PROTASCO BERHAD
548078-H

2011 ANNUAL REPORT

Vision

Engineering infrastructure solutions for a better quality of life

Core Values

- Integrity and reliability
- Innovative and creative
- Excellent customer service
- Socially responsible
- Nurturing human resource

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

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

802, 8th 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

AmBank (M) Berhad
Bank Islam Malaysia Berhad
CIMB Bank Berhad
Hong Leong Bank Berhad
RHB Bank Berhad
UOB (Malaysia) 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% KUMPULAN IKRAM SDN BHD

- 100%
  - Ikram Education Sdn Bhd
    - KLIUC KUALA LUMPUR INFRASTRUCTURE UNIVERSITY COLLEGE
  - Ikram Engineering Services Sdn Bhd
  - Ikram QA Services Sdn Bhd
  - Ikram Paves Sdn Bhd
  - Ikram Greentech Sdn Bhd
  - Ikram Infrastructure Asset Management Sdn Bhd
  - Ikram Latihan Sdn Bhd
    - iTiDi IKRAM TRAINING AND INFRASTRUCTURE DEVELOPMENT INSTITUTE
    - 100% Ikram Skills Academy Sdn Bhd
- 60%
  - Kumpulan Ikram (Sarawak) Sdn Bhd
  - Kumpulan Ikram (Sabah) Sdn Bhd
- 30%
  - Ikram Premier Consulting Sdn Bhd

100% HCM ENGINEERING SDN BHD

- 100%
  - HCM (L) Bhd
  - HCM Kasturi Sdn Bhd
  - Alkatech Sdn Bhd
- 70%
  - KPS-HCM Sdn Bhd
  - Permint Granite-HCM Sdn Bhd
- 60%
  - HCM Arabia Sdn Bhd
  - HCM-Molek JV Sdn Bhd
  - Makmur Bersih Sdn Bhd
  - HCM-Ikhtisas Sdn Bhd
    - 49% Libyan Malaysian Company for Roads and Construction
- 51%
  - Roadcare (M) Sdn Bhd
  - Empayar Indera Sdn Bhd

100% PROTASCO DEVELOPMENT SDN BHD

- 100%
  - De Centrum Development Sdn Bhd
  - Protasco Land Sdn Bhd
- 70%
  - Protasco Land SA (Pty) Ltd

100% PROTASCO TRADING SDN BHD

- 100%
  - QP Industries Sdn Bhd
  - Linktel Communication Sdn Bhd

100% PROTASCO INFRA SDN BHD

- 100%
  - Ikram Masterbuilder Sdn Bhd (formerly known as Infra Builders Sdn Bhd)

NOTE: This structure depicts main operating subsidiary and associate companies only

Group Financial Highlights

2011 KEY FIGURES

Turnover

RM 696 million

Profit After Tax & Non-Controlling Interests

RM 32 million

Earnings Per Share

11 sen

Total Net Dividend Per Share

8 sen

Net Tangible Assets Per Share

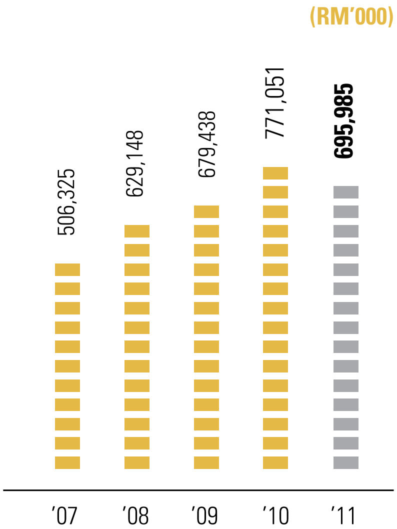
RM 1.21

	YEAR ENDED 31 DECEMBER				
	2007	2008	2009	2010	**2011**
Turnover (RM'000)	506,325	629,148	679,438	771,051	**695,985**
Profit After Taxation and Non-Controlling Interests (RM'000)	33,701	28,816	43,196	47,067	**31,828**
Earnings Per Share (sen)	11.29	9.71	14.56	15.87	**10.73**
Total Net Dividend Per Share (sen)	8.0	7.0	9.0	10.0	**8.0***
Net Tangible Assets Per Share (RM)	1.08	1.11	1.17	1.19	**1.21**

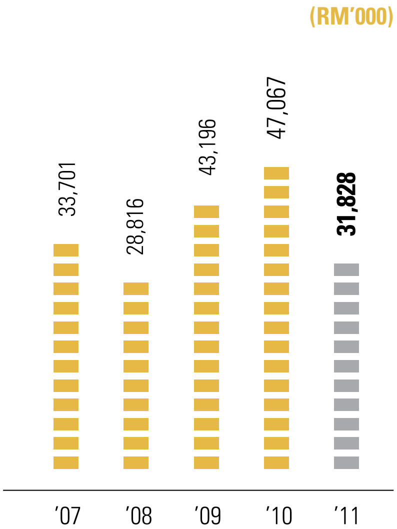
Remarks

* Including a final single tier dividend in respect of the financial year ended 31 December 2011 of 4 sen per ordinary share which will be proposed for the shareholders' approval at the forthcoming Annual General Meeting.

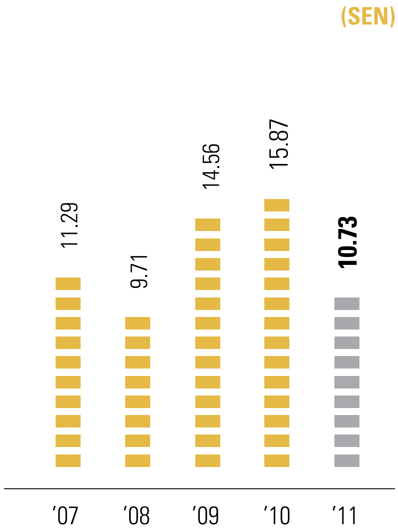
Turnover



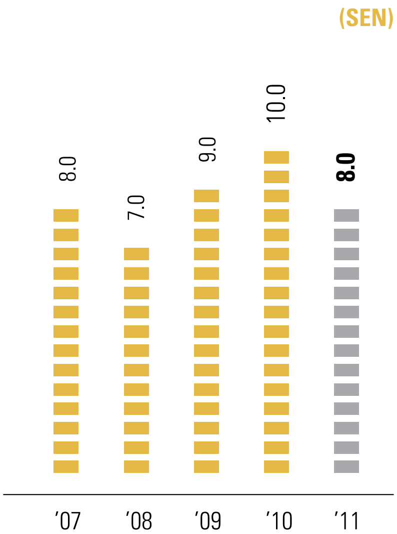
Profit After Tax & Non-Controlling Interests



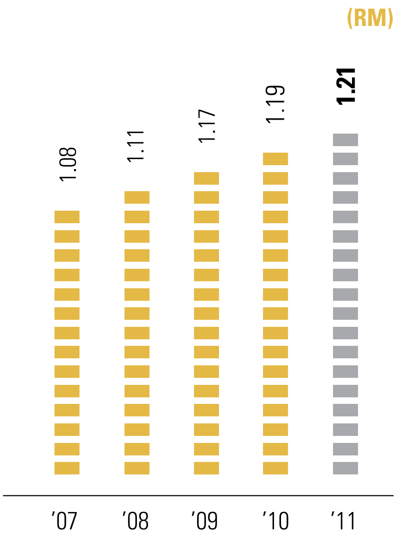
Earnings Per Share



Total Net Dividend Per Share



Net Tangible Assets Per Share



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 has completed more than RM3 billion equivalent worth of project work, both domestically and internationally since 1993. Currently, approximately 13,300 km of roads in Peninsular Malaysia and East 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, geotechnical & structural forensic engineering services, design works, materials certification, product listing, research & development and quality control & assurance.

PROPERTY DEVELOPMENT AND CONSTRUCTION

To capitalise on its own 100-acre land at Unipark Suria in Kajang, the Group, which commenced its property development business in 2007, will be speeding up the pace of this business. To-date, two blocks of condominiums with 160 units of apartments per block have been completed. The Group is also involved in building construction activities and project management.


TRADING OF CONSTRUCTION RELATED MATERIALS

We specialise in the trading and marketing of construction related materials such as bitumen, petroleum products, building materials and bridge joints. The Group also markets its own R&D products, ie. Q-mix and QS-3E emulsions.

EDUCATION AND TRAINING

Kuala Lumpur Infrastructure University College (KLIUC) offers a range of programmes from foundation to postgraduate studies in Engineering, Architecture, Quantity Surveying, Biotechnology, Business Administration, Communication, Language Studies and Information Technology. All of its programmes are accredited by the Malaysian Qualification Agency (MQA). Since its establishment in 1998, KLIUC continues to attract both local and international students from up to 50 countries.

IKRAM Training & Infrastructure Development Institute (ITiDi) is the Group's training arm. It offers a wide range of professional, technical and management training programmes to the public and private sectors. It has since 1997, trained more than 80,000 participants, including those from Africa, Middle East, Asia and South East Asia Region. Skills training courses are delivered through its subsidiary entity IKRAM Skills & Retraining Academy (ISRA). ISRA is accredited by the Jabatan Pembangunan Kemahiran (JPK), Kementerian Sumber Manusia and CIDB since 2002.

Directors' Profile

TAN SRI DATUK DR HADENAN BIN A JALIL

Chairman
Independent Non-Executive Director
Malaysian, Age 66

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 55

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 20 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 is currently a member of the World Road Association's (PIARC) Technical Committee on Management of Road Assets for 2012 - 2015 cycle.

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.

Directors' Profile (cont'd)

DATO' IR CHONG KET PEN

Executive Director
Malaysian, Age 57

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 left the government service to start his engineering consultancy practice and is involved in engineering services & construction. He is also the co-founder of Protasco Group.

DATO' MOHD IBRAHIM BIN MOHD NOR

Non-Independent Non-Executive Director
Malaysian, Age 53

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.

DATIN NORMAH BINTI KASSIM

Independent Non-Executive Director
Malaysian, Age 55

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 45

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 is currently the Chief Executive Officer of Blu Inc Media Sdn Bhd, a magazine publishing company.

BENNY SOH SEOW LENG

Independent Non-Executive Director
Malaysian, Age 41

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 have any family relationship with each other and with any substantial shareholders of the Company.

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

(iii) Other than the related party transactions disclosed in Note 48 of the Financial Statements, none of the Directors have conflict of interest with the Company.

(iv) With the exception of Tan Sri Datuk Dr Hadenan Bin A Jalil, none of the Directors hold 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,

Your company continued to deliver its ninth consecutive year of steady profitability with consolidated profit after tax and non-controlling interests of RM32 million on the back of RM696 million revenue in 2011. We are pleased to deliver positive and sustainable return on your investment in Protasco Berhad shares in the form of consistent dividends. On behalf of the Board of Directors, I am delighted to present the Annual Report of Protasco Berhad and its subsidiaries (the 'Group') for the financial year ended 31 December 2011.

ECONOMIC ENVIRONMENT

The global economic and financial conditions continued to experience stress in 2011, following heightened concerns over the European sovereign debt crisis and the geopolitical developments in the Middle East and North Africa region. Economic growth in the advanced economies was affected by high unemployment, weak housing markets and fiscal issues while growth in export oriented Asian countries was affected by weaker external demand.

Notwithstanding the challenging external environment, the Malaysian economy expanded by 5.1% in 2011, with growth being underpinned by the strength in domestic demand. The favourable domestic demand was driven by the continued expansion in household and business spending, and public sector expenditure.

The construction industry recorded a slower growth of 3.5% in 2011 driven primarily by the robust activity in the civil engineering sub-sector from implementation of projects under the Tenth Malaysian Plan. This sector was further boosted by the unveiling of several mega projects under the Economic Transformation Programme.

PERFORMANCE REVIEW BY OPERATING BUSINESS SEGMENTS

For the financial year ended 31 December 2011, revenue for the Group was RM696 million while net profit attributable to shareholders stood at RM32 million. Compared to previous year, this represents a decline of 10% and 32% respectively, mainly due to the recorded losses in its overseas business operations.

Construction Contracts segment, which principally comprised of road construction and rehabilitation and maintenance contracts, lead the decline in results for 2011 mainly due to the losses incurred in Libya and higher cost for construction materials. Revenue for this segment stood at RM426 million, a fall of 13% compared to 2010 owing largely to the absence of overseas revenue in 2011. Consequently, operating results for this segment recorded was RM48 million, or a drop of 25% compared to previous year.

Nonetheless, the local portion of this business remained robust. The Group currently maintained about 13,300 km of federal and state roads under four (4) long term road maintenance contracts and concessions, which provide recurring income to the Group with an estimated remaining value in excess of RM1 billion in future billings.

Chairman's Statement (cont'd)

Engineering Services segment registered revenue of RM85 million in 2011 against RM104 million in the previous year. The 18% drop was mainly due to the absence of a one-off large contribution from the Federal Building Inspection unit completed in 2010. Business turnover from the geotechnical consultancy services also declined marginally from the bumper year of 2010. Consequently, operating profits dropped by 28% in 2011 compared to previous year.

Trading segment recorded a slightly higher revenue of RM112 million, representing a growth of 3%. However, operating results dropped 6% from RM3.9 million last year to RM3.7 million in 2011 attributed to impairment of goodwill of RM0.8 million in a subsidiary which had recently discontinued its operation overseas, coupled with higher provision for inventory obsolescence during the year.

Education and training segment registered an 11% growth in revenue to close the year with RM48 million in turnover. As a result, operating profit rose to RM2.9 million from RM1.6 million in the previous year. The improved performance was mainly due to the impact of revised tuition fees beginning November 2009 for new students for the Kuala Lumpur Infrastructure University College (KLIUC).

Property development segment maiden development project, Phase 1, Unipark Suria Condominium consisting of two tower blocks in Kajang is nearing completion. Turnover dropped by 20% to RM16.3 million and operating results recorded was RM1.3 million, lower than the RM1.9 million registered in the previous year. The lower results were due to the second tower block recording lower percentage of work done in 2011 compared to last year.

LOOKING AHEAD

Bank Negara Malaysia has projected that the Malaysian economy is expected to grow at a slower pace of 4% to 5% in 2012 in view of weaker external demand. However, the construction industry is expected to be buoyant in 2012 with a stronger growth of 6.6% with the on-going infrastructure projects and the Special Stimulus Packages through Private Financing Initiative. Despite the expected challenging business environment year ahead in 2012, we remain confident about the Group's capacity to grow its core business and achieve improved performances in the year ahead.

Construction Contracts division is anticipated to improve due to the huge reduction in losses in overseas activities in 2012 as the Group realigns its focus on local segment business.

As the overall market value for commercial land in the Klang Valley has improved substantially over the last few years, the Group is ready to unlock the value of its land in Kajang gradually with the launching of De Centrum, a mixed development project comprising residential units, retail lots, shopping complex and small office home office (SOHO). The first phase of De Centrum is expected to record Gross Development Value of about RM220 million and is expected to be completed in 2015.

The profile of the Group is expected to be boosted with the invitation to upgrade our existing Kuala Lumpur Infrastructure University College (KLIUC) into a full fledged university this year.

DIVIDENDS

The Company had paid an interim single tier dividend of 4 sen per share on 9 January 2011 for the financial year ended 31 December 2011. Subject to approval from shareholders at the forthcoming Annual General Meeting, the Directors are recommending a final single tier dividend of 4 sen per share, bringing the total dividend to 8 sen per share for the year 2011.

APPRECIATION

The Board of Directors wishes to thank Y.Bhg. Dato' Dr. Norraesah binti Hj. Mohamad, who resigned on 29 February 2012 for her valuable contribution over the past years. Our gratitude also goes to the Management Team led by Y.Bhg. Dato' Ir. Hasnur Rabiain Bin Ismail and Y.Bhg. Dato' Ir. Chong Ket Pen for their dedication and leadership. Last but not least, we also wish to register our sincere appreciation to our clients, bankers, shareholders, management and business associates for their support and confidence in us throughout 2011.

Thank you.

TAN SRI DATUK DR HADENAN BIN A JALIL
Chairman

Statement on Corporate Social Responsibility

Protasco Berhad is committed to ensure the interests of its clients, employees, shareholders and society, through its practices of Corporate Social Responsibility (CSR).

We therefore address and monitor all aspects of CSR that are relevant to our business which include concern for employee welfare, care for the environment and community involvement. Protasco believes in the principles of Sustainable Development and is always keen on basing its decisions on the social consequences of its activities.

OUR EMPLOYEES

We believe that as a Group, our main assets are the talents and skills of the people we employ. The Group aims to attract, retain and motivate the highest caliber of employees and encourages their contribution and development. An environment that fosters innovation and collaboration is critical to the Company's success. Appropriate career paths and internal recognition programmes are developed for both technical and non-technical staff. Employees are provided with numerous learning and development opportunities to fulfill their potential. These development opportunities are structured to align with our organisational objectives and to help employees in furthering their career aspirations.

Under the HCM Group umbrella, the company has also included another staff initiative called the Knowledge Management (KM) Journey. This is to be achieved by developing knowledge workers through k-sharing habits.

THE COMMUNITY

At every opportunity, we seek to integrate any pivotal role we can play for the betterment of the society at large.

1. Education

- With our expertise in infrastructure, we have pledged a strong commitment towards providing education to the community via the establishment of Kuala Lumpur Infrastructure University College (KLIUC). Knowledge is vital to the progress of the nation. Excellent students are rewarded with fee waiver on their following semester's tuition fees.

- On the corporate level, knowledge sharing has always been practised as part of the Group's work culture. Sharing sessions, public lectures as well as skills lectures such as language classes are conducted on a regular basis for the employees.

2. Compassion and humanity

- Under Kumpulan Ikram, a CSR budget is allocated for charitable activities which are championed by employees. Some of these activities include a visit to Rumah Seri Kenangan in Cheras (an old folks' home), a donation to the Siti Khadijah Orphanage, and fun activities with the children of Yayasan Chow Kit, among others.

- The Group has implemented in some parts of the Company, a ringgit to ringgit contribution by the company to its Sports and Welfare Club subscription fee. This allows for better Club initiatives and encourages higher membership. The Club undertakes sporting, recreational and charitable activities for its staff.

THE ENVIRONMENT

Commitment towards the environment has been weaved into the Protasco Group's business practices even from the beginning of our establishment. This is apparent from the very nature of our business as an engineering solutions provider, particularly in road construction and geotechnical services.

- In road construction, we maintained an environmentally sustainable practice by utilizing the Hot-In-Place-Recycling Technology (HIPR) and the Cold-In-Place-Recycling Technology (CIPR) in road construction and maintenance work.

- Our geotechnical services in soil testing and slope management instills a balance between progress and the environment.

In April 2012, Kumpulan Ikram launched the 'Have Fun, Go Green' Campaign, an awareness campaign on sustainability. The campaign will run for one year, from May 2012 till May 2013. It is aimed at achieving three main objectives, which are cost savings (via mindful usage of the utilities), best practices (by employees with sustainable habits to be developed and knowledge to be shared and practised), and incorporating new green policies (wherever applicable). The company has also banned the usage of plastic bottles in all its meetings and event activities.

Good environmental practices and the impact that our operations have on the environment are of great importance to Protasco Berhad. Provision of these services is our way of contributing to the environment, by ensuring respect for the earth, as the nation progresses. Where possible, business units monitor energy consumption and all business units continue to take positive steps to reduce energy consumption, such as better space utilisation and more efficient running of equipment and machinery.

Calendar of Events

HCM GROUP OF COMPANIES AT THE PIARC INTERNATIONAL SEMINAR

April 2011

The Permanent International Association of Road Congresses (PIARC) International Seminar 2011 provided relevant platform for the company to strategically reinforce its leadership position in the field of recycling technology and to create strong brand name awareness in the road engineering industry. As conference exhibitors both HCM Engineering Sdn Bhd and Roadcare (M) Sdn Bhd highlighted its core business in the recycling technology with state of the art road engineering solutions such as Cold-In-Place-Recycling (CIPR), Hot-In-Place-Recycling (HIPR) and CHIP MIX Plant.

IFTAR PERDANA

August 2011

On 10 August 2011, Protasco Berhad and KLIUC held an "Iftar," the evening meal of breaking fast for Muslims during the Islamic month of Ramadhan at the Ikram Surau, Unipark Suria – Kajang. The event was graced by Chairman of Protasco Berhad, YBhg. Tan Sri Datuk Dr. Hadenan Bin A. Jalil and YBhg. Dato' Hasnur Rabiain Bin Ismail, Deputy Chairman. The "Iftar" breaking fast celebration was held with the orphans of Rumah Kasih Sayang Taman Baiduri Orphanage as part of Protasco's Corporate Social Responsibility Program (CSR).

INTERNATIONAL CONFERENCE ON LANGUAGE AND COMMUNICATION (LANCOMM2011)

October 2011

In October 2011, KLIUC had organised an International Conference on Language and Communication (LANCOMM 2011) to identify emerging trends, threats and challenges in the fields of language and communication and to garner media and government support to highlight resolutions that need the private and public sectors' involvement for improvement. The two-day conference provided a much needed platform for 130 presenters and participants from Malaysia and other countries including Japan, Korea, Taiwan, France, Africa, India, Iran and Thailand. They deliberated on the latest findings of their research and recommended future actions.

IRF

IRF Executive Seminar
Performance Based Road Maintenance Contracting

ROADCARE AT THE 14TH ANNUAL INTERNATIONAL ROAD FEDERATION (IRF) EXECUTIVE SEMINAR

November 2011

Between 30 October and 8 November 2011, an IRF Executive Seminar on Performance Based Road Maintenance Contracting was held at the Wyndham Lake Buena Vista Resort, Orlando, Florida, United States. The 2011 seminar focused on funding for contract maintenance program as well as lessons learned of existing infrastructure programs from speakers all over the world. Alongside the Malaysian Ministry of Works, the Group was represented by Nafisah Abdul Aziz, Deputy General Manager of Roadcare (M) Sdn Bhd. Having drawn from over 50 years of pertinent experience and 18,919km of total road length, Malaysia presented a paper entitled, "Privatisation of Federal Roads Maintenance in Malaysia."

CSR ACTIVITY AT RUMAH SERI KENANGAN CHERAS

December 2011

On 27 December 2011, a group of Kumpulan Ikram's staff embarked on a mission to spread some joy to the occupants of Rumah Seri Kenangan (RSK) in Cheras. RSK Cheras is a home for the elderly that is managed by the Jabatan Kebajikan Masyarakat. The aim of the visit was to socialise and to provide assistance to the elderly in need. The CSR activity was made possible by the contribution from the CSR fund of Kumpulan Ikram's staff. Supported by Kumpulan Ikram, this event is a part of the company's on-going CSR events.

IKRAM SIGNS MOU WITH DBKL

March 2012

DBKL and Kumpulan Ikram Sdn Bhd inked a memorandum of understanding (MoU) to acknowledge the appointment of the latter as an independent consultant for hill slope and related developments in the Federal Territory of Kuala Lumpur. Mayor Tan Sri Ahmad Fuad Ismail and Kumpulan Ikram Chairman Dato' Mohd Ibrahim Mohd Nor signed the MoU. The appointment is non-exclusive and can be extended for a further period of 5 years subject to mutual agreement between DBKL and Kumpulan Ikram.

LAUNCH OF IKRAM'S 'HAVE FUN, GO GREEN' CAMPAIGN

April 2012

Kumpulan Ikram launched a campaign on sustainability called 'Have Fun, Go Green' on 23 April 2012 as a pledge to create awareness on being green amongst its employees. The campaign, which will run from May 2012 till May 2013 will be division-led, with six main 'branches' as focus. The event was crafted to be as low carbon-emission as possible with efforts such as employees having to walk to the event's venue as opposed to driving, while refreshments were packed in recyclable materials. The event was followed by a one-hour 'Earth Hour' observation where lights at all offices were turned off for one full hour.

Engineering the nation's progress

Audit Committee Report

MEMBERS OF THE AUDIT COMMITTEE

As at the date of this Annual Report, the composition of the Audit Committee is as follows:

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)*

SECRETARIES

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

TERMS OF REFERENCE

- **Composition**

  The Audit Committee members shall be appointed by the Board of Directors and comprises at least three (3) directors, all of whom must be Non-Executive Directors, with a majority of them being independent directors. The composition of the Audit Committee shall fulfill the requirements as prescribed in the Listing Requirements of Bursa Malaysia Securities Berhad.

- **Authority**

  The Audit Committee shall have the authority to investigate any activity of the Group within its terms of reference and shall have full and unrestricted access to the Group's information. The Committee is authorized to have resources which are required to perform its duties and have direct communication channels with the external auditors, internal auditors and all employees of the Group.

  The Audit Committee may obtain independent professional advice and be able to convene meetings with external auditors, the internal auditor or both, excluding the attendance of other directors and employees of the company, whenever deemed necessary.

- **Duties and Responsibility**

a) Internal Control System

The Audit Committee is to:

i) Review general policies and procedures to reasonably assure the adequacy of internal accounting and financial reporting controls; and

ii) Make all necessary enquiries of management and external auditors concerning established standards of corporate conduct and performance, and deviations therefrom;

b) Financial Reporting

The Committee is to review:

i) The quarterly financial report and year-end financial statements prior to the Board's approval, focusing particularly on:
- Changes in or implementation of major accounting policies;
- Significant and unusual events;
- The going concern assumption; and
- Compliance with accounting standards and other regulatory requirements.

ii) With management and external auditors upon completion of their audit, financial results for the year prior to release to the public, which shall encompass:
- Significant transactions not forming normal part of the Company's operations;
- Changes in accounting principles or their application; and
- Significant adjustments proposed by the external auditors.

Audit Committee Report (continued)

c) External Audit

To review and report the same to the Board of Directors:

i. The external audit plan, scope, evaluation on internal control system and the external auditors' report;
ii. The assistance given by the management to the external auditors;
iii. The nomination of external auditors;
iv. The resignation of the external auditors and its written explanations, if any; and
v. Whether there is any reason to believe that the external auditors is not suitable for reappointment;

d) Internal Audit

i. To 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 works;
ii. 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) Related party transactions

To review any related party transactions and conflict of interest that may arise within the Group including any transactions, procedures or course of conduct that raises questions of management integrity.

f) Other matters

To perform or review such other matters as the Audit Committee considers necessary and as the Board of Directors may direct.

MEETINGS

- **Frequency and quorum of meetings**
  A minimum of four (4) meetings a year shall be conducted. The Committee shall also meet with the external auditors without the presence of executive board members at least 2 times a year.

  A majority of independent directors present shall form a quorum. If necessary, members of management, Head of Internal Audit and representatives of the external auditors are to be present at the meeting.

- **Attendance**
  The Audit Committee held five (5) meetings during the financial year ended 31 December 2011. The details of the attendance are as follows:

Audit Committee Member	Attendance at Committee Meeting
Datin Normah Binti Kassim	5/5
Datin Azliza Binti Ahmad Tajuddin	4/5
Benny Soh Seow Leng	5/5

SUMMARY OF ACTIVITIES

The main activities undertaken by the Committee during the year are as follow:

a) 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;

b) 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;

c) 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;

d) 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;

e) 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

f) 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 Management. Total costs incurred by the Department for the financial year ended 31 December 2011 were approximately RM240,000.

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

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 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 seven (7) members of the Board comprising two (2) Executive and five (5) Non-Executive Directors. The ratio of Independent Directors to Non-Independent Directors is 4:3.

There is a balance in the Board with the presence of four (4) Independent Directors in the seven (7) 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 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. Except for Datin Azliza Binti Ahmad Tajuddin who had attended 4 out of 5 Meetings, the other Directors had attended all Board Meetings held in 2011.

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 2011 are stipulated in the Financial Statements as set out on pages 82 and 83 of the Annual Report.

REACHING OUT TO SHAREHOLDERS AND INVESTORS

The Company 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 promptly 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 subscribed to Bursa Malaysia's website so that the Company's 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.

Statement on Corporate Governance (continued)

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 103 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 25 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 flows 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 control over them.

Other Compliance Information

1. SHARE BUY-BACK

The Company had at its Tenth (10th) Annual General Meeting held on 27 June 2011 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 2011, 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 2011	1,000	0.97	0.97	0.97	970.00
August 2011	1,000	1.09	1.09	1.09	1,090.00
TOTAL	2,000				2,060.00

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 sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies.

4. NON-AUDIT FEES

There were no non-audit fees paid to the external auditors of the Group during the financial year ended 31 December 2011.

5. VARIATION IN RESULTS FOR THE FINANCIAL YEAR

There was no deviation of 10% or more between the profit after tax and non-controlling interests stated in the announced unaudited results and the audited financial statements accounts of the Group for the financial year ended 31 December 2011.

6. PROFIT GUARANTEE

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

7. MATERIAL CONTRACTS

Other than as disclosed in the Note 48 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 2011.

9. UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS

Not applicable.

Financial Statements

Directors' Report

The directors hereby submit their annual report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2011.

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	48,242	29,808
Attributable to:		
Owners of the Company	31,828	29,808
Non-controlling interests	16,414	–
	48,242	29,808

DIVIDENDS

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

a) an interim single tier dividend of 5 sen per ordinary share amounting to RM14,833,360 in respect of the financial year ended 31 December 2010; and

b) a final single tier dividend of 5 sen per ordinary share amounting to RM14,833,310 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 4 sen per ordinary share amounting to RM11,866,608 in respect of the current financial year.

At the forthcoming Annual General Meeting, the directors recommend a final single tier dividend of 4 sen per ordinary share in respect of the financial year ended 31 December 2011 amounting to approximately RM11,866,608 computed based on the issued and paid-up capital with voting rights as at 31 December 2011 of 296,665,200 ordinary shares of RM0.50 each to be paid to shareholders whose names appear in the Record of Depositors on 29 June 2012. 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 2012.

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 (2010 - 2,000) of its issued ordinary shares from the open market at prices ranging from RM0.97 to RM1.09 (2010 - RM1.02 to RM1.03) per share. The total consideration paid for the purchase including transaction costs amounted to RM2,143 (2010 - RM2,134). 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 2011, the Company held as treasury shares a total of 3,334,800 (2010 - 3,332,800) of its 300,000,000 (2010 - 300,000,000) issued ordinary shares. The treasury shares are held at a carrying amount of RM2,833,716 (2010 - RM2,831,573) and further relevant details are disclosed in Note 24 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 47 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.

Directors' Report (continued)

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
DATIN NORMAH BINTI KASSIM
DATIN AZLIZA BINTI AHMAD TAJUDDIN
BENNY SOH SEOW LENG
DATO' DR. NORRAESAH BINTI HJ. MOHAMAD (RESIGNED ON 29.2.2012)

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 1.1.2011	Bought	Sold	At 31.12.2011
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	50,000	–	–	50,000
Indirect Interests				
DATO' HASNUR RABIAIN BIN ISMAIL	273,000	–	–	273,000
DATO' CHONG KET PEN	639,000	89,500	–	728,500
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 48 to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company 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 during the financial year are disclosed in Note 49 to the financial statements.

SIGNIFICANT EVENT SUBSEQUENT TO END OF THE REPORTING PERIOD

The significant event occurring after the reporting period is disclosed in Note 50 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 27 APRIL 2012**

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 103 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 2011 and of their results and cash flows for the financial year ended on that date.

The supplementary information set out in Note 55, 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 27 APRIL 2012

Dato' Hasnur Rabiain Bin Ismail

Dato' Chong Ket Pen

Statutory Declaration

I, Chow Chee Keng, 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 103 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by)
Chow Chee Keng, at Kuala Lumpur)
in the Federal Territory on this 27 April 2012) **Chow Chee Keng**

Before me

Datin Hajah Raihela Wanchik (W - 275)
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 2011 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 103.

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 2011 and of their financial performance and cash flows for the financial year then ended.

Independent Auditors' Report (continued)

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 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 55 on page 104 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: 2271/10/13 (J)
Chartered Accountant

27 April 2012
Kuala Lumpur

Statement of Financial Position

at 31 December 2011

		The Group		
			Restated	Restated
		31.12.2011	31.12.2010	1.1.2010
	Note	RM'000	RM'000	RM'000
ASSETS				
NON-CURRENT ASSETS				
Investment in associates	6	**2,587**	2,624	4,856
Property, plant and equipment	7	**185,517**	191,092	197,307
Land held for property development	8	**2,587**	3,092	3,078
Development costs	9	**770**	1,210	1,650
Long-term investments	10	**330**	523	2,629
Goodwill on consolidation	11	–	837	–
Deferred tax asset	12	–	–	47
		191,791	199,378	209,567
CURRENT ASSETS				
Inventories	13	**3,193**	3,988	5,394
Property development costs	14	**1,298**	1,406	905
Amount owing by contract customers	15	**5,466**	5,905	28,206
Trade receivables	16	**205,120**	219,210	191,234
Other receivables, deposits and prepayments	17	**30,189**	27,488	31,584
Amount owing by associates	19	**336**	7,484	13,888
Tax recoverable		**1,421**	1,577	11,985
Short-term investments	20	**30,901**	27,386	21,407
Deposits with licensed banks	21	**99,440**	107,306	94,298
Cash and bank balances	22	**90,546**	73,817	70,489
		467,910	475,567	469,390
TOTAL ASSETS		**659,701**	674,945	678,957

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

Statement of Financial Position (continued)

at 31 December 2011

	Note	The Group 31.12.2011 RM'000	Restated 31.12.2010 RM'000	Restated 1.1.2010 RM'000
EQUITY AND LIABILITIES				
EQUITY				
Share capital	23	**150,000**	150,000	150,000
Treasury shares	24	**(2,834)**	(2,831)	(2,829)
Share premium	25	**43,531**	43,531	43,531
Fair value reserve		**–**	(52)	–
Foreign exchange translation reserve	26	**(9,154)**	(8,544)	285
Capital reserve	27	**8,600**	8,600	8,600
Retained profits	28	**168,169**	163,041	147,696
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**358,312**	353,745	347,283
Non-controlling interests		**27,330**	35,870	42,466
TOTAL EQUITY		**385,642**	389,615	389,749
NON-CURRENT LIABILITIES				
Deferred tax liabilities	29	**8,537**	7,528	10,123
Long-term borrowings	30	**3,961**	3,198	3,453
		12,498	10,726	13,576
CURRENT LIABILITIES				
Trade payables	33	**167,266**	178,082	184,436
Other payables and accruals	34	**39,828**	38,550	39,512
Dividend payable		**11,867**	14,833	11,867
Provision for taxation		**6,091**	10,728	7,609
Short-term borrowings	35	**33,614**	31,459	31,112
Bank overdrafts	36	**2,895**	952	1,096
		261,561	274,604	275,632
TOTAL LIABILITIES		**274,059**	285,330	289,208
TOTAL EQUITY AND LIABILITIES		**659,701**	674,945	678,957

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

	Note	The Company		
			Restated	Restated
		31.12.2011	31.12.2010	1.1.2010
		RM'000	RM'000	RM'000
ASSETS				
NON-CURRENT ASSET				
Investment in subsidiaries	5	**129,179**	129,429	129,429
CURRENT ASSETS				
Other receivables, deposits and prepayments	17	**7**	5	6
Amount owing by subsidiaries	18	**65,555**	74,728	73,448
Deposits with licensed banks	21	**1,869**	1,828	799
Cash and bank balances	22	**10,474**	1,237	71
		77,905	77,798	74,324
TOTAL ASSETS		**207,084**	207,227	203,753
EQUITY AND LIABILITIES				
EQUITY				
Share capital	23	**150,000**	150,000	150,000
Treasury shares	24	**(2,834)**	(2,831)	(2,829)
Share premium	25	**43,531**	43,531	43,531
Retained profits	28	**1,715**	(1,393)	(1,892)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**192,412**	189,307	188,810
CURRENT LIABILITIES				
Other payables and accruals	34	**65**	837	826
Amount owing to subsidiaries	18	**–**	250	250
Dividend payable		**11,867**	14,833	11,867
Provision for taxation		**2,740**	2,000	2,000
		14,672	17,920	14,943
TOTAL LIABILITIES		**14,672**	17,920	14,943
TOTAL EQUITY AND LIABILITIES		**207,084**	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 2011

	Note	The Group 2011 RM'000	The Group 2010 RM'000	The Company 2011 RM'000	The Company 2010 RM'000
REVENUE	37	**695,985**	771,051	**31,158**	42,766
COST OF SALES	38	**(526,599)**	(567,334)	**–**	–
GROSS PROFIT		**169,386**	203,717	**31,158**	42,766
OTHER INCOME		**11,210**	5,930	**2,799**	486
ADMINISTRATIVE EXPENSES		**(34,264)**	(45,140)	**(1,707)**	(3,314)
OTHER EXPENSES		**(72,022)**	(69,221)	**–**	–
PROFIT FROM OPERATIONS		**74,310**	95,286	**32,250**	39,938
FINANCE COSTS		**(2,106)**	(1,788)	**–**	–
SHARE OF PROFIT IN ASSOCIATES		**–**	626	**–**	–
PROFIT BEFORE TAXATION	39	**72,204**	94,124	**32,250**	39,938
INCOME TAX EXPENSE	41	**(23,962)**	(30,499)	**(2,442)**	(9,772)
PROFIT AFTER TAXATION		**48,242**	63,625	**29,808**	30,166
OTHER COMPREHENSIVE EXPENSES, NET OF TAX					
– Fair value changes of available-for-sale financial assets		**52**	(52)	**–**	–
– Share of associate's other comprehensive expenses		**–**	(316)	**–**	–
– Foreign currency translation		**(610)**	(10,557)	**–**	–
		(558)	(10,925)	**–**	–
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		**47,684**	52,700	**29,808**	30,166
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		**31,828**	47,067	**29,808**	30,166
Non-controlling interests		**16,414**	16,558	**–**	–
		48,242	63,625	**29,808**	30,166
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		**31,270**	38,186	**29,808**	30,166
Non-controlling interests		**16,414**	14,514	**–**	–
		47,684	52,700	**29,808**	30,166
EARNINGS PER SHARE (SEN)					
Basic:-	42	**10.7**	15.9		
Diluted:-	42	**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 2011

	Note	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Foreign Translation Reserve RM'000	Fair Value Reserve RM'000	Capital Reserve RM'000	Retained Profits RM'000	Attributable to Owners of the Company RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
		<------ Non-Distributable					------>	Distributable			
The Group											
Balance at 1.1.2010											
- as previously reported		150,000	43,531	(2,829)	285	–	8,600	149,696	349,283	42,466	391,749
- prior year adjustment	54	–	–	–	–	–	–	(2,000)	(2,000)	–	(2,000)
		150,000	43,531	(2,829)	285	–	8,600	147,696	347,283	42,466	389,749
- effect of adopting FRS 139		–	–	–	–	–	–	(1,926)	(1,926)	–	(1,926)
- as restated		150,000	43,531	(2,829)	285	–	8,600	145,770	345,357	42,466	387,823
Profit after taxation for the financial year		–	–	–	–	–	–	47,067	47,067	16,558	63,625
Other comprehensive expenses for the financial year, net of tax											
- Fair value changes of available-for-sale financial assets		–	–	–	–	(52)	–	–	(52)	–	(52)
- Foreign currency translation		–	–	–	(8,829)	–	–	–	(8,829)	(1,728)	(10,557)
- Share of associate's other comprehensive expenses		–	–	–	–	–	–	–	–	(316)	(316)
Total comprehensive expenses for the financial year		–	–	–	(8,829)	(52)	–	47,067	38,186	14,514	52,700
Balance carried forward		150,000	43,531	(2,829)	(8,544)	(52)	8,600	192,837	383,543	56,980	440,523

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

Statements of Changes in Equity (continued)

for the financial year ended 31 December 2011

		<---- Non-Distributable				---->	Distributable			
	Note	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Foreign Translation Reserve RM'000	Fair Value Reserve RM'000	Capital Reserve RM'000	Retained Profits RM'000	Attributable to Owners of the Company RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
The Group											
Balance brought forward		150,000	43,531	(2,829)	(8,544)	(52)	8,600	192,837	383,543	56,980	440,523
Contributions by and distribution to owners of the Company:											
- Treasury shares acquired		–	–	(2)	–	–	–	–	(2)	–	(2)
- Adjustment due to non-consolidation of a subsidiary		–	–	–	–	–	–	(129)	(129)	–	(129)
- Dividends:											
- by the Company	43	–	–	–	–	–	–	(29,667)	(29,667)	–	(29,667)
- by subsidiaries to non-controlling interests		–	–	–	–	–	–	–	–	(21,080)	(21,080)
Net effect of the disposal of a subsidiary		–	–	–	–	–	–	–	–	(30)	(30)
Balance at 31.12.2010		150,000	43,531	(2,831)	(8,544)	(52)	8,600	163,041	353,745	35,870	389,615

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

	Note	<---- Non-Distributable					---->	Distributable			
	Note	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Foreign Translation Reserve RM'000	Fair Value Reserve RM'000	Capital Reserve RM'000	Retained Profits RM'000	Attributable to Owners of the Company RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
The Group											
Balance at 1.1.2011											
- as previously reported		150,000	43,531	(2,831)	(8,544)	(52)	8,600	165,041	355,745	35,870	391,615
- prior year adjustment	54	–	–	–	–	–	–	(2,000)	(2,000)	–	(2,000)
- as restated		150,000	43,531	(2,831)	(8,544)	(52)	8,600	163,041	353,745	35,870	389,615
Profit after taxation for the financial year		–	–	–	–	–	–	31,828	31,828	16,414	48,242
Other comprehensive income for the financial year, net of tax											
- Fair value changes of available-for-sale financial assets		–	–	–	–	52	–	–	52	–	52
- Foreign currency translation		–	–	–	(610)	–	–	–	(610)	–	(610)
Total comprehensive income for the financial year		–	–	–	(610)	52	–	31,828	31,270	16,414	47,684
Balance carried forward		150,000	43,531	(2,831)	(9,154)	–	8,600	194,869	385,015	52,284	437,299

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

Statements of Changes in Equity (continued)

for the financial year ended 31 December 2011

	Note	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Foreign Translation Reserve RM'000	Fair Value Reserve RM'000	Capital Reserve RM'000	Retained Profits RM'000	Attributable to Owners of the Company RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
		<-- Non-Distributable					-->	Distributable			
The Group											
Balance brought forward		150,000	43,531	(2,831)	(9,154)	–	8,600	194,869	385,015	52,284	437,299
Contributions by and distribution to owners of the Company:											
- Treasury shares acquired		–	–	(3)	–	–	–	–	(3)	–	(3)
- Dividends:											
- by the Company	43	–	–	–	–	–	–	(26,700)	(26,700)	–	(26,700)
- by subsidiaries to non-controlling interests		–	–	–	–	–	–	–	–	(24,954)	(24,954)
Balance at 31.12.2011		150,000	43,531	(2,834)	(9,154)	–	8,600	168,169	358,312	27,330	385,642

The annexed notes form 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						
Balance at 1.1.2010						
- as previously reported		150,000	43,531	(2,829)	108	190,810
- prior year adjustment	54	–	–	–	(2,000)	(2,000)
- as restated		150,000	43,531	(2,829)	(1,892)	188,810
Profit after taxation/Total comprehensive income for the financial year		–	–	–	30,166	30,166
Contributions by and distribution to owners of the Company:						
- Treasury shares acquired		–	–	(2)	–	(2)
- Dividends	43	–	–	–	(29,667)	(29,667)
Balance at 31.12.2010		150,000	43,531	(2,831)	(1,393)	189,307
Balance at 1.1.2011						
- as previously reported		**150,000**	**43,531**	**(2,831)**	**607**	**191,307**
- prior year adjustment	54	**–**	**–**	**–**	**(2,000)**	**(2,000)**
- as restated		**150,000**	**43,531**	**(2,831)**	**(1,393)**	**189,307**
Profit after taxation/Total comprehensive income for the financial year		**–**	**–**	**–**	**29,808**	**29,808**
Contributions by and distribution to owners of the Company:						
- Treasury shares acquired		**–**	**–**	**(3)**	**–**	**(3)**
- Dividends	43	**–**	**–**	**–**	**(26,700)**	**(26,700)**
Balance at 31.12.2011		**150,000**	**43,531**	**(2,834)**	**1,715**	**192,412**

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

Statements of Cash Flows

for the financial year ended 31 December 2011

	Note	The Group 2011 RM'000	The Group 2010 RM'000	The Company 2011 RM'000	The Company 2010 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
Profit before taxation		**72,204**	94,124	**32,250**	39,938
Adjustments for:-					
Advances written off		**190**	–	**–**	–
Amortisation of development costs		**440**	440	**–**	–
Allowance for foreseeable losses		**9,997**	15,648	**–**	–
Allowance for impairment losses on receivables		**7,346**	17,605	**–**	–
Bad debts written off		**62**	–	**–**	–
Depreciation of property, plant and equipment		**15,452**	16,389	**–**	–
Impairment loss on goodwill		**843**	–	**–**	–
Impairment loss on investment in associates		**2**	768	**–**	–
Impairment loss on other investments		**200**	–	**–**	–
Interest expense		**2,125**	1,748	**–**	–
Inventories written down		**811**	–	**–**	–
Inventories written off		**713**	150	**–**	–
Loss on revaluation on available-for-sale financial assets		**52**	–	**–**	–
Property, plant and equipment written off		**3,567**	6	**–**	–
Gain on derecognition of a subsidiary		**(50)**	–	**–**	–
Gain on disposal of investment in a subsidiary		**–**	–	**(2,750)**	–
Gain on disposal of property, plant and equipment		**(1,686)**	(540)	**–**	–
Gross dividends from subsidiaries		**–**	–	**(29,115)**	(39,946)
Interest income		**(3,137)**	(2,520)	**(46)**	(33)
Reversal of allowance for impairment losses on:					
- trade receivables		**(595)**	–	**–**	–
- other receivables		**(860)**	–	**–**	–
Writeback of allowance for impairment losses on trade receivables		**(297)**	(363)	**–**	–
Share of profit in associates		**–**	(626)	**–**	–
Tax-exempt dividends received from investment in unit trusts		**(694)**	(325)	**–**	–
Unrealised gain on foreign exchange		**(155)**	(241)	**–**	–
Waiver of debts		**–**	(36)	**–**	–
Reversal of foreseeable losses		**–**	(4,392)	**–**	–
Operating profit/(loss) before working capital changes		**106,530**	137,835	**339**	(41)
(Increase)/Decrease in inventories		**(729)**	1,256	**–**	–
Decrease/(Increase) in property development costs		**108**	(501)	**–**	–
(Increase)/Decrease in amount owing by contract customers		**(8,325)**	12,260	**–**	–
Decrease/(Increase) in trade and other receivables		**6,422**	(40,737)	**46**	1
(Decrease)/Increase in trade and other payables		**(9,546)**	(7,526)	**(210)**	11
Decrease/(Increase)in amount owing by associates		**6,434**	(408)	**–**	–
CASH FROM/(FOR) OPERATIONS BROUGHT FORWARD		**100,894**	102,179	**175**	(29)

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

	Note	The Group 2011 RM'000	The Group 2010 RM'000	The Company 2011 RM'000	The Company 2010 RM'000
BALANCE CARRIED FORWARD		**100,894**	102,179	**175**	(29)
Interest paid		**(2,116)**	(1,748)	**–**	–
Tax paid		**(27,435)**	(19,520)	**(87)**	–
NET CASH FROM/(FOR) OPERATING ACTIVITIES		**71,343**	80,911	**88**	(29)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Advances to subsidiaries		**–**	–	**(250)**	(47)
Interest received		**3,127**	2,520	**46**	33
Investment in an associate		**(45)**	–	**–**	–
Net dividends received from subsidiaries		**–**	–	**39,063**	28,940
Net cash inflow on derecognition of a subsidiary		**50**	–	**–**	–
Net cash outflow on disposal of a subsidiary		**–**	(30)	**–**	–
Net cash outflow on acquisition of a subsidiary		**(6)**	(1)	**–**	–
Proceeds from disposal of property, plant and equipment		**4,027**	1,147	**–**	–
Proceeds from disposal of unquoted shares		**193**	2,106	**–**	–
Purchase of property, plant and equipment	44	**(15,715)**	(14,399)	**–**	–
Purchase of treasury shares		**(2)**	(2)	**(2)**	(2)
Tax-exempt dividends received from investment in unit trusts		**694**	325	**–**	–
Acquisition of marketable unit trusts		**(3,715)**	(5,979)	**–**	–
NET CASH (FOR)/FROM INVESTING ACTIVITIES		**(11,392)**	(14,313)	**38,857**	28,924
CASH FLOWS FOR FINANCING ACTIVITIES					
Dividends paid		**(29,667)**	(26,700)	**(29,667)**	(26,700)
Dividends paid to non-controlling interests		**(24,954)**	(21,080)	**–**	–
Repayment of hire purchase obligations		**(274)**	(1,539)	**–**	–
Net drawdown/(repayment) of short-term borrowings		**2,155**	(18)	**–**	–
NET CASH FOR FINANCING ACTIVITIES		**(52,740)**	(49,337)	**(29,667)**	(26,700)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**7,211**	17,261	**9,278**	2,195
FOREIGN EXCHANGE TRANSLATION DIFFERENCES		**(291)**	(781)	**–**	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		**180,171**	163,691	**3,065**	870
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	45	**187,091**	180,171	**12,343**	3,065

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

Notes to the Financial Statements

for the financial year ended 31 December 2011

1. GENERAL INFORMATION

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

Registered office	:	802, 8th 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 27 April 2012.

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 1 (Revised) First-time Adoption of Financial Reporting Standards

FRS 3 (Revised) Business Combinations

FRS 127 (Revised) Consolidated and Separate Financial Statements

Amendments to FRS 1 (Revised): Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters

Amendments to FRS 1 (Revised): Additional Exemptions for First-time Adopters

Amendments to FRS 2: Scope of FRS 2 and FRS 3 (Revised)

Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions

Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary

Amendments to FRS 7: Improving Disclosures about Financial Instruments

Amendments to FRS 138: Consequential Amendments Arising from FRS 3 (Revised)

IC Interpretation 4 Determining Whether An Arrangement Contains a Lease

IC Interpretation 12 Service Concession Arrangements

IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation

IC Interpretation 17 Distributions of Non-cash Assets to Owners

IC Interpretation 18 Transfers of Assets from Customers

Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and FRS 3 (Revised)

Annual Improvement to FRSs (2010)

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 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. This revised standard will be applied prospectively and therefore there will be no financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.

(ii) 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. The Group will apply the major changes of FRS 127 (Revised) prospectively and therefore there will be no financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.

(iii) Amendments to FRS 7 expand the disclosure requirements in respect of fair value measurements and liquidity risk. In particular, the amendments require additional disclosure of fair value measurements by level of a fair value measurement hierarchy, as shown in Note 53(e) to the financial statements. Comparatives are not presented by virtue of the exemption given in the amendments.

(iv) Annual Improvements to FRSs (2010) contain amendments to 11 accounting standards that result in accounting changes for presentation, recognition or measurement purposes. These amendments have no material impact on the financial statements of the Group upon their initial application.

The amendments to FRS 101 (Revised) clarify that an entity may choose to present the analysis of the items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. The Group has chosen to present the items of other comprehensive income in the statement of changes in equity.

(b) 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 9 Financial Instruments	1 January 2015
FRS 10 Consolidated Financial Statements	1 January 2013
FRS 11 Joint Arrangements	1 January 2013
FRS 12 Disclosure of Interests in Other Entities	1 January 2013
FRS 13 Fair Value Measurement	1 January 2013
FRS 119 (Revised) Employee Benefits	1 January 2013
FRS 124 (Revised) Related Party Disclosures	1 January 2012
FRS 127 (2011) Separate Financial Statements	1 January 2013
FRS 128 (2011) Investments in Associates and Joint Ventures	1 January 2013

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2011

3. BASIS OF PREPARATION (CONTINUED)

(b) 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:- (continued)

FRSs and IC Interpretations (including the Consequential Amendments)	Effective Date
Amendments to FRS 1 (Revised): Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
Amendments to FRS 7: Disclosures - Transfers of Financial Assets	1 January 2012
Amendments to FRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to FRS 9: Mandatory Effective Date of FRS 9 and Transition Disclosures	1 January 2015
Amendments to FRS 101 (Revised): Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to FRS 112: Recovery of Underlying Assets	1 January 2012
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
IC Interpretation 15 Agreements for the Construction of Real Estate	Withdrawn on 19 November 2011
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011

The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group's operations for the financial year ending 31 December 2012 except as follows:-

(i) The amendments to FRS 112 replace IC Interpretation 121 and provide an exception to the general principles in FRS 112 that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendments, investment properties that are measured using the fair value model in accordance with FRS 140 are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances. The amendment is expected to have no material impact on the financial statements of the Group upon its initial application.

(c) On 19 November 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS").

The MFRS is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 Agriculture and IC Interpretation 15 Agreement for Construction of Real Estate, including its parent, significant investor and venture (herein referred to as "Transitioning Entities").

Transitioning Entities will be allowed to defer adoption of the new MFRS for an additional one year, i.e. to annual periods beginning on or after 1 January 2013 after which the MFRS will become mandatory.

The Group falls within the definition of Transitioning Entities and has opted to defer adoption of the new MFRS to 1 January 2013. Accordingly, the Group will be required to prepare its first MFRS financial statements for the year ending 31 December 2013. In representing its first MFRS financial statements, the Group will quantify the financial effects of the differences between the current FRS and MFRS. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group has commenced transitioning its accounting policies and financial reporting from the current FRSs to MFRSs. However, the Group has not completed its quantification of the financial effects of the differences between FRSs and MFRs due to the ongoing assessment by the management.

The Group expects to be in a position to fully comply with the requirements of MFRSs for the financial year ending 31 December 2013.

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 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.

(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.

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2011

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Critical Accounting Estimates And Judgements (continued)

(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) Write-down of Inventories

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

(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.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December 2011.

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.

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

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Non-controlling interests 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 interests are accounted for as transactions with owners and are recognised directly in equity. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

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

Upon loss of control of a subsidiary, the profit or loss on disposal is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained profits) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 127.

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2011

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of Consolidation (continued)

Business combinations from 1 January 2011 onwards

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

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

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

Business combinations prior to 1 January 2011

All subsidiaries are consolidated using the purchase method. 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.

Non-controlling interests are initially measured at their share of the fair values of the identifiable assets and liabilities of the acquiree as at the date of acquisition.

(c) Goodwill

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.

Business combinations from 1 January 2011 onwards

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

Business combinations before 1 January 2011

Under the purchase method, 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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.

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2011

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial Instruments (continued)

(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 2011. 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.

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

Notes to the Financial Statements (continued)
for the financial year ended 31 December 2011

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Property, Plant and Equipment

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

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2011

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.

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2011

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Employee Benefits

(i) Short-term Benefits

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are recognised in profit or loss 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 and Other Income

(i) Sale of Goods

Revenue is recognised upon delivery of goods and customers' acceptance and where applicable, net of 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.

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2011

5. INVESTMENT IN SUBSIDIARIES

	The Company	
	2011 RM'000	2010 RM'000
Unquoted shares, at cost	**129,429**	129,429
Derecognised during the financial year	**(250)**	–
	129,179	129,429

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

Name of Company	Country of Incorporation	Effective Equity Interest 2011 %	Effective Equity Interest 2010 %	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, soil 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	Property development.
Protasco Infra Sdn. Bhd.	Malaysia	**100**	100	Infrastructure and related works.
Protasco Development Sdn. Bhd.	Malaysia	**100**	–	Investment holding.

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

Name of Company	Country of Incorporation	Effective Equity Interest 2011 %	Effective Equity Interest 2010 %	Principal Activities
Roadcare (M) Sdn. Bhd.*	Malaysia	**51**	51	Road maintenance and rehabilitation.
HCM-TH Technologies Sdn. Bhd.*	Malaysia	**70**	70	Dormant.
HCM Engineering-Isyoda JV Sdn. Bhd.*	Malaysia	**100**	100	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.

Name of Company	Country of Incorporation	Effective Equity Interest 2011 %	2010 %	Principal Activities
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.
HCM Kasturi Sdn. Bhd.*	Malaysia	**100**	–	Dormant.
Alkatech Sdn. Bhd.*	Malaysia	**100**	–	Dormant.
Makmur Bersih Sdn. Bhd.*	Malaysia	**60**	–	Dormant.
Empayar Indra Sdn. Bhd.*	Malaysia	**51**	–	Dormant.

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

Name of Company	Country of Incorporation	Effective Equity Interest 2011 %	2010 %	Principal Activities
HCM Engineering (PNG) Ltd.*	Papua New Guinea	**–**	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 2011 %	2010 %	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 Infrastructure Asset Management 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.

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2011

5. INVESTMENT IN SUBSIDIARIES (CONTINUED)

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

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2011 %	2010 %	
Ikram Libyana Sdn. Bhd.	Malaysia	**60**	60	Dormant.
Ikram Greentech Sdn. Bhd.	Malaysia	**100**	100	Provision of green technology services
Ikram International Sdn. Bhd.	Malaysia	**100**	100	Overseas operations

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

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2011 %	2010 %	
Ikram Skills Academy Sdn. Bhd.	Malaysia	**100**	100	Provision of skills training courses.

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

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2011 %	2010 %	
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**	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		Principal Activities
		2011 %	2010 %	
Protasco Trading (Pty) Ltd.*#	South Africa	**–**	100	Dormant.

5. INVESTMENT IN SUBSIDIARIES (CONTINUED)

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

Name of Company	Country of Incorporation	Effective Equity Interest 2011 %	2010 %	Principal Activities
Ximax Communications Co. Ltd.*	Hong Kong	**100**	100	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 2011 %	2010 %	Principal Activities
Ximax Communications (Shenzhen) Co. Ltd.*	China	**100**	100	Dormant.

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

Name of Company	Country of Incorporation	Effective Equity Interest 2011 %	2010 %	Principal Activities
Protasco Land Sdn Bhd	Malaysia	**100**	–	Property development.
De'Centrum Development Sdn. Bhd.	Malaysia	**100**	–	Property development.

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

Name of Company	Country of Incorporation	Effective Equity Interest 2011 %	2010 %	Principal Activities
Protasco Land SA (Pty) Ltd.*	South Africa	**70**	70	Property development.

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

Name of Company	Country of Incorporation	Effective Equity Interest 2011 %	2010 %	Principal Activities
Hainan Protasco Engineering Co. Ltd.*	China	**100**	100	Investment holding.
Ikram Masterbuilder Sdn. Bhd. *(formerly known as Infra Builders Sdn. Bhd.)*	Malaysia	**100**	100	Building construction.
Infra Water Sdn. Bhd.	Malaysia	**55**	55	Dormant.

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2011

5. INVESTMENT IN SUBSIDIARIES (CONTINUED)

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

Name of Company	Country of Incorporation	Effective Equity Interest 2011 %	Effective Equity Interest 2010 %	Principal Activities
Hainan Rifu Resources Co. Ltd.*	China	**82**	82	Dormant.

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

\# Protasco Trading (Pty) Ltd. has been struck off from the Companies Registry in South Africa in July 2011.

6. INVESTMENT IN ASSOCIATES

	The Group 2011 RM'000	The Group 2010 RM'000
Unquoted shares, at cost		
At 1 January	**1,482**	1,482
Addition during the financial year	**45**	–
At 31 December	**1,527**	1,482
Share of post acquisition profits	**1,636**	1,636
Foreign exchange translation reserve	**(436)**	(356)
	2,727	2,762
Redeemable preference shares	**1,400**	1,400
	4,127	4,162
Accumulated impairment losses	**(1,540)**	(1,538)
At 31 December	**2,587**	2,624
Accumulated impairment losses:-		
At 1 January	**(1,538)**	(770)
Addition during the year	**(2)**	(768)
At 31 December	**(1,540)**	(1,538)

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

Name of Company	Country of Incorporation	Effective Equity Interest 2011 %	Effective Equity Interest 2010 %	Principal Activities
THT-HCM JV Sdn. Bhd.	Malaysia	**40**	40	Road construction.
Protasco Engineering International Ltd.*	South Africa	**49**	49	Dormant.

6. INVESTMENT IN ASSOCIATES (CONTINUED)

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

Name of Company	Country of Incorporation	Effective Equity Interest 2011 %	2010 %	Principal Activities
Libyan Malaysian Company for Roads and Construction	Libya	**49**	49	Construction and maintenance.

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

Name of Company	Country of Incorporation	Effective Equity Interest 2011 %	2010 %	Principal Activities
Ikram Premier Consulting Sdn. Bhd.*	Malaysia	**30**	–	Dormant.

* The results of these associates have not been equity accounted as the companies are dormant and the amounts involved are insignificant.

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

	The Group 2011 RM'000	2010 RM'000
ASSETS AND LIABILITIES		
Current assets	**29,271**	28,092
Non-current assets	**676**	726
Total assets	**29,947**	28,818
Current liabilities/Total liabilities	**23,919**	23,189
RESULTS		
Revenue	**–**	36,797
(Loss)/Profit for the financial year	**(11)**	1,056

Notes to the Financial Statements (continued)
for the financial year ended 31 December 2011

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	Capital Work-In-Progress RM'000	Total RM'000
AT COST									
At 1.1.2011	69,878	8,109	55,268	14,215	46,483	131,707	38,421	–	364,081
Additions	2,121	–	318	3,248	2,670	3,876	3,540	979	16,752
Disposals	(2,122)	–	–	(36)	(261)	(53)	(1,630)	–	(4,102)
Written off	–	(3,305)	–	(74)	(480)	(3,434)	(551)	–	(7,844)
Reclassification	–	–	–	131	(131)	–	–	–	–
Exchange rate differences	–	–	–	18	14	348	64	–	444
At 31.12.2011	69,877	4,804	55,586	17,502	48,295	132,444	39,844	979	369,331
ACCUMULATED DEPRECIATION									
At 1.1.2011	–	1,425	7,323	10,192	37,347	91,926	24,776	–	172,989
Charge for the financial year	–	92	1,108	1,298	2,705	8,928	2,554	–	16,685
Disposals	–	–	–	(18)	(209)	(50)	(1,482)	–	(1,759)
Written off	–	(894)	–	(39)	(407)	(2,708)	(229)	–	(4,277)
Reclassification	–	–	–	152	(152)	–	–	–	–
Exchange rate differences	–	–	–	11	8	127	30	–	176
At 31.12.2011	–	623	8,431	11,596	39,292	98,223	25,649	–	183,814
NET BOOK VALUE	69,877	4,181	47,155	5,906	9,003	34,221	14,195	979	185,517

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								
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								
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

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2011

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Certain property, plant and equipment of the Group with a total net book value of RM6,698,662 (2010 – RM6,927,156) are held under hire purchase arrangements.

Certain property, plant and equipment of the Group with a total net book value of RM103,112,433 (2010 – RM103,915,784) were pledged to financial institutions as security for credit facilities granted as disclosed in Note 35.

8. LAND HELD FOR PROPERTY DEVELOPMENT

	The Group	
	2011 RM'000	**2010 RM'000**
At Cost:		
Development expenditure		
At 1 January	**3,092**	3,078
Exchange rate differences	**(505)**	14
At 31 December	**2,587**	3,092

9. DEVELOPMENT COSTS

	The Group	
	2011 RM'000	**2010 RM'000**
At Cost	**2,200**	2,200
Accumulated amortisation:-		
At 1 January	**(990)**	(550)
Amortisation for the financial year	**(440)**	(440)
At 31 December	**(1,430)**	(990)
Net book value at 31 December	**770**	1,210

10. LONG-TERM INVESTMENTS

	The Group	
	2011 RM'000	**2010 RM'000**
At Cost:		
Unquoted shares	**30**	223
Club membership	**300**	300
	330	523
Represented by:		
At cost	**30**	223
At fair value	**300**	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.

11. GOODWILL ON CONSOLIDATION

	The Group	
	2011 **RM'000**	**2010** **RM'000**
At 1 January	**837**	–
Acquisition of a subsidiary	**6**	837
	843	837
Impairment of goodwill	**(843)**	–
At 31 December	–	837

The carrying amount of goodwill in the previous financial year was allocated to the mobile phone products cash-generating unit ("CGU"). During the financial year, the Group has assessed the recoverable amounts of goodwill allocated and determined that full impairment is required mainly due to the discontinued operation of the CGU concerned.

12. DEFERRED TAX ASSET

	The Group	
	2011 **RM'000**	**2010** **RM'000**
At 1 January	–	47
Recognised in profit or loss	–	(47)
At 31 December	–	–

13. INVENTORIES

	The Group	
	2011 **RM'000**	**2010** **RM'000**
At Cost:		
Handphones, stores and spares	**1,482**	3,221
Condominium unit for sale	**189**	–
Parking lots at condominium for sale	**755**	–
Quarry products	–	703
	2,426	3,924
At Net Realisable Value:		
Handphones, stores and spares	**767**	64
	3,193	3,988

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2011

14. PROPERTY DEVELOPMENT COSTS

	The Group	
	2011 RM'000	2010 RM'000
Development costs:-		
At 1 January	**49,871**	32,212
Incurred during the financial year	**14,172**	17,659
	64,043	49,871
Accumulated costs charged to profit or loss:-		
At 1 January	**(48,465)**	(30,360)
Charge during the financial year	**(14,280)**	(18,105)
	(62,745)	(48,465)
At 31 December	**1,298**	1,406
Represented by:-		
Development costs	**64,043**	49,871
Accumulated costs charged to profit or loss	**(62,745)**	(48,465)
At 31 December	**1,298**	1,406

15. AMOUNT OWING BY CONTRACT CUSTOMERS

	The Group	
	2011 RM'000	2010 RM'000
Contract costs incurred to date	**390,617**	415,535
Attributable profits	**11,080**	12,978
	401,697	428,513
Allowance for foreseeable losses	**(25,645)**	(15,648)
	376,052	412,865
Progress billings	**(370,586)**	(406,960)
Amount owing by contract customers	**5,466**	5,905
Contract costs recognised as an expense	**62,995**	138,909

15. AMOUNT OWING BY CONTRACT CUSTOMERS (CONTINUED)

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

	The Group	
	2011	**2010**
	RM'000	**RM'000**
Depreciation of property, plant and equipment	**1,233**	1,215
Hire of motor vehicles	**114**	552
Hire of plant and machinery	**7,073**	17,689
Rental expense	**393**	485
Staff costs	**5,784**	9,714

16. TRADE RECEIVABLES

	The Group	
	2011	**2010**
	RM'000	**RM'000**
Trade receivables	**221,109**	235,537
Accrued billings	**13,022**	8,829
	234,131	244,366
Allowance for impairment losses	**(29,011)**	(25,156)
	205,120	219,210
Allowance for impairment losses:-		
At 1 January	**(25,156)**	(15,734)
Addition during the financial year	**(6,390)**	(9,854)
Reversal during the financial year	**595**	–
Writeback for the financial year	**297**	363
Write-off during the financial year	**1,643**	69
At 31 December	**(29,011)**	(25,156)

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.

Notes to the Financial Statements (continued)
for the financial year ended 31 December 2011

17. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Other receivables	**27,780**	25,414	**7**	5
Allowance for impairment losses	**(1,039)**	(1,657)	**–**	–
	26,741	23,757	**7**	5
Prepayments	**663**	900	**–**	–
Deposits	**2,785**	2,831	**–**	–
	30,189	27,488	**7**	5
Allowance for impairment losses:-				
At 1 January	**(1,657)**	(718)	**–**	–
Addition during the financial year	**(242)**	(939)	**–**	–
Writeback for the financial year	**860**	–	**–**	–
At 31 December	**(1,039)**	(1,657)	**–**	–

18. 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.

19. AMOUNT OWING BY ASSOCIATES

	The Group	
	2011 RM'000	2010 RM'000
Trade balances	**7,526**	13,960
Non-trade balances	**336**	336
	7,862	14,296
Allowance for impairment losses	**(7,526)**	(6,812)
	336	7,484
Allowance for impairment losses:-		
At 1 January	**(6,812)**	–
Addition during the financial year	**(714)**	(6,812)
At 31 December	**(7,526)**	(6,812)

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

20. SHORT-TERM INVESTMENTS

	The Group	
	2011	**2010**
	RM'000	**RM'000**
Unit trusts, quoted in Malaysia	**27,311**	24,716
Islamic money market fund	**3,590**	2,670
	30,901	27,386
Represented by:		
At fair value	**30,901**	27,386
Market value of unit trusts	**27,311**	24,716
Market value of Islamic Money Market Fund	**3,590**	2,670

Short-term investments are classified as financial assets at fair value through profit or loss investments, measured at fair value.

21. DEPOSITS WITH LICENSED BANKS

Deposits with licensed banks of the Group amounting to RM5,391,486 (2010 - RM10,914,848) 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	
	2011	**2010**	**2011**	**2010**
	%	**%**	**%**	**%**
Effective interest rates	**1.70 to 3.30**	1.30 to 3.00	**2.10 to 2.25**	1.74 to 2.05

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

	The Group		The Company	
	2011	**2010**	**2011**	**2010**
Maturity period (days)	**1 to 365**	1 to 365	**1 to 7**	1 to 7

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2011

22. CASH AND BANK BALANCES

Included in cash and bank balances of the Group is a sum of RM3,397,919 (2010 - RM3,534,900) held under a Housing Development Account pursuant to Section 7A of the Housing Developer (Control & Licensing) Act 1966.

23. SHARE CAPITAL

	The Group/The Company			
	2011 Number Of Shares '000	2010 Number Of Shares '000	2011 RM'000	2010 RM'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 (2010 - 300,000,000) issued and fully paid ordinary shares as at 31 December 2011, 3,334,800 (2010 - 3,332,800) were held as treasury shares by the Company. As at 31 December 2011, the number of outstanding ordinary shares in issue and fully paid net of treasury shares amounted to 296,665,200 (2010 - 296,667,200).

24. 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 2011, 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 2011	–	3,332,800	2,831
March 2011	0.97	1,000	1
August 2011	1.09	1,000	2
At 31 December 2011		3,334,800	2,834

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.

25. 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.

26. 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.

27. 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.

28. 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.

29. DEFERRED TAXATION

	The Group	
	2011 RM'000	**2010 RM'000**
At 1 January	**7,528**	10,123
Recognised in profit or loss	**1,009**	(2,595)
At 31 December	**8,537**	7,528
Presented after appropriate offsetting as follows:-		
Deferred tax liabilities:-		
Accelerated capital allowances	**5,120**	6,747
Others	**3,505**	839
	8,625	7,586
Deferred tax assets:-		
Unutilised tax losses and unabsorbed capital allowances	**(88)**	(58)
At 31 December	**8,537**	7,528

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2011

29. DEFERRED TAXATION (CONTINUED)

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

	The Group	
	2011 RM'000	2010 RM'000
Unutilised tax losses	**45,646**	29,649
Unabsorbed capital allowances	**2,317**	1,274
	47,963	30,923

30. LONG-TERM BORROWING

	The Group	
	2011 RM'000	2010 RM'000
SECURED:		
Hire purchase payables (Note 31)	**2,745**	3,198
Term loan (Note 32)	**1,216**	–
	3,961	3,198

31. HIRE PURCHASE PAYABLES

	The Group	
	2011 RM'000	2010 RM'000
Minimum lease payments:		
– not later than one year	**1,607**	1,712
– later than one year but not later than five years	**3,064**	3,603
	4,671	5,315
Less: Future finance charges	**(541)**	(653)
Present value of hire purchase payables	**4,130**	4,662
The net hire purchase payables are repayable as follows:-		
– not later than one year (Note 35)	**1,385**	1,464
– later than one year but not later than five years (Note 30)	**2,745**	3,198
	4,130	4,662

32. TERM LOAN

	The Group	
	2011 RM'000	2010 RM'000
Current portion:		
- not later than one year (Note 35)	38	–
Non-current portion: (Note 30)		
- later than one year and not later than two years	46	–
- later than two years and not later than five years	196	–
- later than five years	974	–
	1,216	–
	1,254	–

The term loan is repayable in 240 monthly instalments of RM8,205 each, effective from January 2011.

The term loan is secured by:-

(i) a first party legal charge over freehold land and buildings; and
(ii) a corporate guarantee provided by its holding company.

33. TRADE PAYABLES

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

34. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Other payables and accruals	39,712	38,434	65	837
Amount owing to a director	116	116	–	–
	39,828	38,550	65	837

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

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2011

35. SHORT-TERM BORROWINGS

	The Group	
	2011 RM'000	2010 RM'000
SECURED:		
Bills payable	**13,223**	7,339
Revolving credit	**18,968**	22,656
Term loan (Note 32)	**38**	–
Hire purchase payables (Note 31)	**1,385**	1,464
	33,614	31,459

The bills payable 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 are disclosed in Note 7.

36. BANK OVERDRAFTS

The bank overdrafts of the Group are secured by a corporate guarantee of the Company.

37. REVENUE

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Gross dividends from subsidiaries	**–**	–	**29,115**	39,946
Management fees from subsidiaries	**–**	–	**2,043**	2,820
Construction and maintenance contracts	**426,360**	489,525	**–**	–
Property development	**16,281**	20,235	**–**	–
Sale of goods	**111,935**	108,743	**–**	–
Education and training fees	**48,468**	43,697	**–**	–
Engineering services	**85,464**	103,830	**–**	–
Others	**7,477**	5,021	**–**	–
	695,985	771,051	**31,158**	42,766

38. COST OF SALES

	The Group	
	2011 RM'000	2010 RM'000
Construction and maintenance contracts	**335,199**	376,038
Property development	**14,280**	18,105
Sale of goods	**102,599**	100,847
Education and training fees	**23,414**	23,537
Engineering services	**47,862**	48,719
Others	**3,245**	88
	526,599	567,334

39. PROFIT BEFORE TAXATION

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Profit before taxation is arrived at after charging/(crediting):-				
Advances written off	**190**	–	**–**	–
Allowance for foreseeable losses	**9,997**	15,648	**–**	–
Allowance for impairment losses on receivables	**7,346**	17,605	**–**	–
Amortisation of development costs	**440**	440	**–**	–
Audit fee:				
- current year	**399**	312	**45**	37
- under/(over)provision in the previous year	**10**	(6)	**–**	5
Bad debts written off	**62**	–	**–**	–
Cash lost on fraud case	**186**	–	**–**	–
Compensation on legal suit	**87**	1,800	**–**	–
Depreciation of property, plant and equipment	**15,452**	16,389	**–**	–
Directors' benefits-in-kind	**70**	70	**–**	–
Directors' fee	**282**	193	**162**	133
Directors' non-fee emoluments	**2,201**	2,071	**600**	2,071
Impairment loss on goodwill	**843**	–	**–**	–
Impairment loss on				
- investment in associates	**2**	768	**–**	–
- other investments	**200**	–	**–**	–
Incorporation expenses	**8**	–	**–**	–
Interest expense:				
- bank overdrafts	**165**	101	**–**	–
- hire purchase	**260**	284	**–**	–
- bills payable	**435**	275	**–**	–
- revolving credit	**1,086**	1,033	**–**	–
- term loan	**57**	–	**–**	–
- others	**122**	55	**–**	–
Inventories written down	**811**	–	**–**	–
Inventories written off	**713**	150	**–**	–
Loss on revaluation on available-for-sale financial assets	**52**	–	**–**	–
Property, plant and equipment written off	**3,567**	6	**–**	–
Rental of:				
- land	**16**	33	**–**	–
- office premises	**1,376**	1,471	**–**	–
- plant and machinery	**516**	339	**–**	–
- motor vehicles	**366**	394	**–**	–
- office equipment	**604**	506	**–**	–
- others	**160**	73	**–**	–
Research and development expenditure	**3**	–	**–**	–
Staff costs:				
- salaries, wages, bonuses and allowances	**63,364**	59,091	**524**	694
- defined contribution plan	**6,429**	6,198	**42**	80
- other benefits	**4,893**	6,504	**49**	41
Gain on disposal of investment in a subsidiary	**–**	–	**(2,750)**	–
Gain on derecognition of a subsidiary	**(50)**	–	**–**	–
Gain on disposal of property, plant and equipment	**(1,686)**	(540)	**–**	–
Insurance claim received	**(163)**	(2)	**–**	–
Interest income:				
- financial institution	**(3,127)**	(1,639)	**(46)**	(33)
- others	**(10)**	(881)	**–**	–

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2011

39. PROFIT BEFORE TAXATION (CONTINUED)

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Profit before taxation is arrived at after charging/(crediting):-				
Net foreign exchange (gain)/loss:				
- unrealised	**(155)**	(241)	**–**	–
- realised	**(4)**	32	**–**	–
Rental income	**(283)**	(2,492)	**–**	–
Reversal of allowance for impairment losses on:				
- trade receivables	**(595)**	–	**–**	–
- other receivables	**(860)**	–	**–**	–
Reversal of foreseeable losses	**–**	(4,392)	**–**	–
Tax-exempt dividends received from investment in unit trusts	**(694)**	(325)	**–**	–
Waiver of debts	**–**	(36)	**–**	–
Writeback of impairment losses on trade receivables	**(297)**	(363)	**–**	–

40. DIRECTORS' REMUNERATION

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Directors of the Company				
Executive directors' remuneration				
– Other emoluments	**2,184**	2,056	**583**	2,056
Non-executive directors' remuneration				
– Fees	**282**	193	**162**	133
– Other emoluments	**17**	15	**17**	15
	299	208	**179**	148
Total directors' remuneration	**2,483**	2,264	**762**	2,204
Estimated money value of benefits-in-kind	**70**	70	**-**	-
Total directors' remuneration including benefits-in-kind	**2,553**	2,334	**762**	2,204

40. DIRECTORS' REMUNERATION (CONTINUED)

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

	The Group		The Company	
	2011 **RM'000**	2010 RM'000	**2011** **RM'000**	2010 RM'000
Executive:				
Salaries and emoluments	**1,560**	1,414	**391**	1,414
Bonus	**390**	422	**130**	422
Contributions to defined contribution plans	**234**	220	**62**	220
Estimated money value of benefits-in-kind	**70**	70	**-**	-
	2,254	2,126	**583**	2,056
Non-Executive:				
Fees	**282**	193	**162**	133
Other emoluments	**17**	15	**17**	15
	2,553	2,334	**762**	2,204

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	
	2011	2010
EXECUTIVE DIRECTORS:		
RM1,050,001 - RM1,100.000	**-**	2
RM1,100,001 - RM1,150,000	**2**	-
NON-EXECUTIVE DIRECTORS:		
Below RM25,000	**-**	2
RM25,001 - RM30,000	**3**	2
RM30,001 - RM35,000	**1**	-
RM40,001 - RM45,000	**-**	1
RM60,001 - RM65,000	**1**	-
RM65,001 - RM70,000	**-**	1
RM120,001 - RM125,000	**1**	-

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2011

41. INCOME TAX EXPENSE

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Current tax expense:				
Charge for the financial year:				
- Malaysian taxation	**24,650**	33,354	**2,415**	9,772
- Overseas taxation	**–**	11	**–**	–
(Over)/Underprovision in the previous financial year	**(1,697)**	(319)	**27**	–
	22,953	33,046	**2,442**	9,772
Deferred tax expense:				
Relating to origination and reversal of temporary differences	**646**	198	**–**	–
Under/(Over)provision in the previous financial year	**363**	(2,745)	**–**	–
	1,009	(2,547)	**–**	–
	23,962	30,499	**2,442**	9,772

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

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	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Profit before taxation	**72,204**	94,124	**32,250**	39,938
Tax at the statutory tax rate of 25%	**18,051**	23,531	**8,062**	9,985
Tax effects of:				
Differential in tax rates	**(40)**	(315)	**–**	–
Non-deductible expenses	**19,019**	22,742	**–**	–
Non-taxable income	**(15,881)**	(12,830)	**(5,647)**	(213)
Utilisation of previously unrecognised deferred tax asset	**(120)**	(1,121)	**–**	–
Deferred tax asset not recognised during the financial year	**4,267**	1,556	**–**	–
(Over)/Underprovision in the previous financial year:				
- current tax	**(1,697)**	(319)	**27**	–
- deferred tax	**363**	(2,745)	**–**	–
Income tax expense for the financial year	**23,962**	30,499	**2,442**	9,772

42. 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	
	2011	**2010**
Net profit for the financial year (RM'000)	**31,828**	47,067
Weighted average number of ordinary shares in issue ('000)	**296,666**	296,668
Basic earnings per share (sen)	**10.7**	15.9

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

43. DIVIDENDS

	The Company	
	2011 RM'000	**2010 RM'000**
Final single tier dividend of 4 sen per ordinary share in respect of the financial year ended 31 December 2009	–	14,833
Interim single tier dividend of 5 sen per ordinary share in respect of the financial year ended 31 December 2010	–	14,834
Final single tier dividend of 5 sen per ordinary share in respect of the financial year ended 31 December 2010	**14,833**	–
Interim single tier dividend of 4 sen per ordinary share in respect of the financial year ended 31 December 2011	**11,867**	–
	26,700	29,667

At the forthcoming Annual General Meeting, the directors recommend a final single tier dividend of 4 sen per ordinary share in respect of the financial year ended 31 December 2011 amounting to approximately RM11,866,608 computed based on the issued and paid-up capital with voting rights as at 31 December 2011 of 296,665,200 ordinary shares of RM0.50 each to be paid to shareholders whose names appear in the Record of Depositors on 29 June 2012. 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 2012.

Notes to the Financial Statements (continued)
for the financial year ended 31 December 2011

44. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	The Group	
	2011 RM'000	2010 RM'000
Cost of property, plant and equipment purchased	**16,752**	16,048
Amount financed through hire purchase	**(1,037)**	(1,649)
Cash disbursed for purchase of property, plant and equipment	**15,715**	14,399

45. CASH AND CASH EQUIVALENTS

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

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cash and bank balances (Note 22)	**90,546**	73,817	**10,474**	1,237
Deposits with licensed banks (Note 21)	**99,440**	107,306	**1,869**	1,828
Bank overdrafts (Note 36)	**(2,895)**	(952)	**–**	–
	187,091	180,171	**12,343**	3,065

46. CAPITAL COMMITMENTS

	The Group	
	2011 RM'000	2010 RM'000
Capital expenditure:		
Approved and contracted for	**2,923**	3,297
Approved but not contracted for	**10,238**	10,379
	13,161	13,676

47. CONTINGENT LIABILITIES

In October 2011, a subsidiary of the Company, HCM Engineering Sdn. Bhd. ("HCM") received a winding up notice pursuant to Section 218(2) of the Companies Act 1965 arising from two judgments in default (of appearance) which was entered against them for the sum of RM507,662 in Shah Alam High Court Suit No: 22-1558-2010 and the sum of RM9,960,492 in Shah Alam High Court Suit No: 22-1559-2010, respectively. Both judgments were entered on 11 July 2011.

The judgement for RM507,662 is premised on alleged wrongful deductions from payments due to Menuju Asas Sdn. Bhd. ("MASB") in relation to "Projek Pembinaan Kem Group Gerak Khas - Fasa 1" in Mersing, Johor.

The judgement for RM9,960,492 is allegedly due to MASB, Mohd Redzuan Mohanan bin Abdullah (t/a Menuju Asas Enterprise) and Mohd Redzuan Mohanan bin Abdullah arising from HCM pursuant to the termination of the Settlement Agreement dated 6 May 2010 entered into between the said parties and HCM.

47. CONTINGENT LIABILITIES (CONTINUED)

HCM has engaged a firm of solicitors to set aside both the judgments and resist any attempt to file a winding up petition premised on the said judgments which HCM contend is without merit.

On 10 November 2011, HCM successfully obtained an interim stay order pending the next hearing date of the stay and setting aside applications for both suit No: 22-1558-2010 and suit No: 22-1559-2010. On the last mention date held on 20 April 2012, the Judge directed both parties to finalise the exchange of affidavits and to file their written submission for both HCM's stay and setting aside applications simultaneously on or before 4 May 2012. Hearing dates for both HCM's stay and setting aside applications will be fixed during the next mention date on 4 May 2012.

As at the date of this report, the abovementioned case is still at its preliminary stage.

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Unsecured:				
Guarantees given to financial institutions for credit facilities granted to subsidiaries	**–**	–	**227,326**	182,236
Corporate guarantees given to suppliers for credit facilities granted to a subsidiary	**11,700**	30,690	**11,700**	30,690
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	**591**	1,439	**–**	–
Performance guarantee extended by subsidiaries to third parties	**7,709**	14,411	**–**	–

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2011

48. 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.

(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	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Gross dividends from subsidiaries	**–**	–	**(29,115)**	(39,946)
Management fees from subsidiaries	**–**	–	**(2,043)**	(2,820)
Services rendered to an associate	**–**	(30,674)	**–**	–
Rental payable to:				
- a company substantially owned by a director of a subsidiary	**30**	79	**–**	–
Purchases from:				
- companies substantially owned by a director of a subsidiary	**1,936**	2,513	**–**	–

(c) Key management personnel compensation

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Short-term employee benefits	**3,171**	3,561	**762**	2,056

49. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

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

(a) On 29 June 2011, the Company subscribed for 2 ordinary shares of RM1 each representing a 100% equity interest in Protasco Development Sdn. Bhd. ("PDSB") for a total cash consideration of RM2.

(b) On 8 July 2011, as part of the internal restructuring exercise to streamline the operations of the companies within the Group, the Company transferred the shareholdings of Protasco Land Sdn. Bhd. and De Centrum Development Sdn. Bhd. to the newly incorporated wholly-owned subsidiary, PDSB.

(c) On 15 July 2011, Protasco Trading (Pty) Ltd. ("PTPL"), a wholly-owned subsidiary of Protasco Enterprise SA (Pty) Ltd., was struck off from the Companies Registry in South Africa. The loss arising from the derecognition of PTPL amounted to approximately RM145,000.

49. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

(d) On 28 July 2011, HCM Engineering Sdn. Bhd. ("HCME"), a wholly-owned subsidiary of the Company, acquired 60,000 ordinary shares of RM1 each representing 60% of the equity interest in Makmur Bersih Sdn. Bhd. for a total cash consideration of RM60,000.

(e) On 7 October 2011, HCME acquired 100,000 ordinary shares of RM1 each representing 100% of the equity interest in Alkatech Sdn. Bhd. for a total cash consideration of RM100,000.

(f) On 7 October 2011, HCME acquired 10 ordinary shares of RM1 each representing 100% of the equity interest in HCM Kasturi Sdn. Bhd. for a total cash consideration of RM10.

(g) On 7 October 2011, HCME acquired 25,500 ordinary shares of RM1 each representing 51% of the equity interest in Empayar Indera Sdn. Bhd. for a total cash consideration of RM25,500.

(h) On 3 November 2011, Kumpulan Ikram Sdn. Bhd., a wholly-owned subsidiary of the Company, subscribed for 45,000 ordinary shares of RM1 each in Ikram Premier Consulting Sdn. Bhd. ("IPC"), representing 30% of the equity interest of IPC, for a total cash consideration of RM45,000.

50. SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

On 17 January 2012, Kumpulan Ikram Sdn. Bhd., a wholly-owned subsidiary of the Company, entered into a Sale and Purchase Agreement to acquire a two storey shop office known as No. 2, Jalan Impian 1, Taman Impian, 81300 Skudai, Johor Bahru, Johor for a total cash consideration of RM914,400.

The acquisition has not been completed as at the date of the report.

51. 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.

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2011

51. OPERATING SEGMENTS (CONTINUED)

BUSINESS SEGMENTS (CONTINUED)

2011	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	**426,360**	**85,464**	**16,281**	**48,468**	**111,935**	**7,477**	–	**695,985**
Inter-segment sales	**15,455**	**4,446**	–	–	**17,259**	**31,158**	**(68,318)**	–
Total revenue	**441,815**	**89,910**	**16,281**	**48,468**	**129,194**	**38,635**	**(68,318)**	**695,985**
RESULTS								
Segment results	**47,909**	**16,605**	**1,278**	**2,898**	**3,681**	**33,097**	**(31,158)**	**74,310**
Profit from operations								**74,310**
Finance costs								**(2,106)**
Income tax expense								**(23,962)**
Profit after taxation								**48,242**
Non-controlling interests								**(16,414)**
Net profit attributable to owners of the Company								**31,828**
ASSETS								
Segment assets	317,419	219,184	28,399	39,041	37,807	13,843	–	**655,693**
Investment in associates	2,530	57	–	–	–	–	–	**2,587**
Unallocated corporate assets	1,418	–	3	–	–	–	–	**1,421**
Consolidated total assets								**659,701**
LIABILITIES								
Segment liabilities	115,205	81,722	10,773	9,588	30,250	11,893	–	**259,431**
Unallocated corporate liabilities	5,646	4,523	57	1,523	138	2,741	–	**14,628**
Consolidated total liabilities								**274,059**
OTHER INFORMATION								
Capital expenditure	4,309	3,250	13	5,455	3,329	396	–	**16,752**
Depreciation and amortisation	10,916	3,197	25	2,622	286	79	–	**17,125**

51. 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	2,065	–	18,256
Consolidated total liabilities								285,330
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

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2011

51. OPERATING SEGMENTS (CONTINUED)

No geographical segment has been presented as the revenue derived from the Group during the financial year under review are mainly in Malaysia.

52. 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	
	2011	**2010**
Chinese Renminbi	**0.49**	0.47
Euro	**4.10**	4.13
Hong Kong Dollar	**0.41**	0.40
Libyan Dinar	**2.38**	2.47
South African Rand	**0.38**	0.47
United States Dollar	**3.17**	3.08

53. 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.

53. 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
2011									
Financial assets									
Long-term investments	–	–	–	–	–	–	–	330	330
Trade receivables	–	–	–	–	–	–	–	205,120	205,120
Other receivables and deposits	–	175	–	–	–	14	2,066	27,271	29,526
Amount owing by associates	336	–	–	–	–	–	–	–	336
Short-term investments	–	–	–	–	–	–	–	30,901	30,901
Deposits with licensed banks	–	–	–	3	–	–	–	99,437	99,440
Cash and bank balances	16,358	9	808	–	628	27	384	72,332	90,546
	16,694	184	808	3	628	41	2,450	435,391	456,199
Financial liabilities									
Trade payables	2,917	–	–	–	–	–	–	164,349	167,266
Other payables and accruals	516	18	982	–	–	21	1,059	37,232	39,828
Borrowings	–	–	–	–	–	–	–	37,575	37,575
Bank overdrafts	–	–	–	–	–	–	–	2,895	2,895
Dividend payable	–	–	–	–	–	–	–	11,867	11,867
	3,433	18	982	–	–	21	1,059	253,918	259,431
Net financial assets/(liabilities)	13,261	166	(174)	3	628	20	1,391	181,473	196,768
Less: Net financial (assets)/liabilities denominated in the respective entities functional currencies	(13,261)	(166)	174	–	–	(20)	(1,391)	(181,473)	(196,137)
Currency exposure	–	–	–	3	628	–	–	–	631

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2011

53. 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	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
Dividend payable	–	–	–	–	–	–	–	14,833	14,833
	3,450	18	25	–	–	25	–	263,556	267,074
Net financial assets	22,103	156	956	3	41	1,288	3,346	167,347	195,240
Less: Net financial assets denominated in the respective entities functional currencies	(22,103)	–	(956)	–	–	(1,288)	(3,346)	(167,347)	(195,040)
Currency exposure	–	156	–	3	41	–	–	–	200

53. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial Risk Management Policies (continued)

(i) Market Risk (continued)

(i) Foreign Currency Risk (continued)

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	
	2011 Increase/(Decrease) RM'000	**2010 Increase/(Decrease) RM'000**
Effects on profit after taxation/equity		
Euro:		
– strengthened by 5%	**–**	8
– weakened by 5%	**–**	(8)
Australian Dollar:		
– strengthened by 5%	*****	*
– weakened by 5%	*****	*
United States Dollar:		
– strengthened by 5%	**31**	2
– weakened by 5%	**(31)**	(2)

*RM150

(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 53(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	
	2011 Increase/(Decrease) RM'000	**2010 Increase/(Decrease) RM'000**
Effects on profit after taxation		
Increase of 100 basis points (bp)	**(29)**	(10)
Decrease of 100 bp	**29**	10
Effects on equity		
Increase of 100 bp	**(29)**	(10)
Decrease of 100 bp	**29**	10

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2011

53. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial Risk Management Policies (continued)

(i) Market Risk (continued)

(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 RM1,545,000 (2010 - 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.

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	
	2011 RM'000	**2010 RM'000**
Libya	–	5,400
Malaysia	**205,120**	213,810
	205,120	219,210

53. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial Risk Management Policies (continued)

(ii) Credit Risk (continued)

Ageing analysis

The ageing analysis of the Group's trade receivables at the end of the reporting period is as follows:-

The Group	Gross Amount RM'000	Individual Impairment RM'000	Collective Impairment RM'000	Carrying Value RM'000
2011				
Not past due	**136,084**	–	–	**136,084**
Past due:-				
- less than 6 months	**23,424**	–	–	**23,424**
- 6 to 12 months	**11,817**	**(77)**	–	**11,740**
- 1 to 2 years	**25,467**	**(7,963)**	–	**17,504**
- more than 2 years	**37,339**	**(20,971)**	–	**16,368**
	234,131	**(29,011)**	–	**205,120**
2010				
Not past due	171,876	(11)	–	171,865
Past due:-				
- less than 6 months	5,174	–	–	5,174
- 6 to 12 months	31,927	–	–	31,927
- 1 to 2 years	11,908	(3,891)	–	8,017
- more than 2 years	23,481	(21,195)	(59)	2,227
	244,366	(25,097)	(59)	219,210

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2011

53. 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 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
2011						
Trade payables	–	167,266	167,266	167,266	–	–
Other payables	–	39,828	39,828	39,828	–	–
Dividend payable	–	11,867	11,867	11,867	–	–
Term loan	4.90	1,254	2,010	98	394	1,518
Hire purchase payables	4.13 to 7.21	4,130	4,671	1,607	3,064	–
Bills payable	3.33 to 4.76	13,223	13,355	13,355	–	–
Revolving credit	5.45 to 6.05	18,968	19,298	19,298	–	–
Bank overdrafts	7.85	2,895	2,895	2,895	–	–
		259,431	261,190	256,214	3,458	1,518

53. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial Risk Management Policies (continued)

(iii) Liquidity Risk (continued)

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						
Trade payables	–	178,082	178,082	178,082	–	–
Other payables	–	38,550	38,550	38,550	–	–
Dividend payable	–	14,833	14,833	14,833	–	–
Hire purchase payables	2.4 to 7.2	4,662	5,315	1,712	3,603	–
Bills payable	3.0 to 4.5	7,339	7,399	7,399	–	–
Revolving credit	5.0 to 5.8	22,656	23,007	23,007	–	–
Bank overdrafts	7.75	952	952	952	–	–
		267,074	268,138	264,535	3,603	–

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
2011						
Other payables	–	**65**	**65**	**65**	–	–
Dividend payable	–	**11,867**	**11,867**	**11,867**	–	–
		11,932	**11,932**	**11,932**	–	–
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	–	–

(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.

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2011

53. 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	
	2011 RM'000	**2010 RM'000**
Trade payables	**167,266**	178,082
Other payables	**39,828**	38,550
Dividend payable	**11,867**	14,833
Term loan	**1,254**	–
Hire purchase payables	**4,130**	4,662
Bills payable	**13,223**	7,339
Revolving credit	**18,968**	22,656
Bank overdrafts	**2,895**	952
	259,431	267,074
Less: Deposits with licensed banks	**(99,440)**	(107,306)
Less: Cash and bank balances	**(90,546)**	(73,817)
Net debt	**69,445**	85,951
Total equity	**385,722**	389,615
Debt-to-equity ratio	**0.18**	0.22

The Company has complied with the requirement of Bursa Malaysia Practice Note No. 17/2005, which required it 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.

53. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Classification Of Financial Instruments

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Financial assets				
Available-for-sale financial assets				
Long-term investments, at fair value	**300**	300	**–**	–
Long-term investments, at cost	**30**	223	**–**	–
	330	523	**–**	–
Loans and receivables financial assets				
Trade receivables	**205,120**	219,210	**–**	–
Other receivables and deposits	**29,526**	26,588	**7**	5
Amount owing by associates	**336**	7,484	**–**	–
Amount owing by subsidiaries	**–**	–	**65,555**	74,728
Deposits with licensed banks	**99,440**	107,306	**1,869**	1,828
Cash and bank balances	**90,546**	73,817	**10,474**	1,237
	424,968	434,405	**77,905**	77,798
Fair value through profit and loss				
Short-term investments	**30,901**	27,386	**–**	–
Financial liabilities				
Other financial liabilities				
Trade payables	**167,266**	178,082	**–**	–
Other payables	**39,828**	38,550	**65**	–
Amount owing to subsidiaries	**–**	–	**–**	250
Term loan	**1,254**	–	**–**	837
Hire purchase payables	**4,130**	4,662	**–**	–
Bills payable	**13,223**	7,339	**–**	–
Revolving credit	**18,968**	22,656	**–**	–
Bank overdrafts	**2,895**	952	**–**	–
Dividend payable	**11,867**	14,833	**11,867**	14,833
	259,431	267,074	**11,932**	15,920

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2011

53. 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	2011 Carrying Amount RM'000	2011 Fair Value RM'000	2010 Carrying Amount RM'000	2010 Fair Value RM'000
Hire purchase payables	**4,130**	**4,412**	4,662	4,838

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 values of the term loan and hire purchase payables are 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:-

	The Group 2011 %	The Group 2010 %
Hire purchase payables	**5.0% - 7.0%**	2.3 to 7.5

(e) Fair Value Hierarchy

The fair values of the financial assets and liabilities are analysed into level 1 to 3 as follows:-

Level 1: Fair value measurements derive from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements derive from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Fair value measurements derive from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 31 December 2011, the Group's financial instruments carried at fair values are analysed as below:-

The Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 4 RM'000
2011				
Financial assets				
Long-term investments, at fair value	**–**	**300**	**–**	**–**
Short-term investments	**30,901**	**–**	**–**	**–**
	30,901	**300**	**–**	**–**

54. PRIOR YEAR ADJUSTMENT

A prior year adjustment has been effected in respect of the underprovision of tax liability which arose from the shortfall in Section 108 tax credit to frank the payment of dividend in the financial year ended 2009. The adjustment was effected retrospectively in accordance with FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors. Accordingly, certain comparative figures have been restated as set out below:-

The Group	As Previously Reported RM'000	Increase/ (Decreased) RM'000	As Restated RM'000
At January 2011			
Consolidated Statements of Financial Position (Extracts):-			
Provision for taxation	**8,728**	**2,000**	**10,728**
Retained profits	**165,041**	**(2,000)**	**163,041**
At January 2010			
Consolidated Statements of Financial Position (Extracts):-			
Provision for taxation	5,609	2,000	7,609
Retained profits	149,696	(2,000)	147,696

The Company			
At January 2011			
Statement of Financial Position (Extracts):-			
Provision for taxation	**–**	**2,000**	**2,000**
Retained profits/(Accumulated losses)	**607**	**(2,000)**	**(1,393)**
At January 2010			
Statement of Financial Position (Extracts):-			
Provision for taxation	–	2,000	2,000
Retained profits/(Accumulated losses)	108	(2,000)	(1,892)

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2011

55. 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	
	2011 RM'000	**2010 RM'000**
Total retained profits:		
- realised	**255,092**	245,352
- unrealised	**(8,692)**	(7,769)
	246,400	237,583
Total share of retained profits of associate:		
- unrealised	**(1,676)**	(1,636)
	244,724	235,947
Less: Consolidation adjustments	**(76,555)**	(72,906)
At 31 December (restated)	**168,169**	163,041

	The Company	
	2011 RM'000	**2010 RM'000**
Total retained profits:		
- realised	**1,715**	607
- unrealised	**–**	–
At 31 December	**1,715**	607

List of Properties

No.	Location	Description/ Existing Use	Age of Buildings	Tenure	Approx. Land Area sq. ft.	Net Book Value at 31.12.2011 RM'000	Date of Revaluation*/ Acquisition#
1	Lot No. 52500, 52501, 52502, 52503, 52504, 52505 & 52506 Bandar Baru Bangi, District of Sepang, State of Selangor Darul Ehsan.	Institutional, commercial and residential	Between 3-29 years	Freehold	4.356 million	110,953	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	14 years	Freehold	9,558	661	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	16 years	Freehold	2,799	768	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	28 years	Leasehold 99 years expiring in 2076	1,760	724	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	28 years	Leasehold 99 years expiring in 2076	1,760	606	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	28 years	Leasehold 99 years expiring in 2076	1,760	606	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	28 years	Leasehold 99 years expiring in 2076	1,760	606	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	28 years	Leasehold 99 years expiring in 2076	2,208	849	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	644	10.03.05#
10	HS (M) 1156, Blok 7, Mukim of Dengkil, District of Sepang, State of Selangor Darul Ehsan.	Workshop	6 years	Leasehold 99 years expiring in 2080	126,300	1,888	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	769	25.06.08#
12	No. Hakmilik Geran 79109, Lot 3223, Mukim of Beranang District of Ulu Langat State of Selangor Darul Ehsan	Land	N/A	Freehold	185,566	2,121	07.10.10#

Analysis of Shareholdings

as at 18 April 2012

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 Shares Held		% of Shareholdings	
Size of Holdings	**Malaysian**	**Foreign**	**Malaysian**	**Foreign**	**Malaysian**	**Foreign**
1 – 99	87	1	4,207	10	0.00	0.00
100 – 1,000	515	2	450,039	1,500	0.15	0.00
1,001 – 10,000	1,932	28	9,871,290	168,000	3.33	0.06
10,001 – 100,000	921	22	29,706,861	715,200	10.01	0.24
100,001 – 14,833,259*	138	11	75,160,133	3,335,000	25.34	1.12
14,833,260 and above**	5	0	177,252,960	0	59.75	0.00
***TOTAL**	3,598	64	292,445,490	4,219,710	98.58	1.42

	No. of Shareholders	No. of Shares Held	% of Shareholdings
GRAND TOTAL	3,662	296,665,200	100.00

Remarks: * Less than 5% of issued holdings
** 5% and above of issued holdings
*** Excluding 3,334,800 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	–	–
Dato' Mohd Ibrahim Bin Mohd Nor	–	–	35,805,373	12.07

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	728,500 (2)	0.25
Dato' Mohd Ibrahim Bin Mohd Nor	–	–	35,805,373 (3)	12.07
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 18 April 2012

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	DREAM CRUISER SDN BHD	32,237,646	10.87
5	LEMBAGA TABUNG HAJI	29,844,900	10.06
6	CHONG KET PEN	5,465,449	1.84
7	HASNUR RABIAIN BIN ISMAIL	5,465,449	1.84
8	FEDERLITE HOLDINGS SDN BHD	4,313,800	1.45
9	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (PHEIM)	4,189,826	1.41
10	DREAM CRUISER SDN BHD	3,567,727	1.20
11	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR2)	3,100,100	1.04
12	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (NON PAR1)	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	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR AMANAH SAHAM SARAWAK	1,500,000	0.51
17	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MAAKL DIVIDEND FUND (5311-401)	1,494,200	0.50
18	LAU YEET MEI	1,385,158	0.47
19	LIM WENG HO	1,257,000	0.42
20	CHANG NYOK LIAN	1,074,756	0.36
21	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM KIM WAH	1,048,800	0.35
22	NG TENG SONG	908,900	0.31
23	WONG LEONG HUAT	900,096	0.30
24	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LPF)	890,000	0.30
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	226,740,432	76.43

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Eleventh 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 Wednesday, 20 June 2012 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 2011 and the Reports of Directors and Auditors thereon. **(Resolution 1)**

2. To approve the payment of a final single tier dividend of 4 sen per ordinary share for the financial year ended 31 December 2011. **(Resolution 2)**

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

   (i) Datin Azliza binti Ahmad Tajuddin **(Resolution 3)**
   (ii) Dato' Mohd Ibrahim bin Mohd Nor **(Resolution 4)**

4. To re-appoint Messrs Crowe Horwath as auditors of the Company and authorise the Directors to determine their remuneration. **`(Resolution 5)**

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 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 6)**

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 per centum (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 2011, the audited retained profits and share premium account of the Company stood at RM1.715 million and RM43.531 million respectively;

(c) The authority conferred by this resolution will be effective upon passing of this resolution and will continue to be 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 7)**

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

Notice of Annual General Meeting (continued)

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT a final single tier dividend of 4 sen per ordinary share for the financial year ended 31 December 2011, if approved by shareholders, will be payable on 12 July 2012 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 29 June 2012. 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 29 June 2012 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

Petaling Jaya
28 May 2012

NOTES:

1. Only a Members whose names appear on the Record of Depositors as at 12 June 2012 shall be entitled to attend, speak and vote at the Eleventh Annual General Meeting.
2. 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.
3. A Member shall be entitled to appoint not more than two (2) proxies to attend and vote at the Eleventh 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.
4. 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.
5. 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.
6. 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 802, 8th 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 Eleventh Annual General Meeting or any adjournment thereof.
7. Explanatory notes on Special Business:

   Resolution 6 - The proposed Resolution 6, if passed, will give the Directors of the Company, from the date of the Eleventh 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 Tenth Annual General Meeting held on 27 June 2011 and which will lapse at the conclusion of the Eleventh 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 7 - The proposed Resolution 7, 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 to Shareholders dated 28 May 2012, which is despatched together with the Company's Annual Report 2011.

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 on my/our behalf at the Eleventh Annual General Meeting of the Company to be held at Conference Hall, 1st Floor, Unipark Suria, Jalan Ikram-Uniten, 43000 Kajang, Selangor Darul Ehsan on Wednesday, 20 June 2012 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 2011 and the Reports of Directors and Auditors thereon.		
2.	To approve the payment of a final single tier dividend of 4 sen per ordinary share for the financial year ended 31 December 2011.		
3.	To re-elect Datin Azliza binti Ahmad Tajuddin as director of the Company.		
4.	To re-elect Dato' Mohd Ibrahim bin Mohd Nor as director of the Company.		
5.	To re-appoint Messrs Crowe Horwath as auditors of the Company and authorise the Directors to determine their remuneration.		
6.	To approve the Authority to Issue Shares.		
7.	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 ...., 2012

Number of shares held	

____
Signature of Shareholder or Common Seal

Notes:

1 Only a Members whose names appear on the Record of Depositors as at 12 June 2012 shall be entitled to attend, speak and vote at the Eleventh Annual General Meeting.

2. 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.

3. A Member shall be entitled to appoint not more than two (2) proxies to attend and vote at the Eleventh 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.

4. 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.

5. 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.

6. 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 802, 8th 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 Eleventh Annual General Meeting or any adjournment thereof.

Please Fold Here

STAMP

The Company Secretaries

PROTASCO BERHAD
802, 8th 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