881)**	–	**–**	–
Insurance claim received	**(2)**	(152)	**–**	–
Rental income	**(2,492)**	(256)	**–**	–
Tax-exempt dividends received from investment in unit trusts	**(325)**	(466)	**–**	–
Waiver of debts	**(36)**	–	**–**	–
Writeback of impairment losses on receivables	**(363)**	(257)	**–**	–
Reversal of foreseeable losses	**(4,392)**	–	**–**	–
Net foreign exchange (gain)/loss:				
– unrealised	**(241)**	6	**–**	–
– realised	**32**	(33)	**–**	—

41. DIRECTORS' REMUNERATION

	The Group		The Company	
	2010	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Directors of the Company				
Executive directors' remuneration				
– Other emoluments	**2,056**	1,656	**2,056**	1,656
Non-executive directors' remuneration				
– Fees	**193**	73	**133**	73
– Other emoluments	**15**	15	**15**	15
	208	88	**148**	88
Total directors' remuneration	**2,264**	1,744	**2,204**	1,744
Estimated money value of benefits-in-kind	**70**	70	**–**	–
Total directors' remuneration including benefits-in-kind	**2,334**	1,814	**2,204**	1,744

The details of remuneration receivable by the directors of the Company during the financial year are as follows:-

	The Group		The Company	
	2010	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Executive:				
Salaries and emoluments	**1,414**	1,267	**1,414**	1,267
Bonus	**422**	211	**422**	211
Contributions to defined contribution plans	**220**	178	**220**	178
Estimated money value of benefits-in-kind	**70**	70	**–**	–
	2,126	1,726	**2,056**	1,656
Non-Executive:				
Fees	**193**	73	**133**	73
Other emoluments	**15**	15	**15**	15
	2,334	1,814	**2,204**	1,744

41. DIRECTORS' REMUNERATION (CONTINUED)

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:-

	Number of Directors 2010	2009
EXECUTIVE DIRECTORS:		
RM850,001 – RM900,000	**–**	2
RM1,050,0001 – RM1,100,000	**2**	–
NON-EXECUTIVE DIRECTORS:		
Below RM25,000	**2**	5
RM25,001 – RM30,000	**2**	–
RM40,001 – RM45,000	**1**	–
RM65,001 – RM70,000	**1**	–

42. INCOME TAX EXPENSE

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Current tax expense:				
Charge for the financial year:				
– Malaysian taxation	**33,354**	20,285	**9,772**	8,533
– Overseas taxation	**11**	1,023	**–**	–
(Over)/Underprovision in the previous financial year	**(319)**	148	**–**	–
	33,046	21,456	**9,772**	8,533
Deferred tax expense:				
Relating to origination and reversal of temporary differences	**198**	3,056	**–**	–
(Over)/Underprovision in the previous financial year	**(2,745)**	214	**–**	–
	(2,547)	3,270	**–**	–
	30,499	24,726	**9,772**	8,533

During the current financial year, the statutory tax rate remained at 25%.

42. INCOME TAX EXPENSE (CONTINUED)

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

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Profit before taxation	**94,124**	89,405	**39,938**	33,296
Tax at the statutory tax rate of 25%	**23,531**	22,351	**9,985**	8,324
Tax effects of:				
Differential in tax rates	**(315)**	500	**–**	–
Exempt income due to pioneer status	**–**	(423)	**–**	–
Non-deductible expenses	**22,742**	2,836	**–**	209
Non-taxable income	**(12,830)**	(1,392)	**(213)**	–
Utilisation of previously unrecognised deferred tax asset	**(1,121)**	(140)	**–**	–
Deferred tax asset not recognised during the financial year	**1,556**	623	**–**	–
(Over)/Underprovision in the previous financial year:				
– current tax	**(319)**	148	**–**	–
– deferred tax	**(2,745)**	214	**–**	–
Others	**–**	9	**–**	–
Income tax expense for the financial year	**30,499**	24,726	**9,772**	8,533

43. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the financial year by the weighted average number of ordinary shares in issue excluding treasury shares during the financial year.

	The Group	
	2010	2009
Net profit for the financial year (RM'000)	**47,067**	43,196
Weighted average number of ordinary shares in issue ('000)	**296,668**	296,670
Basic earnings per share (sen)	**15.9**	14.6

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

44. DIVIDENDS

	The Company	
	2010	**2009**
	RM'000	**RM'000**
Final single tier dividend of 4 sen per ordinary share in respect of the financial year ended 31 December 2008	–	11,867
Interim single tier dividend of 4 sen per ordinary share in respect of the financial year ended 31 December 2009	–	11,867
Shortfall in Section 108 tax credit to frank the dividend paid in the previous financial year	–	800
Final single tier dividend of 4 sen per ordinary share in respect of the financial year ended 31 December 2009	**14,833**	–
First interim single tier dividend of 5 sen per ordinary share in respect of the financial year ended 31 December 2010	**14,834**	–
	29,667	24,534

At the forthcoming Annual General Meeting, the directors recommend a final single tier dividend of 5 sen per ordinary share in respect of the financial year ended 31 December 2010 amounting to approximately RM14,833,360 computed based on the issued and paid-up capital with voting rights as at 31 December 2010 of 296,667,200 ordinary shares of RM0.50 each to be paid to shareholders whose names appear in the Record of Depositors on 30 June 2011. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for as a liability in the next financial year ending 31 December 2011.

45. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	The Group	
	2010	**2009**
	RM'000	**RM'000**
Cost of property, plant and equipment purchased	**16,048**	26,392
Amount financed through hire purchase	**(1,649)**	(2,771)
Cash disbursed for purchase of property, plant and equipment	**14,399**	23,621

46. CASH AND CASH EQUIVALENTS

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

	The Group		The Company	
	2010	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash and bank balances (Note 23)	**73,817**	70,489	**1,237**	71
Deposits with licensed banks (Note 22)	**107,306**	94,298	**1,828**	799
Bank overdrafts (Note 37)	**(952)**	(1,096)	–	–
	180,171	163,691	**3,065**	870

47. CAPITAL COMMITMENTS

	The Group	
	2010	2009
	RM'000	RM'000
Capital expenditure:		
Approved and contracted for	**3,297**	1,427
Approved but not contracted for	**10,379**	6,381
	13,676	7,808

48. CONTINGENT LIABILITIES

In 2005, Menuju Asas Enterprise (MAE) filed a suit for an alleged sum of RM5,000,000 against a subsidiary of the Company. The subsidiary has filed in an application to strike out the Plaintiff's claim as there was no documentation confirming the work performed by MAE.

The subsidiary's application for a stay of execution of the judgement dated 23 March 2009 fixed for decision and/or clarification on 21 October 2009 was dismissed with costs by the High Court. The subsidiary has instructed its solicitors to file a fresh application for stay of execution in the Court of Appeal immediately.

The subsidiary's application for a stay of execution came up for hearing before the Court of Appeal on 9 November 2009. A consent order for stay of execution was recorded by the Court on condition that the amount of RM5,000,000 be deposited in a joint account of the solicitors by the subsidiary, pending the disposal of the subsidiary's appeal to the Court of Appeal.

On 6 May 2010, the subsidiary entered into a settlement agreement with MAE amounting to RM1,800,000. The above claim was withdrawn with no liberty for MAE to file new claims against the subsidiary.

	The Group		The Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Unsecured:				
Guarantees given to financial institutions for credit facilities granted to subsidiaries	**–**	–	**182,236**	182,236
Corporate guarantees given to suppliers for credit facilities granted to a subsidiary	**30,690**	29,090	**30,690**	29,090
Guarantee given by a subsidiary to the Government of Malaysia for the repayment of advance payment received	**8,700**	8,700	**–**	–
Guarantee given by a subsidiary to the Government of Malaysia for services rendered	**1,439**	–	**–**	–
Performance guarantee extended by subsidiaries to third parties	**14,411**	74,341	**–**	–

49. RELATED PARTY DISCLOSURES

(a) Identities of related parties

The Group has related party relationships with:-

(i) its subsidiaries, as disclosed in Note 5 to the financial statements;

(ii) its associates, as disclosed in Note 6 to the financial statements;

(iii) the directors who are the key management personnel; and

(iv) close members of the families of certain directors.

The details of the amounts owing by/to subsidiaries and associates are disclosed in Note 19 and Note 20, respectively.

(b) In addition to the information detailed elsewhere in the financial statements, the Group and the Company carried out the following transactions with the related parties during the financial year:

	The Group		The Company	
	2010 RM'000	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
Gross dividends from subsidiaries	**–**	–	**(39,946)**	(34,134)
Management fees from subsidiaries	**–**	–	**(2,820)**	(2,250)
Services rendered to:				
– a company owned substantially by directors of the Company	**–**	–	**–**	–
– an associate	**(30,674)**	(28,511)	**–**	–
Rental received from:				
– a company owned substantially by directors of the Company	**–**	(35)	**–**	–
Rental payable to:				
– a company substantially owned by a director of a subsidiary	**79**	24	**–**	–
Purchases from:				
– companies substantially owned by a director of a subsidiary	**2,513**	1,307	**–**	–
Sub-contractor charges by:				
– companies substantially owned by a director of a subsidiary	**–**	2,872	**–**	–

(c) Key management personnel compensation

	The Group		The Company	
	2010 RM'000	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
Short-term employee benefits	**3,561**	2,755	**2,056**	1,656

50. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The following are the significant events involving the Group and the Company during the financial year:-

(a) On 12 January 2010, Hainan Protasco Engineering Co. Ltd., a wholly-owned subsidiary of the Protasco Infra Sdn. Bhd., disposed of its entire 51% equity interest in Hainan Topnotch Land Development Co. Ltd. for a total cash consideration of Chinese Renminbi 5.1 million.

(b) On 2 February 2010, Kumpulan Ikram Sdn. Bhd., a wholly-owned subsidiary of the Company, subscribed for 2 ordinary shares of RM1 each in Ikram Greentech Sdn. Bhd. for a total cash consideration of RM2.00.

(c) On 19 July 2010, Protasco Trading Sdn. Bhd., a wholly-owned subsidiary of the Company, acquired 100,000 ordinary shares of RM1 each in Ximax Communication Sdn. Bhd. from Protasco Infra Sdn. Bhd. for a total cash consideration of RM3.00.

(d) On 22 October 2010, HCM Engineering Sdn. Bhd., a wholly-owned subsidiary of the Company, disposed of its entire 51% equity interest in FRM Roadworks Sdn. Bhd. ("FRM") for a total cash consideration of RM31,553.

(e) On 22 October 2010, Protasco Land Sdn. Bhd., a wholly-owned subsidiary of the Company, subscribed for 2 ordinary shares of RM1 each in De Centrum Development Sdn. Bhd. for a total cash consideration of RM2.00.

(f) On 14 October 2010, Ximax Communication Sdn. Bhd., a wholly-owned subsidiary of Protasco Trading Sdn. Bhd., acquired the remaining 50% equity in Ximax Communications Company Limited for a total cash consideration of HK$2,500,000 and consequently became a subsidiary.

(g) On 26 November 2010, Kumpulan Ikram Sdn. Bhd., a wholly-owned subsidiary of the Company, subscribed for 2 ordinary shares of RM1 each in Ikram International Sdn. Bhd. for a total cash consideration of RM2.00

51. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Subsequent to the end of the reporting period, HCM Arabia Sdn Bhd, a 60% owned subsidiary of HCM Engineering Sdn Bhd, suspended its operations in Libya due to the current political turmoil and had made all the necessary provisions in the financial statements.

52. OPERATING SEGMENTS

BUSINESS SEGMENTS

The Group is organised into four major business segments:-

(i) *Construction Contracts*

The construction and maintenance of roads

(ii) *Engineering Services*

The provision of site investigation and soil testing services

(iii) *Training and Education*

The provision of training and education services

(iv) *Trading*

The sale of construction materials and petroleum products

Other business segments include investment holding and production of pavement materials, none of which are of a sufficient size to be reported separately.

52. OPERATING SEGMENTS (CONTINUED)

BUSINESS SEGMENTS (CONTINUED)

2010	Construction Contracts RM'000	Engineering Services RM'000	Property Development RM'000	Training and Education RM'000	Trading RM'000	Others RM'000	Eliminations RM'000	Consolidation RM'000
REVENUE								
External sales	**489,525**	**103,830**	**20,235**	**43,697**	**108,743**	**5,021**	–	**771,051**
Inter-segment sales	**19,547**	**2,727**	–	–	**20,739**	**42,766**	(85,779)	–
Total revenue	**509,072**	**106,557**	**20,235**	**43,697**	**129,482**	**47,787**	(85,779)	**771,051**
RESULTS								
Segment results	**63,689**	**23,096**	**1,891**	**1,576**	**3,901**	**40,847**	(39,714)	**95,286**
Profit from operations								**95,286**
Finance costs								**(1,788)**
Share of profit in associates								**626**
Income tax expense								**(30,499)**
Profit after taxation								**63,625**
Non-controlling interest								**(16,558)**
Net profit attributable to owners of the Company								**47,067**
ASSETS								
Segment assets	341,410	219,299	26,931	40,785	36,940	5,379	–	**670,744**
Investment in associates	2,609	15	–	–	–	–	–	**2,624**
Unallocated corporate assets	924	–	71	–	582	–	–	**1,577**
Consolidated total assets								**674,945**
LIABILITIES								
Segment liabilities	119,246	85,163	11,075	9,356	26,352	15,882	–	**267,074**
Unallocated corporate liabilities	10,420	4,625	11	1,113	22	65	–	**16,256**
Consolidated total liabilities								**283,330**
OTHER INFORMATION								
Capital expenditure	9,058	3,492	22	3,109	201	166	–	**16,048**
Depreciation and amortisation	12,389	3,050	26	2,299	232	48	–	**18,044**

52. OPERATING SEGMENTS (CONTINUED)

BUSINESS SEGMENTS (CONTINUED)

2009	Construction Contracts RM'000	Engineering Services RM'000	Property Development RM'000	Training and Education RM'000	Trading RM'000	Others RM'000	Eliminations RM'000	Consolidation RM'000
REVENUE								
External sales	434,985	63,791	15,784	57,430	104,605	2,843	–	679,438
Inter-segment sales	18,382	2,381	–	4	14,198	36,591	(71,556)	–
Total revenue	453,367	66,172	15,784	57,434	118,803	39,434	(71,556)	679,438
RESULTS								
Segment results	63,365	13,066	1,307	7,278	3,980	34,345	(33,910)	89,431
Profit from operations								89,431
Finance costs								(1,606)
Share of profit in associates								1,580
Income tax expense								(24,726)
Profit after taxation								64,679
Non-controlling interest								(21,483)
Net profit attributable to owners of the Company								43,196
ASSETS								
Segment assets	376,339	191,484	19,915	43,170	27,768	3,393		662,069
Investment in associates	4,856	–	–	–	–	–		4,856
Unallocated corporate assets	6,027	3,930	130	1,829	116	–		12,032
Consolidated total assets								678,957
LIABILITIES								
Segment liabilities	154,236	55,134	6,618	21,996	20,109	13,383		271,476
Unallocated corporate liabilities	10,636	4,970	102	–	24	–		15,732
Consolidated total liabilities								287,208
OTHER INFORMATION								
Capital expenditure	19,789	1,395	2	5,020	166	20		26,392
Depreciation and amortisation	12,156	2,980	24	2,116	215	45		17,536

52. OPERATING SEGMENTS (CONTINUED)

GEOGRAPHICAL INFORMATION

	Revenue		Non-Current Assets	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Malaysia	**706,096**	625,158	**183,334**	188,925
Libya	**63,717**	53,740	**5,271**	6,941
China	**653**	540	**6,844**	8,803
Hong Kong	**585**	–	**837**	1,773
South Africa	**–**	–	**3,092**	3,125
	771,051	679,438	**199,378**	209,567

Revenue from one major customer, with revenue equal to or more than 10% of Group revenue, amounting to RM432,556,449 (2009 – RM394,309,911) arose from the construction contracts segment.

53. FOREIGN EXCHANGE RATES

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

	The Group	
	2010	2009
Chinese Renminbi	0.47	0.50
Euro	4.13	4.92
Hong Kong Dollar	0.40	0.46
Libyan Dinar	2.47	2.73
Papua New Guinea Kina	–	1.27
South African Rand	0.47	0.46
United States Dollar	3.08	3.43

54. FINANCIAL INSTRUMENTS

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

(a) Financial Risk Management Policies

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

(i) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily Libyan Dinar, Chinese Renminbi, Euro, Hong Kong Dollar and South African Rand. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

54. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial Risk Management Policies (continued)

(i) Market Risk (continued)

(i) Foreign Currency Risk (continued)

The Group's exposure to foreign currency is as follows:-

The Group	Libyan Dinar RM'000	Euro RM'000	South African Rand RM'000	Australian Dollar RM'000	United States Dollar RM'000	Hong Kong Dollar RM'000	Chinese Renminbi RM'000	Ringgit Malaysia RM'000	Total RM'000
2010									
Financial assets									
Long-term investments	–	–	–	–	–	–	–	523	523
Trade receivables	5,400	–	–	–	–	–	–	213,810	219,210
Other receivables and deposits	5	174	4	–	–	449	2,311	23,645	26,588
Amount owing by associates	7,484	–	–	–	–	–	–	–	7,484
Short-term investments	–	–	–	–	–	–	–	27,386	27,386
Deposits with licensed banks	–	–	–	3	–	–	–	107,303	107,306
Cash and bank balances	12,664	–	977	–	41	864	1,035	58,236	73,817
	25,553	174	981	3	41	1,313	3,346	430,903	462,314
Financial liabilities									
Trade payables	2,507	–	–	–	–	–	–	175,575	178,082
Other payables and accruals	943	18	25	–	–	25	–	37,539	38,550
Borrowings	–	–	–	–	–	–	–	34,657	34,657
Bank overdrafts	–	–	–	–	–	–	–	952	952
	3,450	18	25	–	–	25	–	248,723	252,241
Net financial assets	22,103	156	956	3	41	1,288	3,346	182,180	210,073
Less: Net financial assets denominated in the respective entities functional currencies	–	–	(956)	–	–	(1,288)	(3,346)	(182,180)	(187,770)
Currency exposure	22,103	156	–	3	41	–	–	–	22,303

54. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial Risk Management Policies (continued)

(i) Market Risk (continued)

(i) Foreign Currency Risk (continued)

The Group	Libyan Dinar RM'000	Euro RM'000	South African Rand RM'000	United States Dollar RM'000	Papua New Guinea Kina RM'000	Chinese Renminbi RM'000	Ringgit Malaysia RM'000	Total RM'000
2009								
Financial assets								
Long-term investments	–	–	–	–	–	2,020	609	2,629
Trade receivables	8,119	–	–	–	–	–	183,115	191,234
Other receivables and deposits	325	290	6			1,539	28,859	31,019
Amount owing by associates	13,888	–	–	–	–	–	–	13,888
Short-term investments	–	–	–	–	–	–	21,407	21,407
Deposits with licensed banks	1,384	–	–	–	–	–	92,914	94,298
Cash and bank balances	3,945	74	1,051	9	7	1,113	64,290	70,489
	27,661	364	1,057	9	7	4,672	391,194	424,964
Financial liabilities								
Trade payables	6,221	–	–	–	–	–	178,215	184,436
Other payables and accruals	243	49	1,176	–	–	1,664	36,380	39,512
Borrowings	–	–	–	–	–	–	34,565	34,565
Bank overdrafts	–	–	–	–	–	–	1,096	1,096
	6,464	49	1,176	–	–	1,664	250,256	259,609
Net financial assets/(liabilities)	21,197	315	(119)	9	7	3,008	140,938	165,355
Less: Net financial (assets)/liabilities denominated in the respective entities functional currencies	–	–	119	–	–	(988)	(140,938)	(141,807)
Currency exposure	21,197	315	–	9	7	2,020	–	23,548

54. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial Risk Management Policies (continued)

(i) Market Risk (continued)

(i) Foreign Currency Risk (continued)

The Company was not exposed to any foreign currency risk in the current financial year and previous financial year.

Foreign currency risk sensitivity analysis

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

	The Group 2010 Increase/(Decrease) RM'000
Effects on profit after taxation	
Libyan Dinar:	
– strengthened by 5%	**1,105**
– weakened by 5%	**(1,105)**
Euro:	
– strengthened by 5%	**8**
– weakened by 5%	**(8)**
Australian Dollar:	
– strengthened by 5%	*
– weakened by 5%	*
United States Dollar:	
– strengthened by 5%	**2**
– weakened by 5%	**(2)**
Effects on equity	
Libyan Dinar:	
– strengthened by 5%	**1,105**
– weakened by 5%	**(1,105)**
Euro:	
– strengthened by 5%	**8**
– weakened by 5%	**(8)**
Australian Dollar:	
– strengthened by 5%	*
– weakened by 5%	*
United States Dollar:	
– strengthened by 5%	**2**
– weakened by 5%	**(2)**

* RM150

54. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial Risk Management Policies (continued)

(i) Market Risk (continued)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Note 54(a)(iii) to the financial statements.

Interest rate risk sensitivity analysis

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

	The Group 2010 Increase/ (Decrease) RM'000
Effects on profit after taxation	
Increase of 100 basis points (bp)	**(10)**
Decrease of 100 bp	**10**
Effects on equity	
Increase of 100 bp	**(10)**
Decrease of 100 bp	**10**

(iii) Equity Price Risk

The Group's principal exposure to equity price risk arises mainly from changes in quoted investment prices. The Group manages its exposure to equity price risks by maintaining a portfolio of equities with different risk profiles.

If prices for quoted investments as at the end of the reporting period strengthened by 5% with all other variables being held constant, the Group's equity would have increased by RM1,369,000. A 5% weakening in the quoted prices would have had an equal but opposite effect on the profit after taxation and equity respectively.

(ii) Credit Risk

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

54. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial Risk Management Policies (continued)

(ii) Credit Risk (continued)

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

Credit risk concentration profile

The Group's major concentration of credit risks relates to the amount owing by the Government of Malaysia which constituted a significant amount of its total trade receivables at the end of the reporting date.

Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

The exposure of credit risk for trade receivables by geographical region is as follows:-

	The Group	
	2010	**2009**
	RM'000	**RM'000**
Libya	**5,400**	6,232
Malaysia	**213,810**	185,002
	219,210	191,234

Ageing analysis

The ageing analysis of the Group's trade receivables as at 31 December 2010 is as follows:-

The Group	**Gross Amount RM'000**	**Individual Impairment RM'000**	**Collective Impairment RM'000**	**Carrying Value RM'000**
2010				
Not past due	**162,701**	**3,815**	**–**	**158,886**
Past due:-				
– 90 to 120 days	**13,725**	**–**	**–**	**13,725**
– over 120 days	**68,089**	**21,354**	**136**	**46,599**
	244,515	**25,169**	**136**	**219,210**

54. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial Risk Management Policies (continued)

(ii) Credit Risk (continued)

Ageing analysis (continued)

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

The collective impairment allowance is determined based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

Trade receivables that are past due but not impaired

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

Trade receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Groups uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 90 days, which are deemed to have higher credit risk, are monitored individually.

(iii) Liquidity Risk

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

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

The Group	Weighted Average Effective Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
2010						
Hire purchase payables	2.41 to 7.2	4,662	5,315	1,712	3,603	–
Trade payables	–	178,082	178,082	178,082	–	–
Other payables	–	38,550	38,550	38,550	–	–
Dividend payable	–	14,833	14,833	14,833	–	–
Bills payable	3.0 to 4.5	7,339	7,339	7,339	–	–
Revolving credit	5.0 to 5.8	22,656	22,656	22,656	–	–
Bank overdrafts	7.75	952	952	952	–	–
		267,074	267,727	264,124	3,603	–

54. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial Risk Management Policies (continued)

(iii) Liquidity Risk (continued)

The Group (continued)	Weighted Average Effective Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
2009						
Hire purchase payables	2.17 to 7.21	4,552	5,293	1,350	3,943	-
Trade payables	–	184,436	184,436	184,436	–	–
Other payables	–	39,512	39,512	39,512	–	–
Dividend payable	–	11,867	11,867	11,867	–	–
Bills payable	2.2 to 3.7	7,357	7,357	7,357	–	–
Revolving credit	4.2 to 5.4	22,656	22,656	22,656	–	–
Bank overdrafts	6.8 to 7.3	1,096	1,096	1,096	–	–
		271,476	272,217	268,274	3,943	–

The Company	Weighted Average Effective Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
2010						
Other payables	**–**	**837**	**837**	**837**	**–**	**–**
Amount owing to subsidiaries	**–**	**250**	**250**	**250**	**–**	**–**
Dividend payable	**–**	**14,833**	**14,833**	**14,833**	**–**	**–**
		15,920	**15,920**	**15,920**	**–**	**–**
2009						
Other payables	–	826	826	826	–	–
Amount owing to subsidiaries	–	250	250	250	–	–
Dividend payable	–	11,867	11,867	11,867	–	–
		12,943	12,943	12,943	–	–

(b) Capital Risk Management

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

The Group manages its capital based on debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents.

54. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Capital Risk Management (continued)

The debt-to-equity ratio of the Group as at the end of the reporting period was as follows:-

	The Group	
	2010	**2009**
	RM'000	**RM'000**
Hire purchase payables	**4,662**	4,552
Trade payables	**178,082**	184,436
Other payables	**38,550**	39,512
Dividend payable	**14,833**	11,867
Bank overdrafts	**952**	1,096
Bills payable	**7,339**	7,357
Revolving credit	**22,656**	22,656
	267,074	271,476
Less: Deposits with licensed banks	**(107,306)**	(94,298)
Less: Cash and bank balances	**(73,817)**	(70,489)
Net debt	**85,951**	106,689
Total equity	**391,615**	391,749
Debt-to-equity ratio	**0.22**	0.27

The Group has insignificant net debt. The debt-to-equity ratio does not provide a meaningful indicator of the risk of borrowings.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity (total equity attributable to owners of the Company) equal to or not less than the 25% of the issued and paid-up share capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

54. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Classification Of Financial Instruments

	The Group 2010 RM'000	The Company 2010 RM'000
Financial assets		
Available-for-sale financial assets		
Long-term investments, at fair value	300	–
Long-term investments, at cost	223	–
	523	–
Loans and receivables financial assets		
Trade receivables	219,210	–
Other receivables and deposits	26,588	5
Amount owing by associates	7,484	–
Amount owing by subsidiaries	–	74,728
Deposits with licensed banks	107,306	1,828
Cash and bank balances	73,817	1,237
	434,405	77,798
Fair value through profit and loss		
Short-term investments	27,386	–
Financial liabilities		
Other financial liabilities		
Hire purchase payables	4,622	–
Bills payable	7,339	7,357
Revolving credit	22,656	–
Trade payables	178,082	–
Other payables	38,550	837
Amount owing to subsidiaries	–	250
Bank overdrafts	952	–
	252,201	8,444

54. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Fair Values Of Financial Instruments

The carrying amounts of the financial assets and financial liabilities reported in the financial statements approximated their fair values except for the following:-

The Group	2010 Carrying Amount RM'000	2010 Fair Value RM'000	2009 Carrying Amount RM'000	2009 Fair Value RM'000
Hire purchase payables	**4,662**	**4,838**	4,552	4,581

The following summarises the methods used to determine the fair values of the financial instruments:-

(i) The financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to the relatively short-term maturity of the financial instruments.

(ii) The fair value of quoted investments is estimated based on their quoted market prices as at the end of the reporting period.

(iii) The fair value of hire purchase payables is determined by discounting the relevant cash flows using current interest rates for similar instruments as at the end of the reporting period.

The interest rates used to discount estimated cash flows, where applicable, are as follows:-

	Group 2010 %	Group 2009 %
Hire purchase payables	**2.3 to 7.5**	2.2 to 7.2

55. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the adoption of the amendments to FRS 117 Leases as disclosed in Note 3(a)(v) to the financial statements:-

	As Restated RM'000	As Previously Reported RM'000
Consolidated Statement of Financial Position (Extract):-		
Property, plant and equipment	**197,307**	192,562
Prepaid land lease	–	4,745

56. SUPPLEMENTARY INFORMATION – DISCLOSURE OF REALISED AND UNREALISED PROFITS/ LOSSES

The breakdown of the retained profits of the Group and of the Company as at the end of the reporting period into realised and unrealised profits are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:-

	The Group 2010 RM'000	The Company 2010 RM'000
Total retained profits:		
– realised	**247,352**	607
– unrealised	**(7,769)**	–
	239,583	607
Total share of retained profits of associate:		
– unrealised	**(1,636)**	–
	237,947	607
Less: Consolidation adjustments	**(72,906)**	–
At 31 December	**165,041**	607

list of properties

No.	Location	Description/ Existing Use	Age of Buildings	Tenure	Approx. Land Area sq. ft.	Net Book Value at 31.12.2010 RM'000	Date of Revaluation*/ Acquisition#
1	Lot No. P.T. 2158, Mukim of Dengkil, District of Sepang, State of Selangor Darul Ehsan.	Institutional, commercial and residential	Between 2-28 years	Freehold	4.356 million	113,768	18.04.02*
2	Lot No. 28401 and Lot No. 28402, Mukim of Senai-Kulai, District of Johor Bahru, State of Johor Darul Takzim.	Two adjoining units of 1½-storey light industrial terraced factories	13 years	Freehold	9,558	677	18.04.02*
3	Lot Nos. 1576 and 1577, Held Under Grant, Nos. 53674 and 53675, respectively of Mukim 4, Seberang Prai Tengah, Pulau Pinang.	Two adjoining three-storey shop offices	15 years	Freehold	2,799	786	18.04.02*
4	Lot No. P.T. 172, Section 90, Town and District of Kuala Lumpur, State of Wilayah Persekutuan.	Intermediate four-storey shophouse	27 years	Leasehold 99 years expiring in 2076	1,760	742	01.03.02#
5	Lot No. P.T. 166, Section 90, Town and District of Kuala Lumpur, State of Wilayah Persekutuan.	Intermediate four-storey shophouse	27 years	Leasehold 99 years expiring in 2076	1,760	621	11.06.02#
6	Lot No. P.T. 167, Section 90, Town and District of Kuala Lumpur, State of Wilayah Persekutuan.	Intermediate four-storey shophouse	27 years	Leasehold 99 years expiring in 2076	1,760	621	11.06.02#
7	Lot No. P.T. 168, Section 90, Town and District of Kuala Lumpur, State of Wilayah Persekutuan.	Intermediate four-storey shophouse	27 years	Leasehold 99 years expiring in 2076	1,760	621	11.06.02#
8	Lot No. P.T. 169, Section 90, Town and District of Kuala Lumpur, State of Wilayah Persekutuan.	Corner lot four-storey shophouse	27 years	Leasehold 99 years expiring in 2076	2,208	870	11.06.02#
9	Country Lease, No. 075356580, Sungai Tinosan, Sandakan, Sabah.	Land for future development	N/A	Leasehold 99 years expiring in 2074	291,850	654	10.03.05#
10	HS (M) 1156, Blok 7, Mukim of Dengkil, District of Sepang, State of Selangor Darul Ehsan.	Workshop	5 years	Leasehold 99 years expiring in 2080	126,300	1,932	05.08.05#
11	HS (M) 3647, Mukim of Dengkil, District of Sepang, State of Selangor Darul Ehsan.	Land	N/A	Leasehold 99 years expiring in 2091	79,100	785	25.06.08#

analysis of shareholdings
as at 22 April 2011

Authorised Share Capital	:	RM300,000,000
Issued and Paid-up Share Capital	:	RM150,000,000
Class of Shares	:	Ordinary shares of RM0.50 each
Voting Rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

	No. of Shareholders		No. of Shareholdings		% of Shareholdings	
Size of Holdings	**Malaysian**	**Foreign**	**Malaysian**	**Foreign**	**Malaysian**	**Foreign**
1 – 99	83	1	4,021	10	0.00	0.00
100 – 1,000	520	2	461,067	1,500	0.16	0.00
1,001 – 10,000	1,970	30	10,107,325	166,100	3.41	0.06
10,001 – 100,000	863	18	28,034,826	584,200	9.45	0.20
100,001 – 14,833,309*	134	11	77,196,737	3,095,100	26.02	1.04
14,833,310 and above**	5	0	177,015,314	0	59.67	0.00
***TOTAL**	3,575	62	292,819,290	3,846,910	98.70	1.30

	No. of Shareholders	No. of Shareholdings	% of Shareholdings
GRAND TOTAL	3,637	296,666,200	100.00

Remarks: * Less than 5% of issued holdings
** 5% and above of issued holdings
*** Excluding 3,333,800 treasury shares

SUBSTANTIAL SHAREHOLDERS

	Direct Shareholdings		Indirect Shareholdings	
Name	**No. of Shares**	**%**	**No. of Shares**	**%**
Dato' Hasnur Rabiain Bin Ismail	44,624,142	15.04	–	–
Dato' Chong Ket Pen	45,190,142	15.23	–	–
Yap Onn Neo	38,520,150	12.98	–	–
Dream Cruiser Sdn Bhd	35,805,373	12.07	–	–
Lembaga Tabung Haji	29,844,900	10.06	–	–

DIRECTORS' SHAREHOLDINGS

	Direct Shareholdings		Indirect Shareholdings	
Directors	**No. of Shares**	**%**	**No. of Shares**	**%**
Tan Sri Datuk Dr Hadenan Bin A Jalil	–	–	–	–
Dato' Hasnur Rabiain Bin Ismail	44,624,142	15.04	273,000 (1)	0.09
Dato' Chong Ket Pen	45,190,142	15.23	639,000 (2)	0.22
Dato' Mohd Ibrahim Bin Mohd Nor	–	–	38,805,373 (3)	12.07
Dato' Dr Norraesah Binti Haji Mohamad	–	–	–	–
Datin Normah Binti Kassim	90,000	0.03	–	–
Datin Azliza Binti Ahmad Tajuddin	149,500	0.05	–	–
Benny Soh Seow Leng	50,000	0.02	–	–

Notes: (1) By virtue of his interest via his spouse
(2) By virtue of his interest via his spouse and children
(3) By virtue of his interest via Dream Cruiser Sdn Bhd

list of top 30 shareholders
as at 22 April 2011

No.	Name	Holdings	%
1	CHONG KET PEN	39,724,693	13.39
2	CIMSEC NOMINEES (TEMPATAN) SDN BHD *BC TRUSTEE ADVISORY FOR HASNUR RABIAIN BIN ISMAIL (PB)*	39,158,693	13.20
3	YAP OON NEO	36,287,028	12.23
4	KENANGA CAPITAL SDN BHD *PLEDGED SECURITIES ACCOUNT FOR DREAM CRUISER SDN BHD*	32,000,000	10.79
5	LEMBAGA TABUNG HAJI	29,844,900	10.06
6	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *EMPLOYEES PROVIDENT FUND BOARD (PHEIM)*	9,197,726	3.10
7	CHONG KET PEN	5,465,449	1.84
8	HASNUR RABIAIN BIN ISMAIL	5,465,449	1.84
9	DREAM CRUISER SDN BHD	3,567,727	1.20
10	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD *GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 2)*	3,100,100	1.04
11	FEDERLITE HOLDINGS SDN BHD	3,021,000	1.02
12	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD *GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (NON PAR 1)*	2,700,000	0.91
13	LAU YEET MEI	2,175,385	0.73
14	YAP OON NEO	1,980,622	0.67
15	HSBC NOMINEES (TEMPATAN) SDN BHD *HSBC (M) TRUSTEE BHD FOR MAAKL AL-FAUZAN (5170)*	1,776,900	0.60
16	LAU YEET MEI	1,532,258	0.52
17	HSBC NOMINEES (TEMPATAN) SDN BHD *HSBC (MALAYSIA)TRUSTEE BHD FOR AMANAH SAHAM SARAWAK*	1,500,000	0.51
18	HSBC NOMINEES (TEMPATAN) SDN BHD *HSBC (M) TRUSTEE BHD FOR MAAKL DIVIDEND FUND (5311-401)*	1,494,200	0.50
19	CHANG NYOK LIAN	1,074,756	0.36
20	HLB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LIM KIM WAH*	1,000,000	0.34
21	LIANG WAI MIN	900,096	0.30
22	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD *GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LPF)*	890,000	0.30
23	LIM WENG HO	830,700	0.28
24	MAYBAN NOMINEES (TEMPATAN) SENDIRIAN BERHAD *MAYBAN TRUSTEES BERHAD FOR MAAKL VALUE FUND (950290)*	803,200	0.27
25	IBRAHIM BIN WEL	744,896	0.25
26	LOH CHAI KIAM	714,500	0.24
27	ECML NOMINEES (ASING) SDN BHD *DMG & PARTNERS SECURITIES PTE LTD FOR KEEN CAPITAL INVESTMENTS LTD (N2-60391) (009)*	714,000	0.24
28	YEOH OON CHENG	713,000	0.24
29	LOH CHAI KIAM	704,300	0.24
30	FAISAL BIN ABDUL RAHIM	702,508	0.24
	TOTAL	229,784,086	77.45

** Without aggregating securities from different securities accounts belonging to the same person.*

notice of annual general meeting

NOTICE IS HEREBY GIVEN THAT the Tenth Annual General Meeting of the Company will be held at Conference Hall, 1st Floor, Corporate Building, Unipark Suria, Jalan Ikram-Uniten, 43000 Kajang, Selangor Darul Ehsan on Monday, 27 June 2011 at 10.00 a.m. to transact the following businesses:

AGENDA

As Ordinary Business:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2010 and the Reports of Directors and Auditors thereon. **(Resolution 1)**

2. To approve the payment of a final single tier dividend of 5 sen per ordinary share for the financial year ended 31 December 2010. **(Resolution 2)**

3. To re-elect the following Directors retiring in accordance with Article 70 of the Company's Articles of Association:

   (i) Dato' Chong Ket Pen **(Resolution 3)**
   (ii) Dato' Dr Norraesah Binti Hj Mohamad **(Resolution 4)**
   (iii) Mr Benny Soh Seow Leng **(Resolution 5)**

4. To re-appoint Messrs Crowe Horwath as auditors of the Company and authorise the Directors to determine their remuneration. **(Resolution 6)**

As Special Business:

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

5. **ORDINARY RESOLUTION – AUTHORITY TO ISSUE SHARES**

   "THAT pursuant to Section 132D of the Companies Act, 1965 and subject to the approvals of the relevant authorities, the Directors be empowered to issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this Resolution does not exceed ten percent (10%) of the issued share capital of the Company for the time being and that the Directors be also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." **(Resolution 7)**

6. **ORDINARY RESOLUTION – PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

"THAT subject to the Companies Act, 1965 ("the Act"), the Company's Memorandum and Articles of Association, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and requirements of any other relevant authorities, the Directors of the Company be authorised to purchase its own shares through Bursa Securities, subject to the following:

(a) The maximum number of shares which may be purchased by the Company shall not exceed ten percent (10%) of the issued and paid-up ordinary share capital of the Company at any point in time;

(b) The maximum fund to be allocated by the Company for the purpose of purchasing its shares shall not exceed the retained profits and/or share premium accounts of the Company. As at the latest financial year ended 31 December 2010, the audited retained profits and share premium account of the Company stood at RM0.607 million and RM43.531 million respectively;

(c) The authority conferred by this resolution will be effective upon passing of this resolution and will continue in force until:

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

(ii) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extensions as may be allowed pursuant to Section 143(2) of the Act); or

(iii) varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first;

(d) Upon completion of the purchase(s) of the shares by the Company, the shares shall be dealt with in the following manner:

(i) cancel the shares so purchased;

(ii) retain the shares so purchased as treasury shares;

(iii) distribute the treasury shares as dividends to shareholders;

(iv) resell the treasury shares on Bursa Securities in accordance with the relevant rules of Bursa Securities; and

(v) any combination of the above (i), (ii), (iii) and (iv).

THAT the Directors of the Company be authorised to take all such steps as are necessary and enter into all other agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time to implement or to effect the purchase of its own shares." **(Resolution 8)**

7. To transact any other business of which due notice shall have been received.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT a final single tier dividend of 5 sen per ordinary share for the financial year ended 31 December 2010, if approved by shareholders, will be payable on 15 July 2011 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 30 June 2011. A Depositor shall qualify for entitlement only in respect of:

(a) shares transferred to the Depositor's Securities Account before 4.00 p.m. on 30 June 2011 in respect of transfers; and

(b) shares bought on Bursa Malaysia Securities Berhad on a cum-entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

KHOR HOOI LING
SEOW FEI SAN
Secretaries

Selangor
3 June 2011

NOTES:

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a Member of the Company.
2. A Member shall be entitled to appoint not more than two (2) proxies to attend and vote at the Tenth Annual General Meeting. Where a Member appoints more than one (1) proxy, the appointment shall be invalid unless the Member specifies the proportions of his holdings to be represented by each proxy.
3. Where a Member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised.
5. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy thereof, must be deposited at the Registered Office of the Company at 312, 3rd Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty eight (48) hours before the time appointed for holding the Tenth Annual General Meeting or any adjournment thereof.
6. Explanatory notes on Special Business:

   Resolution 7 – The proposed Resolution 7, if passed, will give the Directors of the Company, from the date of the above Annual General Meeting, authority to issue and allot shares from the unissued capital of the Company for such purposes as the Directors may deem fit and in the interest of the Company. The authority, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

   As at the date of this Notice, no new shares were issued by the Company pursuant to the authority granted to the Directors at the Ninth Annual General Meeting held on 23 June 2010 and which will lapse at the conclusion of the Tenth Annual General Meeting.

   The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

   Resolution 8 – The proposed Resolution 8, if passed, will empower the Directors of the Company to purchase the Company's shares up to ten percent (10%) of the issued and paid-up share capital of the Company ("Proposed Share Buy-Back") by utilising the funds allocated which shall not exceed the total retained earnings and share premium account of the Company. Further information on the Proposed Shares Buy-Back is set out in the Share Buy-Back Statement dated 3 June 2011, which is despatched together with Company's Annual Report 2010.

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form of proxy

PROTASCO BERHAD
(548078-H)
(Incorporated in Malaysia)

I/We ____
(Full Name in Capital Letters)

of ____
(Full Address)

being a member/members of Protasco Berhad hereby appoint ______________________________
(Full Name in Capital Letters)

of ____
(Full Address)

or failing whom ____
(Full Name in Capital Letters)

of ____
(Full Address)

as my/our proxy to vote for my/our behalf at the Tenth Annual General Meeting of the Company to be held at Conference Hall, 1st Floor, Corporate Building, Unipark Suria, Jalan Ikram-Uniten, 43000 Kajang, Selangor Darul Ehsan on Monday, 27 June 2011 at 10.00 a.m. and at any adjournment thereof.

No.	RESOLUTIONS	For	Against
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2010 and the Reports of Directors and Auditors thereon.		
2.	To approve the payment of a final single tier dividend of 5 sen per ordinary share for the financial year ended 31 December 2010.		
3.	To re-elect Dato' Chong Ket Pen as Director of the Company.		
4.	To re-elect Dato' Dr Norraesah Binti Hj Mohamad as Director of the Company.		
5.	To re-elect Mr Benny Soh Seow Leng as Director of the Company.		
6.	To re-appoint Messrs Crowe Horwath as auditors of the Company and authorise the Directors to determine their remuneration.		
7.	To approve the Authority to Issue Shares.		
8.	To approve the Proposed Renewal of Share Buy-Back Authority.		

Please indicate with a "X" in the space above on how you wish to cast your vote. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.

Signed this .... day of ...., 2011

Number of shares held	

____
Signature of Shareholder or Common Seal

Notes:

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a Member of the Company.
2. A Member shall be entitled to appoint not more than two (2) proxies to attend and vote at the Tenth Annual General Meeting. Where a Member appoints more than one (1) proxy, the appointment shall be invalid unless the Member specifies the proportions of his holdings to be represented by each proxy.
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4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised.
5. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy thereof, must be deposited at the Registered Office of the Company at 312, 3rd Floor, Block C, Kelana Square, 17, Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty eight (48) hours before the time appointed for holding the Tenth Annual General Meeting or any adjournment thereof.

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STAMP

The Company Secretaries

PROTASCO BERHAD
312, 3rd Floor, Block C, Kelana Square
17, Jalan SS7/26, 47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Please Fold Here

PROTASCO BERHAD

KUALA LUMPUR OFFICE
87, Jalan Kampung Pandan, 55100 Kuala Lumpur, Malaysia.
Tel: 603 9286 4050 Fax: 603 9284 8118

KAJANG OFFICE
Corporate Building, Unipark Suria
Jalan Ikram-Uniten, 43000 Kajang, Selangor, Malaysia.
Tel: 603 8738 3388 Fax: 603 8926 4008

www.protasco.com.my