



ATURMAJU RESOURCES BERHAD

(Company No. 448934-M)
(Incorporated in Malaysia)

Annual Report
2014

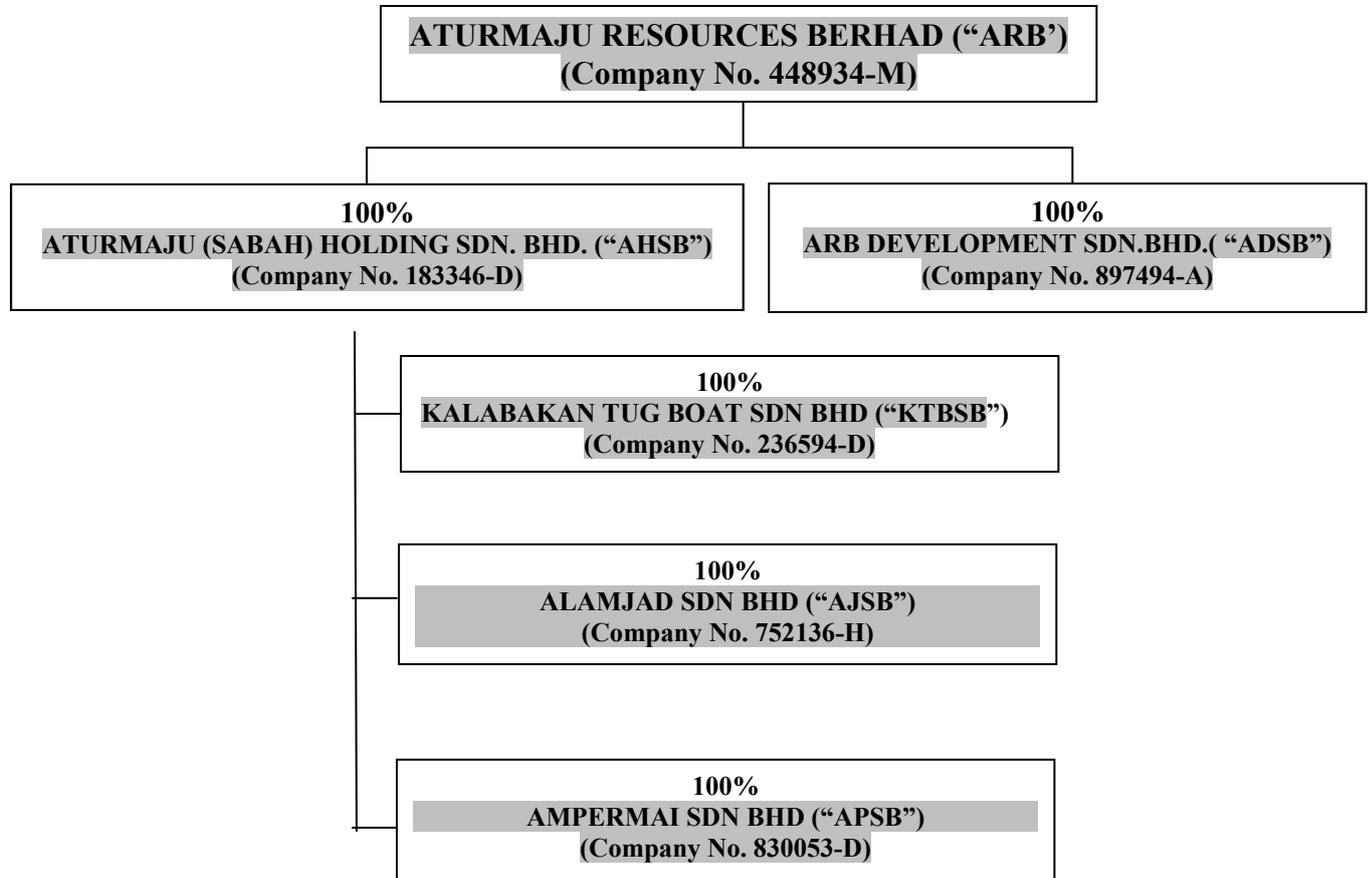


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Corporate Profile and Structure

Our core business of the Group is in timber activities of both upstream and downstream operations. The Group structure and core activities of the subsidiaries company are as follows:



Corporate Information

BOARD OF DIRECTORS

Datuk Baharon Bin Talib
(Independent Non-Executive Chairman)

Datuk Yeo Wang Seng
(Managing Director)

Yeo Gee Kuan
(Executive Director)

Yeo Wang Ting
(Executive Director)

Lim Yun Nyen
(Executive Director)

Datuk Tan Choon Hwa (JMK,JP)
(Independent Non-Executive Director)

Ng Kok Wah
(Independent Non-Executive Director)

COMPANY SECRETARIES

Tan Tong Lang (MAICSA 7045482)
Chong Voon Wah (MAICSA 7055003)

AUDIT COMMITTEE

Ng Kok Wah (Chairman)
Datuk Tan Choon Hwa (JMK,JP)
Datuk Baharon Bin Talib

NOMINATION COMMITTEE

Datuk Baharon Bin Talib (“Chairman”)
Ng Kok Wah
Datuk Tan Choon Hwa (JMK,JP)

REMUNERATION COMMITTEE

Datuk Baharon Bin Talib (“Chairman”)
Ng Kok Wah
Datuk Tan Choon Hwa (JMK,JP)

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Market
Stock Code:7181

SHARE REGISTRAR

Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : 03-2264 3883
Fax : 03-2282 1886

PRINCIPAL BANKERS

Bank Kerjasama Rakyat Malaysia Berhad
Hong Leong Bank Berhad
Public Bank Berhad

AUDITORS

CHI-LLTC (AF 1114)
No. 29B, Lorong P.S 1, Bandar Perda
14000 Bukit Mertajam
Pulau Pinang
Malaysia
Tel : 604-5306080
Fax: 604-5306050
Website : www.lltc.my

Board of Directors' Profiles

DATUK BAHARON BIN TALIB

(Independent Non-Executive Chairman)

Malaysian, aged 63, was appointed to the Board as Independent Non-Executive Director on 20th October 2010 and has been re-designated to Independent Non-Executive Chairman on 31 May 2013. Datuk Baharon is a member of the Audit Committee and the Chairman of Nomination Committee and Remuneration Committee of ARB.

Datuk Baharon was graduated from University of Malaya and posses a Degree in History. Datuk Baharon served as government servant for 35 years and held various positions in the government sector. Datuk Baharon started his career as an Assistant District Officer, State Secretariat Office, and also at the Ministry level with the Federal Government. Datuk Baharon last post was State Immigration Director of Sabah. Currently Datuk Baharon is Chairman of Koperasi Imigresen Berhad.

Datuk Baharon does not have any family relationship with any Director and/or major shareholder of the Company. Datuk Baharon does not have any conflict of interest with the Company. Datuk Baharon has had no conviction for any offences within the past 10 years other than traffic offences, if any.

DATUK YEO WANG SENG

(Managing Director)

Malaysian, aged 65, was appointed to the Board as Managing Director on 1st November 2003. Datuk Yeo oversees the sourcing of logs including marketing of woods products and financial management of the Group's operations.

Datuk Yeo started his career in the wood industry in 1968, working as a trainer in a sawmill in Johor. Subsequently, in 1970, Datuk Yeo worked as a sawing contractor for a sawmill based in Kuantan. In 1978, Datuk Yeo was employed as a manager in a sawmill based in Terengganu prior moved to Sabah in 1980. Datuk Yeo started his operation in Sabah as a sawing contractor and then became the Managing Director of a well-established sawmill company based in Tawau from 1983 to 1986. Datuk Yeo commenced timber logging operations in Tawau since 1987 and in 1989, Datuk Yeo accompanied with some business associates established Aturmaju (Sabah) Holding Sdn. Bhd. ("AHSB") as a sawmilling company. AHSB was subsequently expanded into timber logging and plywood and related down stream products operating and barging. Over the years and through his involvement as Managing Director, Datuk Yeo has accumulated vast and over 40 years of experience in the timber industry and has established sound rapport with the buyers of woods products. This has placed him an advantageous and primary role in the marketing of woods products.

Datuk Yeo is the farther of Mr. Yeo Gee Kuan and brother of Mr. Yeo Wang Ting, both Executive Directors of ARB. Datuk Yeo's family relationship with major shareholders of ARB is disclosed in the List of Substantial Shareholders on Page 96. Datuk Yeo does not have any conflict of interest with the Company He has had no conviction for any offences within the past 10 years other than traffic offences, if any.

Board of Directors' Profiles

YEO WANG TING

(Executive Director)

Malaysian, aged 66, was appointed to the Board as Executive Director on 1st November 2003.

He began his career as an apprentice in carpentry works in furniture making from 1972 to 1975 in Singapore. In 1976, he moved to Kuantan and served as a sawmill contractor. Thereafter he came to Sabah in 1982 and continued to run his sawmill contracting for Sri Langgas Kilang Papan Sdn. Bhd., a sizable sawmill located in Kunak, Sabah. In 1986, he started to work as a logging contractor in the Tawau. Then he was with AHSB as an Executive Director in 1989. He is principally in-charge of the raw material supplies of AHSB. Mr Yeo is brother of Datuk Yeo Wang Seng (Managing Director of ARB) and uncle of Mr Yeo Gee Kuan (Executive Director of ARB). His family relationship with major shareholders of ARB is disclosed in the List of Substantial Shareholders on Page 96. Mr Yeo does not have any conflict of interest with the Company. He has had no conviction for any offences within the past 10 years other than traffic offences, if any.

LIM YUN NYEN

(Executive Director)

Malaysian, age 44, was appointed to the Board as Executive Director on 1st November 2003.

He is an Operational Director of AHSB. He holds a Diploma in Business Studies in 1990 before joining Ernst & Young as an Audit Assistant for 4 years. In 1995, he joined AHSB as an Accounts Supervisor and was subsequently promoted to Finance and Administrative Manager in 1997. He has over 11 years of experiences in the timber industry and involved in the co-ordination and day-to-day operations of the mills and assumed his current position in 2000. He does not have any family relationship with any Director and/or major shareholder of the Company. Mr Lim does not have any conflict of interest with the Company. He has had no conviction for any offences within the past 10 years other than traffic offences, if any.

YEO GEE KUAN

(Executive Director)

Malaysian, aged 39, was appointed to the Board as Executive Director on 1st November 2003.

He holds a Business Certificate from Tafe College, Australia. Upon his return from Australia, he was appointed as Sawmill Manager by AHSB and subsequently appointed as Director of Operations of AHSB on 18th July 2001. He has considerable and direct experience of over 7 years in timber industry covering the activities range from manufacturing to export trading. Mr Yeo is the son of Datuk Yeo Wang Seng (Managing Director of ARB) and nephew of Mr Yeo Wang Ting (Executive Director of ARB). His family relationship with major shareholders of ARB is disclosed in the List of Substantial Shareholders on Page 96. Mr Yeo does not have any conflict of interest with the Company. He has had no conviction for any offences within the past 10 years other than traffic offences, if any.

Board of Directors' Profiles

DATUK TAN CHOON HWA (JMK,JP)
(Independent Non-Executive Director)

Malaysian, aged 58, was appointed to the Board as Director on 1st November 2003. Datuk Tan is also a member of Audit Committee, Remuneration Committee and Nomination Committee of ARB.

Datuk Tan is a businessman with twenty (20) years of experiences in various industries such as timber, mining, hotel resort, housing, land development and finance investment holding. He is the Executive Chairman of TCH Group and holds directorships in Wazlian Group and CNB Auto Sdn Bhd. He also holds other chairmanship in several associations, President Malaysia – China Chamber of Commerce (Kelantan Branch) and Centre Committee, Vice President Malaysia Volleyball Association and Advisor Malaysia Chinese Business Association.

Datuk Tan is also a director of Metronic Global Berhad, ML Global Berhad (formerly known as VTI Vintage Berhad) and Ni Hsin Resources Berhad.

Datuk Tan does not have any family relationship with any Director and/or major shareholder of the Company, and Datuk Tan does not have any conflict of interest with the Company. Datuk Tan has had no conviction for any offences within the past 10 years other than traffic offences, if any.

NG KOK WAH
(Independent Non-Executive Director)

Malaysian, aged 36, was appointed to the Board as Independent Non-Executive Director on 15th March 2013. He is the Chairman of the Audit Committee, and member of Nomination Committee and Remuneration Committee of ARB.

He is an Accountant by profession, a fellow member of the Association of Chartered Certified Accountants (ACCA), United Kingdom and a member of Malaysian Institute of Accountants (MIA).

He started his career with a small accounting firm since year 1988 followed by an international medium accounting firm, Morison Anuarul Azizan Chew & Co. Handling various audit and non-audit assignments for both listed and non-listed companies involved in a wide range of business activities include financial institutions like bank and insurance company.

He also sits on the Board of AppAsia Berhad (Formerly known as Extol MSC Berhad) and Malaysia Pacific Corporation Berhad.

He does not have any family relationship with any Director and/or major shareholder of the Company. Mr Ng does not have any conflict of interest with the Company. He has had no conviction for any offences within the past 10 years other than traffic offences, if any.

Chairman's Statement

DEAR SHAREHOLDERS,

On behalf of the Board of Directors of Aturmaju Resources Berhad ("ARB" or " the Company"), I am pleased to present the Annual Report and Financial Statement of the Company for the financial year ended 31st December 2014.

BUSINESS OVERVIEW AND FINANCIAL PERFORMANCE

2014 was a challenging year for the Group. We face a lack of orders, rising costs of raw materials and also the temporarily scarcity of timber log. The Group's total revenue for the financial year ended 31st December 2014 had dipped 53% to RM 28 million compared with previous financial year which recorded at RM 58 million, and had a direct impact on the profitability of the Group.

The main factor of the scarcity of the timber log is due to our subsidiary's concession area which had been surrendered back to Yayasan Sabah at year end, prior to the expiry of the permit by end 2015. We had subsequently entered into a Supply Agreement with one of the local supplier to ensure the continuous supply and replenishment of raw material that would not affect the daily production.

For the financial year 2014, we continue to concentrate on the operation in processing of sawn timber to those key markets in Thailand and Middle East region, and veneer to our traditional markets in Taiwan, China and South Korea.

PROSPECTS AND CHALLENGES

As we move into 2015, we are mindful of the challenges ahead and will take into consideration both the positive and negative market factors in formulating our business strategies and decisions.

The strongest of USD currency had beneficial to our Group's revenue and profitability in the beginning of 2015, as around 95% of our timber products are for export. The implementation of the Goods and Service Tax on 1 April 2015 would not be affected the increase of our production costs because we are an export orientated manufacturer.

APPRECIATION

We firmly believe that the Group's accomplishment have been made possible with the strong support of each and every one of stakeholders. On behalf of the Board, I would like to extend our sincere gratitude and appreciation to my fellow directors, management and all employees for their assistance and support.

On behalf of the Group, I would like to take this opportunity to thank our buyers, suppliers and contractors for their great support for the past years.

We would like to extend our utmost appreciation to our shareholders, financiers, business partners, consultants and the relevant public authorities for your continuous support to the Group.

DATUK BAHARON BIN TALIB
Independent Non-Executive Chairman

Corporate Social Responsibility

As a corporate entity, we acknowledge our responsibility to our employees, to the environment and to our local community in which we live, work and do business.

ENVIRONMENTAL

The Group acknowledges that environmental management is an essential corporate priority. By playing part in both promoting environmental awareness and in the conservation of the environment, the Group continuously taking steps to fulfill our social responsibility to reduce our carbon footprint on the environment.

- Reducing, reusing and recycling wood waste into energy.
- Practising zero burning for the clearance of land.
- Practising of reduced impact logging ('RIL') in our logging operations to reduce the impact of harvesting operation on the environment.
- Our forestry workers attend training courses organized by Sabah Forestry Department in the field of tree felling, log extraction, log loading, mechanical site preparation, tree and log species identification.

OUR WORKPLACE AND EMPLOYEES

As an employer, the Group also recognizes and accepts its responsibilities for providing and maintaining a safe and healthy workplace for all its employees.

The Group further strives to comply with Standards on Health and Safety as outlined in the Department of Safety and Health Malaysia (DOSH). Work place security initiatives such as fire and evacuation drills, safety tips and training on proper usage of safety equipments have been provided to the employees to ensure a protected working environment.

OUR COMMUNITY

The Group acknowledges our social responsibilities in giving back to the community. We continue to support and donate a wide range of charities, primarily focused on the underprivileged, school and places of worship.

Statement on Corporate Governance

The Board of Directors of Aturmaju Resources Berhad is committed to ensuring that the Principles and Best Practices of the Malaysian Code on Corporate Governance (“the Code”) are observed and practiced as a fundamental part of discharging its responsibilities to protect and enhance shareholders’ value and financial performance of the Group.

This statement sets out the commitment of the Board towards the Code and describes how the Group has applied the principles laid down in the Code and the Group has complied with the Best Practices of the Code throughout the financial year.

1 – ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1.1 Clear functions of the Board and those delegated to Management

The Board has the overall responsibility for corporate governance, strategic direction and overseeing the investment and business of the Group. The Board’s other prime duties are to conduct regular review of the Group’s business operations and performances and to ensure that effective controls and systems exists to measure and manage business risk.

The roles and responsibilities of the Board, Management, the Managing Director and Executive Directors are defined in the Board Charter. The responsibilities and limit of authority of the Managing Director and Executive Directors to carry out the mandate of the Board, oversees and monitors the day to-day running and management of the Group’s business and matters reserved for Board are detailed in the Board Charter. The Board Charter is subject to review as and when needed.

1.2 Board’s Roles and Responsibilities

The Board provides stewardship to the Group’s strategic direction and operations, and ultimately the enhancement of long-term shareholders’ value. The Board is primarily responsible for:

- Adopting and monitoring progress of the Company’s strategies, budgets, plans and policies;
- Overseeing the conduct of the Company’s business to evaluate whether the business is being properly managed;
- Succession planning including appointing and reviewing the compensation of the top management;
- Overseeing the development and implementation of a shareholder communication policy;
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- Reviewing the adequacy and integrity of the Company’s internal control systems and management information systems for compliance with applicable laws, regulations, rules, directive and guidelines.

1.3 Code of Ethics

The Directors shall be guided by the Code of Ethics for Directors issued by the Companies Commission of Malaysia. The Directors shall observe the Code of Ethics in performance of their duties.

1.4 Board Charter

As part of governance process, the Board has formalised and adopted the Board Charter. This Board Charter sets out the composition and balance, roles and responsibilities, operation and processes of the Board and is to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members.

A copy of the Board Charter is available at the Company's website.

1.5 Strategies Promoting Sustainability

The Board recognizes the environmental sustainability role as a corporate citizen in its business approach, and always endeavors in adopting most environmental friendly, ecological and cost effective production process.

The Board also endeavors in developing Group objectives and strategies having regard to the Group's responsibilities to its shareholders, employees, customers and other stakeholders and ensuring the long term stability of the business, succession planning and sustainability of the environment. A corporate social responsibilities statement is also presented in page 8 of this Annual Report.

1.6 Company Secretary and Access to Information and Advice

Company Secretary and Access to Information and Advice It is one of the vital roles of the Board to appoint a Company Secretary who is qualified pursuant to Section 139 of the Companies Act, 1965, and competent in carrying his or her duties. The Company Secretary is to provide and assist the Board, Board Committee or Director individually on matters including but not limited to board procedures, rules and Articles of the Company, legislations, regulations, codes, guidelines and operations matter within the Group. All Board members are entitled to have direct and unrestricted access to the advice and services of the Company Secretary.

The Company Secretary shall keep himself/herself abreast with the development and new changes in relation to any legislation and regulations concerning the corporate administration and to highlight the same to the Board of Directors accordingly. The Directors also have full and unrestricted access to the advice and services of Senior Management of the Group. All the Directors are vested with rights and unlimited access to information with regard to the Group's activities to enable them to discharge their duties. In addition, the Directors may obtain independent professional advices, where necessary, at the Group's expenses in furtherance of their duties.

2 – STRENGTHEN COMPOSITION

2.1 Board Committees

The Board of Directors delegates specific responsibilities to the respective Committees of the Board namely the Audit Committee, Remuneration Committee and Nomination Committee, all of which have either terms of reference or Bylaws to govern their respective scopes and responsibilities.

Delegation of authority shall not in any way absorb or discharge the duties and responsibilities of the Board of Directors. Each of the Committees, which reports to the Board, has the authority to examine particular issues and make relevant recommendations or proposals to the Board whenever necessary.

The Chairman of the respective Committees will report to the Board the views and recommendation of the Committees. In addition, all the minutes of the Committees meetings are formally tabled to the Board at the next Board meeting.

(i) Audit Committee (“AC”)

The terms of the Company’s Audit Committee and its activities during the financial year are outlined under the Audit Committee Report in pages 23 to 26 of this Annual Report.

(ii) Nomination Committee (“NC”)

The NC composed exclusively of non-executive directors, of whom are independent, as follows:-

Datuk Baharon Bin Talib (Independent Non-Executive Chairman)(Chairman)
Ng Kok Wah (Independent Non-Executive Director)
Datuk Tan Choon Hwa (JMK,JP) (Independent Non-Executive Director)

The NC is responsible for reviewing the Board’s structure, size and composition regularly, as well as making recommendations to the Board with regards to changes that are deemed necessary. It also recommends the appointment of Directors to committees of the Board and reviews the required mix of skills, experience, competence and other qualities which Non-Executive Directors should bring to the Board.

For this purpose, the NC meets at least once a year or at such other times as the Chairman of the NC decides. The activities of the NC during the financial year are as follows:-

- Review the mix of skills, independence, experience and other qualities of the Board
- Review the annual assessment of the effectiveness of the Board, committees and individual directors.

(iii) Remuneration Committee (“RC”)

The RC composed wholly of non-executive directors, as follows:-

Datuk Baharon Bin Talib (Independent Non-Executive Chairman)(Chairman)
Ng Kok Wah (Independent Non-Executive Director)
Datuk Tan Choon Hwa (JMK,JP) (Independent Non-Executive Director)

The remuneration package are structured according to the skills, experience and performance of the Executive Directors to ensure the Group attracts and retains the Directors needed to run the Group successfully. The remuneration package of the Non-Executive Directors depends on their contribution to the Group in terms of their knowledge and experience.

The RC recommends to the Board the policy framework of executive remuneration and its cost, and the remuneration package for each executive Director. It is, nevertheless, the ultimate responsibility of the entire Board to approve the remuneration of these Directors.

For this purpose, the RC meets at least once a year or at such other times as the Chairman of the RC decides. The activities of the RC during the financial year are as follows:-

- Set the policy framework and recommend to the Board the remuneration packages and benefits and other terms of employment of Board members to ensure the remuneration packages of member reflect their responsibility and contribution.
- Recommend appointments to Board Committees.

2.2 Directors’ Remuneration

Details of Director’s remuneration are set out below and in note 27 to the financial statements.

- (a) Aggregate remuneration of Director categorized into appropriate components.

	Fee	Salary & *Other Emoluments	Total
	RM’000	RM’000	RM’000
Executive Directors	270	1,074	1,344
Non-Executive Director s	60	-	60

*Other emoluments include bonus and the Company’s contribution to Employer Provident Fund.

- (b) The remuneration paid to Directors during the year analyzed into bands of RM50,000, which complies with the disclosure requirements under Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements of Bursa Malaysia Securities Berhad is as follows:-

The number of Directors whose remuneration fell within the following bands is shown below:

Range of Remuneration	Number of Directors Executive	Number of Directors Non-Executive
Up to RM50,000	1	3
RM50,001 – RM100,000	1	-
RM100,001 – RM150,000	-	-
RM150,001 and above	2	-

Details of the individual Director’s remuneration are not disclosed in this report as the Board is of the view that the above remuneration disclosures by band and analysis between Executive and Non-Executive Directors satisfies the accountability and transparency aspects of the Code.

2.3 Supply of information

The Board members were presented with comprehensive information concerning the performance and financial status of the Company at the Board Meetings. Each Director was provided with the agenda and a full set of the Board Papers prior to each Board Meeting with the aim of enabling the Directors to make fully informed decision at the Board Meetings.

All directors have access to all information within the Group as well as the advices and services of the Company Secretary who is responsible for ensuring the Board’s meeting procedures are adhered to and that applicable rules and regulations are complied with. The Board recognises that the Company Secretary is suitably qualified and capable of carrying out the duties required. The Board is satisfied with the service and support rendered by the Company Secretary in discharge of their functions. Where necessary, the directors may engage independent professionals at the Group’s expense on specialized issues to enable the directors to discharge their duties with adequate knowledge on the matters deliberated.

The proceedings and resolutions reach at each Board Meeting are recorded in the minutes of the meetings, which are kept in the Minutes Book at the registered office. Besides Board Meetings, the Board also exercises control on matters that require Board’s approval through circulation of Directors Resolutions.

2.4 Appointment to the Board

Prior to the appointment of a director, the NC will recommend the appointment to the Board by submitting the nomination for Board’s deliberation on the suitability of the candidate for directorship and approval. A familiarization programme, including visits to the Group’s business and operations premises and meetings with senior management will be arranged for new directors to enhance their understanding with the Group.

2.5 Re-election of Directors and re-appointment of Directors who are over the age of 70

In accordance with the Company's Articles of Association, one-third (1/3) of the directors including the MD shall retire by rotation from office at every Annual General Meeting ("AGM") and they shall be eligible for re-election at such AGMs. The directors to retire shall be the directors who have been longest service with the office since their appointment or last re-election.

Pursuant to Section 129 of the Companies Act, 1965, the office of a director of or over the age of 70 years become vacant at every AGM unless he is reappointed by a resolution passed at such an AGM of which no shorter notice than that required for the AGM has been given and the majority by which such resolution is passed is not less than three-fourths of all members present and voting at such AGM.

2.6 Gender Diversity

The Board has not set a gender diversity targets as of the reporting period as it is of the view the Board membership should be determined based on a candidate's skills, experience and other qualities regardless of gender but will nevertheless considers appointing more directors of the female gender where suitable.

The Board believes that candidature to the Board should be based on a candidate's merits but in line with the Code, the board will consider more females onto the Board in due course to bring about a more diverse perspective.

3 – REINFORCE INDEPENDENCE

3.1 Assessment of Independent Directors Annually

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

Among the criteria considered for independency includes: ability to exercise independent comments, judgment, and contribution constructively at all times for an effective Board. The relationship between the Independent Directors with substantial shareholders, Executive Directors, persons related to the Executive Director/Major Shareholder, business transactions with the Group and their tenure of office will also be reviewed.

The NC had reviewed the independence of the Independent Directors for financial year ended 31 December 2014 and is satisfied with the independency demonstrated.

3.2 Tenure of Independent Directors

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

None of the current independent board members [save for Datuk Tan Choon Hwa (JMK, JP)] had served the Company for more than nine (9) years as per the recommendations of the Code. Should the tenure of an independent director exceed nine (9) years, shareholders' approval will be sought at an AGM or if the services of the director concerned are still required, the director concerned will be re-designated as a non-independent director.

3.3 Shareholders' Approval for Retaining Independent Director Exceeding 9 years service

The Board is recommending to the shareholders for approval to retain Datuk Tan Choon Hwa (JMK, JP) as Independent Director at forthcoming AGM. Datuk Tan was appointed as Independent Director since 1 November 2003, and has therefore, served for more than 9 years.

The Board through NC had reviewed and discussed the independency of Datuk Tan and is satisfied that he remains objective and independent in Board and Committees deliberations and in discharging his duties. Datuk Tan had abstained from the decision making of the NC on his retention.

3.4 Roles of Independent Non-Executive Chairman, Managing Director, Executive Directors and Independent Directors

Indeed, there is a clear segregation of duties between the Chairman of the Board ("the Chairman") and the Managing Director and Executive Directors so as to ensure that there is always a balance of power and authority. Essentially, the Chairman has the obligation to preside at various meetings, namely the general meetings of shareholders, Board and AC meetings in order to address issues to be highlighted by and to members independently, whilst the Managing Director and Executive Directors have the responsibility to manage the day-to-day business operations of the Group by ensuring that strategies, policies and matters approved by the Board and other committees are implemented diligently.

There is also a balance in the Board with the presence of the Independent Non-Executive Directors of the necessary caliber and experience to carry sufficient weight in Board decisions. Although all the Directors have equal responsibility for the Group's operations, the role of the Independent Non-Executive Directors is particularly important in providing and independent view, advice and judgment to take into account the interest of Group, shareholders, employees and communities in which the Group conducts its business.

3.5 Board Balance

The current Board of Directors consists of 7 members comprising:

- 1 Independent Non-Executive Chairman
- 1 Managing Director
- 3 Executive Directors
- 2 Independent Non-Executive Directors

The Company had complied with the requirement of the Paragraph 15.03 (1c) of the MMLR of Bursa Securities to have one third (1/3) of its members make up of Independent Non-Executive Director as well as for a director who is a member of the Malaysia Institute of Accountants to sit in the AC. The combination of diverse professionals with varied background, experience and expertise in finance and corporate affairs have also enables the Board to discharge its responsibilities effectively and efficiently. The Board through the NC and RC regularly reviews the composition of the Board and Board Committees.

The Board did not appoint a Senior Independent Non-Executive Director to whom concerns may be conveyed as the Chairman of the Board encourages the active participation of each and every Board member in the decision making process.

A brief profile of each director is presented in pages 4 to 6 of this Annual Report.

4 – FOSTER COMMITMENT

4.1 Board Meeting and Attendance

The Board meets on a quarterly basis, with additional meetings convened as and when required. The agenda of each meeting, covers amongst others, to review and approve the Group's unaudited results and financial statements, deliberate corporate proposals, investment plans, status of operations of all business units, the Group's budget, compliance matters and matters reserved for Board's decision in accordance with the principles of good corporate governance.

During the financial year ended 31 December 2014, the Board conducted five (5) board meetings and each Board member fulfilled the required attendance of board meetings as required under Paragraph 15.05 of the MMLR of Bursa Securities. The summary of attendance at the Board meetings is as follows:-

Name of Directors	Attendance	Percentage of Attendance
Datuk Yeo Wang Seng	5/5	100%
Yeo Wang Ting	5/5	100%
Yeo Gee Kuan	5/5	100%
Lim Yun Nyen	5/5	100%
Datuk Tan Choon Hwa (JMK,JP)	5/5	100%
Datuk Baharon Bin Talib	5/5	100%
Ng Kok Wah	5/5	100%

The Board is satisfied with the level of time commitment given by the Directors of the Company towards fulfilling their duties and responsibilities. This is evidenced by the attendance record of the Directors as set out herein above.

4.2 Supply of Information for Meeting

In order for the Board to discharge its responsibilities efficiently, all quantitative and qualitative information on the Group's performance is provided for the Board's review on a regular basis. Updates on operational, financial, corporate issues and strategic matters as well as current development of the Group which require the Board members' attention are disseminated promptly. Prior to a Board meeting, agenda and comprehensive board papers containing relevant reports and material information will be distributed to Directors timely for their perusal to enable them to participate effectively in meeting for an effective Board discussion and decision process. The Directors may seek further explanation or clarification on issues before or during the proceedings of the meeting.

4.3 Directors' Training

All Directors have attended and completed the Mandatory Accreditation Programme ("MAP") conducted by Bursatra Sdn Bhd. In addition, seminars and conferences organized by Bursa Securities, relevant regulatory bodies and professional bodies on areas pertinent to the Directors' are communicated to the Board for their participation at such seminars and conferences.

During the financial year under review, all the Directors of the Company had attended a workshop programme on "Understanding Goods and Service Tax in Malaysia".

The Board will continue to evaluate and determine the training needed by the Directors from time to time to enhance their skills and knowledge in order to enable them to discharge their responsibilities more effectively.

5 – UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Compliance with Applicable Financial Reporting Standards

In presenting the annual audited financial statements and quarterly announcements of results to shareholders, the Board take responsibility to present a balanced and meaningful assessment of the Group's position and prospect and to ensure that the financial statements are drawn up in accordance with the provision of Companies Act, 1965 and applicable accounting standards in Malaysia. The AC assists the Board in scrutinizing information for disclosure to ensure accuracy, adequacy and completeness. The Responsibility Statement by the Directors pursuant to MMLR of Bursa Securities is set out in this Annual Report.

In addition to the above, the Company also undertook an independent assessment of the internal control system and the AC has been assured that no material issue and major deficiency had been detected which posed a high risk to the overall internal control under review.

5.2 Assessment of Suitability and Independence of External Auditors

The Board has maintained an appropriate and transparent relationship with the External Auditors through the AC. The AC has been explicitly accorded the power to communicate directly with both the External Auditors and Internal Auditors. Both the External Auditors and Internal Auditors are invited to attend the AC Meetings to facilitate the exchange of view on issues requiring attention.

A full Audit Committee Report is set out in pages 23 to 25 of this Annual Report.

6 – RECOGNISE AND MANAGE RISKS

6.1 Sound Framework to Manage Risk

The Board oversees, reviews and monitors the operation, adequacy and effectiveness of the Group's system of internal controls. The Board defines the level of risk appetite, approving and overseeing the operation of the Group's Risk Management Framework, assessing its effectiveness and reviewing any major/ significant risk facing the Group.

The AC oversees the risk management framework of the Group and advises the Board on areas of high risk faced by the Group and the adequacy of compliance and control throughout the organisation.

The AC also reviews the action plan implemented and makes relevant recommendations to the Board to manage residual risks. The Company continues to maintain and review its internal control procedures to safeguard its assets and businesses.

6.2 Internal Audit Function

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

The Statement on Risk Management and Internal Control as included on pages 21 to 22 of this Annual Report provides the overview of the internal control framework adopted by the Company during the financial year ended 31 December 2014.

7 – ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure Policies

The Board shall ensure that all communications to the public are timely, factual, accurate, complete, broadly disseminated and where necessary, filed with regulators in accordance with applicable laws. The Company aims to build long-term relationships with shareholders and potential investors through appropriate channels for the management and disclosure of information. These investors are provided with sufficient business, operations and financial information on the Group to enable them to make informed investment decision.

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

Sufficient information would be provided to the Company Secretary for drafting of the necessary announcement. The Board is mindful that information which is expected to be material must be announced immediately, and that the confidential information should be handled properly to avoid leakage and improper use of such information.

7.2 Leverage on Information Technology for Effective Dissemination of Information

The Company's website incorporates an Investor Relations section which provides all relevant information on the Company and is accessible by the public. This Investor Relation section enhances the Investor Relations function by including all announcements made by the Company. The announcement of the quarterly financial results is also made via Bursa Link immediately after the Board's approval. This is important in ensuring equal and fair access to information by the investing public.

8 – STRENGTHEN RELATIONSHIP BETWEEN AND SHAREHOLDERS

8.1 Encourage Shareholder Participation at General Meeting

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

ARB encloses the Annual Report and Notice of AGM with regard to, amongst others, details of the AGM, their entitlement to attend the AGM, the right to appoint proxy and also the qualification of proxy.

Notice of the AGM and the Annual Report are sent out more than 21 days prior to the date of the AGM and it is also advertised in a local daily newspaper. Any item of the Special Business included in the Notice of the AGM will be accompanied by a full explanation of the effects of the proposed resolution. Shareholders are given the opportunity to participate in the question and answer session on the proposed resolutions and the Group's operations. Separate resolutions are prepared for different transactions and the outcome of the resolutions voted upon will be declared by the Chairman during the AGM and will be announced to Bursa Securities on the same Meeting day.

8.2 Encourage Poll Voting

On poll voting, the Board is of the opinion that with the current level of shareholders' attendance at general meetings, voting by way of a show of hands continues to be efficient. During the general meetings, the Chairman of the meeting shall remind all members present about their right to demand for a poll in accordance with the provisions of the Articles of Association of the Company in the voting on any resolutions. Currently, all resolutions put forth for the shareholders' approval are carried out by a show of hands, unless a poll is demanded or specifically required.

8.3 Effective Communication and Proactive Engagement

The Board acknowledges the need of its shareholders and potential investors to be informed of the Group's performance and major developments. As such, the Company ensures that the quarterly announcements of the Group's financial are made on timely basis to provide its shareholders with an overview of the Group's performance and operations. In addition,

general announcements and press releases were made to update the shareholders on any significant developments.

The Company also maintain a website at www.aturmaju.com.my from which shareholders and stakeholders can access for information.

COMPLIANCE STATEMENT

The Board has deliberated, reviewed and approved this Statement on Corporate Governance. The Board considers that the Statement on Corporate Governance provides the information necessary to enables shareholders to evaluate how the Code has been applied. The Board considers and is satisfied that the Company has fulfilled its obligation under the Code, the MMLR of Bursa Securities and all applicable laws and regulations throughout the financial year ended 31 December 2014.

This Statement is made in accordance with a resolution of the Board of Directors dated 7 April 2015

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

The Directors are required to lay before the Company ("Aturmaju Resources Berhad") at its Annual General Meeting, the financial statements, which includes the consolidated statement of financial position and the consolidated statement of comprehensive income of the Company and its subsidiaries ("the Group") for each financial year made out in accordance with the applicable approved accounting standards and the provisions of the Companies Act, 1965. This is also in line with Paragraph 15.26(a) of MMLR of Bursa Securities.

The Directors are required to take reasonable steps in ensuring that the consolidated financial statements give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year ended 31 December 2014.

The financial statements of the Company and the Group for the financial year under review are set out from pages 29 to 90 of this Annual Report.

During the preparation of financial statements, the Directors have considered the following:-

- Appropriate accounting policies have been used and are consistently applied;
- Reasonable and prudent judgments and estimates were made; and
- All applicable approved accounting standards in Malaysia have been followed.

The Directors are required under the Companies Act, 1965 to ensure that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and to cause such records to be kept in such manner as to enable them to be conveniently and properly audited.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

A. INTRODUCTION

The Board of Directors of Aturmaju Resources Berhad is pleased to make the following statement on internal control which outlines the key elements of the internal control system within the Group. The Risk Management and Internal Control Statement is made in compliance with paragraph 15.26(b) of the Bursa Malaysia Securities Berhad (“Bursa Securities”) Listing Requirements and “Statement on Risk Management and Internal Control : Guidelines for Directors of Listed Issuers” issued by Bursa Securities.

B. BOARD RESPONSIBILITY

The Board acknowledges its responsibilities to maintaining a sound system of internal control to safeguard shareholders’ investments and the Group’s assets and for reviewing the adequacy and integrity of the system. Notwithstanding, due to the limitations that are inherent in any system of internal control, Group’ internal control system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement of loss.

The Board has received assurance from the Managing Director, Executive Directors and management of the Company that the Group’s risk management and internal control system is operating adequately and effectively in all material aspects, based on the risk management and internal control system of the Group.

C. RISK MANAGEMENT

The Board recognises that risk management is an integral part of the Group’s business operations and that the identification and management of risks will affect the achievement of the Group’s business objectives. The Board is thus committed to continually promote the culture of risk awareness and builds the necessary knowledge in identifying, evaluating, mitigating, monitoring and managing the significant risks on an on-going basis. In discharging its responsibilities, the Board has taken into account the guidance of the Malaysian Code on Corporate Governance.

The key risk management initiatives undertaken include among others:

- (i) The Group has an outsourced internal audit function which assists in managing risk and maintaining effective controls. Scope of work undertaken includes identifying and assessing significant organisational risks, evaluating the existing controls for effectiveness and efficiency and providing recommendations for improvement.
- (ii) Risks relating to the business and operations of the Group, including the measures undertaken to address them have been identified during the due diligence process undertaken for the Company’s Initial Public Offer exercise. The Board through the Executive Directors are monitoring the risks and the effectiveness of the measures on a regular basis.

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

D. SYSTEM OF INTERNAL CONTROL

The Board is committed to maintain a sound internal control structure to govern the manner in which the Group and its employees conduct themselves. The key elements of controls are:

- (i) The responsibilities of the Board and the Management are clearly defined in the organisation structure to ensure the effective discharge of the roles and responsibilities of the parties in overseeing the conduct of the Group's business.
- (ii) Formation of operational policies and procedures by the Management with a view of establishing group wide operational standards in order for all operating units to work cohesively towards achieving the business objectives of the Group. For accounting systems and financial processes, efforts are being taken to ensure consistency in the Group as a whole.
- (iii) Frequent on-site visits to the operating units by senior management so as to acquire a first hand view on various operational matters and addressing the issues accordingly.
- (iv) The Board gathers and reviews key financial and operating statistics on a monthly basis and constantly keep track and monitor the achievement of the Group's performance.
- (v) Regular visit by internal auditors which provide independent assurance on the effectiveness of the Group's system of internal control and advising the Management on the areas for further improvement.
- (vi) The Audit Committee reviews on a quarterly basis the quarterly unaudited financial results to monitor the Group's progress towards achieving the Group's business objectives. Authority is given to the Audit Committee members to investigate and report on any areas of improvement for the betterment of the Group.
- (vii) Regular interactive meetings between the external and internal auditors to identify and rectify any weakness in the system of internal controls. The Board on a timely basis would be informed of any matters brought up in the Audit Committee meetings.

E. BOARD CONCLUSION

The Board is satisfied that, during the year under review, the existing system of internal controls is sound and adequate to safeguard the Group's assets at the existing level of operations of the Group. The Board recognizes that the development of internal control system is an ongoing process. Therefore, in striving for continuous improvement, the Board will continue to take appropriate action plans to further enhance the Group's system of internal control.

Pursuant to Paragraph 15.23 of the Listing Requirements, the External Auditors have reviewed this Risk Management and Internal Control Statement for inclusion in the Annual Report of the Company for the financial year ended 31 December 2014 and reported to the Board that nothing has come to their attention that causes them to believe that this statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

This statement is made in accordance with the resolution of the Board of Directors dated 7 April 2015.

Audit Committee Report

COMPOSITION

In compliance with paragraph 15.09 of the MMLR of Bursa Securities, the AC comprises three (3) directors, whom are Independent Non-Executive Directors.

Chairman

Ng Kok Wah - Independent Non-Executive Director

Members

Datuk Tan Choon Hwa (JMK, JP) - Independent Non-Executive Director

Datuk Baharon Bin Talib - Independent Non-Executive Chairman

DETAILS OF ATTENDANCE

Members	Attendance
Ng Kok Wah (Chairman)	5/5
Datuk Baharon Bin Talib	5/5
Datuk Tan Choon Hwa (JMK, JP)	5/5

SUMMARY OF ACTIVITIES

During the financial year under review, the AC had held five (5) meetings and the following activities were undertaken:-

- (i) Reviewed the quarterly unaudited financial results announcement of the Group and the annual audited financial statements prior to the Board of Directors' approval and subsequent announcement;
- (ii) Reviewed the Corporate Governance Statement, Audit Committee Report and Statement of Internal Control of the Group for the purpose of inclusion in the Annual Report;
- (iii) Reviewed the audit activities carried out by the internal auditors and the auditors' reports to ensure that corrective actions have been taken to address the risks and weaknesses identified;
- (iv) Reviewed and discussed the related parties' transactions to satisfy itself that the related parties' transactions represent arms length transactions that were entered into in the normal course of business and not detrimental to the minority shareholders' interest;
- (v) Reviewed with the external auditors their scope of work and audit plan;
- (vi) Reviewed the Company's compliance with the Listing Requirements, financial reporting standards and other relevant legal and regulatory requirements.
- (vii) Considered and recommended the trainings for Board of Directors.
- (viii) Reviewed the enterprise risk management framework and the effectiveness of the system of internal control of the Group; and
- (ix) Reviewed the audit fees payable to external / internal auditors.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The terms of reference of the AC are as follows:

MEMBERSHIP

- (i) The AC shall be appointed by the Board pursuant to a Board Resolution.
- (ii) It shall comprise at least three (3) members of whom majority shall be independent non-executive directors.
- (iii) The Chairman of the AC shall be appointed by the Committee amongst the members of the AC themselves.
- (iv) If the number of the members is reduced to below three (3) as a result of resignation or death of a member, or for any other reason(s), the Committee shall, within three (3) months of that event, appoint amongst such other directors, a new member to make-up the minimum number required herein.
- (v) At least one (1) member of the AC :-
 - (a) must be a member of the Malaysian Institute of Accountants (“MIA”); or
 - (b) if he/she is not a member of the MIA, he/she must have at least three (3) years working experience and:-
 - he/she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - he/she must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.
 - (c) must possess such qualifications as may from time to time be prescribed by the Bursa Securities.
- (vi) An alternate director is not eligible for membership in the AC.

AUTHORITY

The AC shall, wherever necessary and reasonable for the performance of its duties, in accordance with a procedure to be determined by the Board of Directors and at the cost of the Company:-

- (i) have authority to investigate any matter within its term of reference;
- (ii) have the resources which are required to perform its duties;
- (iii) have full and unrestricted access to any information pertaining to the Company;
- (iv) have direct communication channels with the external auditors and person(s) carrying out the internal audit function and activity;
- (v) be able to obtain independent professional or other advise; and
- (vi) be able to convene meetings with external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

DUTIES AND RESPONSIBILITIES

The AC Committee shall undertake the following responsibilities and duties:

- i. To review with the external auditors, the audit plan, the scope of audit and the audit report.
- ii. To review the evaluation of the system of internal control with the internal and external auditors.
- iii. To review the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work.
- iv. To review the internal audit programme, processes, the results of the internal audit programme or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.
- v. To provide an independent assessment of the adequacy and reliability of the risk assessment process.
- vi. To review the quarterly results and the year and financial statements of the Group prior to the approval by the Board of Directors, focusing particularly on :
 - any changes in accounting policies and practices;
 - any significant and unusual results or events; and
 - compliance with accounting standards and other legal requirements.
- vii. To review any related party transactions and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises question of management integrity.
- viii. To recommend to the Board the appointment or reappointment of the external auditors, audit fee, and where applicable, their resignation and dismissal.
- ix. To review with the external auditors their audit report, management letter and management's response.
- x. To understand such other responsibilities as may be agreed by the AC Committee and the Board of Directors.

MEETING

- (i) The AC shall hold at least four (4) meetings a year and such additional meeting(s) as the Chairman shall decide in order to fulfill its duties.
- (ii) Apart from the members of the AC Committee who will be present at the meetings, the AC Committee may invite any member of the Board of Directors, the management, staff and representatives of the external auditors and internal auditors to be present at the meeting of the AC Committee.
- (iii) A quorum shall consist of two (2) members. The majority of members present must be independent non-executive directors.
- (iv) Notices of not less than three (3) working days shall be given for the calling of any Meeting to members.
- (v) Matters raised and tabled at all meetings shall be decided by a majority of votes of the members.
- (vi) A resolution in writing, signed by all the members shall be as valid and effective as if it had been deliberated and decided upon at a meeting of the AC.
- (vii) Proceedings of all meetings held and resolutions passed as referred to in clause above shall be recorded by the Secretary and kept at the Group's registered office.
- (viii) Every member of the Board shall have the right at any time to inspect the minutes of all meetings held and resolutions passed by the Audit Committee and the reports submitted thereat.
- (ix) The external auditors shall have the right to appear and be heard at any meeting and shall appear before the AC when so required by the AC.
- (x) Upon the request of the external auditors, the Chairman shall convene a meeting to consider any matters that the external auditors believe should be brought to the attention of the directors or shareholders of the Company.
- (xi) The AC shall meet with the external auditors at least once in a financial year without presence of the executive board members of the Group.

INTERNAL AUDIT FUNCTION

The Group outsourced its internal audit function to an independent professional firm, which assists the AC in discharging its duties and responsibilities. The Internal Auditors' roles is to report to the AC on the improvement of the organisational's management controls, records, accounting policies, as well as on the identification and management of significant risk.

Besides that, the internal audit functions also include among others the review of the compliance with established procedures, guideline and statutory requirements as well as assessing the efficiency of the Group's operations.

The costs incurred for the internal audit function in respect of the financial year is approximately RM10,000.00.

ATURMAJU RESOURCES BERHAD
(Incorporated in Malaysia)

Company No: 448934 - M

FINANCIAL REPORT
for the financial year ended 31 December 2014

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DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the provision of management services and 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
Loss for the financial year	(10,780)	(359)
Attributable to:		
Owners to the Company	(10,780)	(359)
Non-controlling interests	-	-
	(10,780)	(359)

DIVIDENDS

No dividends were paid, declared or proposed by the Company since the end of the previous financial year. The directors also do not recommend any final dividend in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year other than those 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.

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 value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

DIRECTORS

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

Datuk Yeo Wang Seng
Datuk Baharon Bin Talib
Datuk Tan Choon Hwa (JMK, JP)
Yeo Gee Kuan
Yeo Wang Ting
Lim Yun Nyen
Ng Kok Wah

DIRECTORS' INTERESTS

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

	< -----Number Of Ordinary Shares Of RM1 Each----- >			
	<i>At</i>			<i>At</i>
	<i>1.1.2014</i>	<i>Bought</i>	<i>Sold</i>	<i>31.12.2014</i>
<i>Direct interests in the Company</i>				
<i>Yeo Gee Kuan</i>	<i>1,619,927</i>	-	-	<i>1,619,927</i>
<i>Yeo Wang Ting</i>	<i>1,284,950</i>	-	-	<i>1,284,950</i>
<i>Datuk Tan Choon Hwa (JMK, JP)</i>	<i>125,830</i>	-	-	<i>125,830</i>
<i>Lim Yun Nyen</i>	<i>6,612</i>	-	-	<i>6,612</i>
<i>Indirect interest in the Company</i>				
<i>1. Datuk Yeo Wang Seng</i>	<i>31,431,713</i>	-	-	<i>31,431,713</i>
<i>2. Yeo Wang Ting</i>	<i>27,905,263</i>	-	-	<i>27,905,263</i>
<i>3. Yeo Gee Kuan</i>	<i>10,779,760</i>	-	-	<i>10,779,760</i>

DIRECTORS' INTERESTS (CONT'D)

Note:

1. Indirect interest through his family members and his substantial shareholdings in Affinity Gateway Sdn Bhd and Aspirasi Puspita Sdn Bhd
2. Indirect interest through his family members and his substantial shareholdings in Affinity Gateway Sdn Bhd and Aspirasi Puspita Sdn Bhd
3. Indirect interest through his family members and his substantial shareholdings in Affinity Gateway Sdn Bhd

By virtue of their shareholdings in the Company, Datuk Yeo Wang Seng, Yeo Wang Ting and Yeo Gee Kuan are also deemed to have interests in shares in its subsidiary companies during the financial year to the extent of the Company's interests, in accordance with Section 6A of the Companies Act 1965.

The other directors holding office at the end of the financial year had no interest in shares and options over shares of 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 27 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.

AUDITORS

The auditors, Messrs. CHI-LLTC, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 7 April 2015.

YEO WANG TING

YEO GEE KUAN

STATEMENT BY DIRECTORS

We, Yeo Wang Ting and Yeo Gee Kuan, being two of the directors of Aturmaju Resources Berhad, state that, in the opinion of the directors, the financial statements set out on pages 38 to 90 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 December 2014 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 31, 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 on behalf of the Board in accordance with a resolution of the directors dated 7 April 2015.

YEO WANG TING

YEO GEE KUAN

STATUTORY DECLARATION

I, Lim Yun Nyen, I/C No. 710929-12-5141, being the director primarily responsible for the financial management of Aturmaju Resources Berhad, do solemnly and sincerely declare that the financial statements set out on pages 38 to 90 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
Lim Yun Nyen, I/C No. 710929-12-5141,
at Tawau in the state of
Sabah on 7 April 2015

LIM YUN NYEN

BEFORE ME

Commissioner of Oaths

PN NOORAZIZAH BINTI YUSSOF
S097

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ATURMAJU RESOURCES BERHAD**

(Incorporated in Malaysia)
Company No: 448934 - M

Report on the Financial Statements

We have audited the financial statements of Aturmaju Resources Berhad, which comprise statements of financial position as at 31 December 2014 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 38 to 90.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ATURMAJU RESOURCES BERHAD (COND'T)**

(Incorporated in Malaysia)
Company No: 448934 - M

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of their financial performances and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We 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.
- (c) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 31 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ATURMAJU RESOURCES BERHAD (COND'T)**

(Incorporated in Malaysia)
Company No: 448934 - M

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.

CHI-LLTC
Firm No: AF 1114
Chartered Accountants

Tang Boon Hiap
Approval No: 2127/02/17(J)
Chartered Accountant

Selangor Darul Ehsan
7 April 2015

STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2014

	Note	The Group		The Company	
		2014	2013	2014	2013
		RM'000	RM'000	RM'000	RM'000
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	-	-	60,914	60,914
Property, plant and equipment	6	12,557	16,375	-	-
Intangible assets	7	-	9,438	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
		12,557	25,813	60,914	60,914
CURRENT ASSETS					
Inventories	8	23,050	21,074	-	-
Trade receivables	9	2,137	8,685	-	-
Other receivables, deposits and prepayments	10	7,993	9,484	-	18
Amount due from subsidiaries	11	-	-	1,983	2,537
Derivative asset	12	391	52	-	-
Current tax asset		83	108	-	-
Fixed deposits with licensed bank	13	20	20	-	-
Cash and bank balances		25	167	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
		33,699	39,590	1,983	2,555
TOTAL ASSETS		<hr/> 46,256 <hr/>	<hr/> 65,403 <hr/>	<hr/> 62,897 <hr/>	<hr/> 63,469 <hr/>

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

STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2014 (CONT'D)

	Note	The Group		The Company	
		2014	2013	2014	2013
		RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	14	61,100	61,100	61,100	61,100
Share premium	15	7,761	7,761	7,761	7,761
Accumulated losses		(30,906)	(20,126)	(6,358)	(5,999)
TOTAL EQUITY		<u>37,955</u>	<u>48,735</u>	<u>62,503</u>	<u>62,862</u>
NON-CURRENT LIABILITIES					
Hire purchase payables	16	79	172	-	-
Term loan	17	-	589	-	-
Deferred taxation	18	53	4,113	-	-
		<u>132</u>	<u>4,874</u>	<u>-</u>	<u>-</u>
CURRENT LIABILITIES					
Trade payables	19	3,334	1,657	-	-
Other payables and accruals	20	3,376	6,706	394	607
Hire purchase payables	16	101	105	-	-
Term loan	17	1,312	3,088	-	-
Provision for taxation		46	238	-	-
		<u>8,169</u>	<u>11,794</u>	<u>394</u>	<u>607</u>
TOTAL LIABILITIES		<u>8,301</u>	<u>16,668</u>	<u>394</u>	<u>607</u>
TOTAL EQUITY AND LIABILITIES		<u>46,256</u>	<u>65,403</u>	<u>62,897</u>	<u>63,469</u>

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

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

	Note	The Group		The Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
REVENUE	21	27,612	58,191	346	328
COST OF SALES		(29,363)	(49,245)	-	-
GROSS (LOSS)/PROFIT		(1,751)	8,946	346	328
OTHER INCOME		2,593	1,194	246	-
		842	10,140	592	328
ADMINISTRATIVE EXPENSES		(3,897)	(4,965)	(452)	(306)
DISTRIBUTION EXPENSES		(2,020)	(3,743)	-	-
OTHER OPERATING EXPENSES		(9,438)	(2,813)	(499)	(4,910)
FINANCE COSTS		(199)	(1,782)	-	-
LOSS BEFORE TAXATION	22	(14,712)	(3,163)	(359)	(4,888)
INCOME TAX EXPENSE	23	3,932	2,313	-	-
LOSS FOR THE YEAR		(10,780)	(850)	(359)	(4,888)
OTHER COMPREHENSIVE INCOME, NET OF TAX		-	-	-	-
TOTAL COMPREHENSIVE EXPENSE		(10,780)	(850)	(359)	(4,888)
LOSS FOR THE YEAR ATTRIBUTABLE TO:-					
Owner of the Company		(10,780)	(850)	(359)	(4,888)
Non-controlling interests		-	-	-	-
		(10,780)	(850)	(359)	(4,888)
TOTAL COMPREHENSIVE EXPENSE ATTRIBUTABLE TO:-					
Owner of the Company		(10,780)	(850)	(359)	(4,888)
Non-controlling interests		-	-	-	-
		(10,780)	(850)	(359)	(4,888)
LOSS PER SHARE (SEN)	24				
Basic		(17.64)	(1.39)		
Diluted		N/A	N/A		

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Non-Distributable Share Capital RM'000	Share Premium RM'000	Distributable Accumulated Losses RM'000	Attributable to owners of the Company RM'000	Non- Controlling Interest RM'000	Total Equity RM'000
The Group						
Balance at 1.1.2013	61,100	7,761	(19,276)	(19,276)	-	49,585
Loss after tax/Total comprehensive expense for the financial year	-	-	(850)	(850)	-	(850)
Balance at 31.12.2013/1.1.2014	61,100	7,761	(20,126)	(20,126)	-	48,735
Loss after tax/Total comprehensive expense for the financial year	-	-	(10,780)	(10,780)	-	(10,780)
Balance at 31.12.2014	61,100	7,761	(30,906)	(30,906)	-	37,955
The Company						
Balance at 1.1.2013	61,100	7,761	(1,111)	(1,111)	-	67,750
Loss after tax/Total comprehensive expense for the financial year	-	-	(4,888)	(4,888)	-	(4,888)
Balance at 31.12.2013/1.1.2014	61,100	7,761	(5,999)	(5,999)	-	62,862
Loss after tax/Total comprehensive expense for the financial year	-	-	(359)	(359)	-	(359)
Balance at 31.12.2014	61,100	7,761	(6,358)	(6,358)	-	62,503

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

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

	Note	The Group		The Company	
		2014	2013	2014	2013
		RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before taxation:		(14,712)	(3,163)	(359)	(4,888)
Adjustments for:-					
Amortisation of intangible asset		9,438	2,813	-	-
Bad debts written off		28	-	18	-
Depreciation		3,739	5,022	-	-
Allowance for impairment losses on amounts due from subsidiaries		-	-	499	4,910
Fair value gain on derivative financial instrument		(339)	(52)	-	-
Interest income		-	(101)	-	-
Interest expenses		199	1,782	-	-
Inventories written off		6,126	-	-	-
Gain on disposal of property, plant and equipment		(1,571)	-	-	-
Property, plant and equipment written off		-	124	-	-
Waiver of debts		-	(171)	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
Operating profit before working capital changes		2,908	6,254	158	22
(Increase)/Decrease in inventories		(8,102)	5,215	-	-
Decrease in trade and other receivables		8,060	3,992	55	-
Decrease in trade and other payables		(1,653)	(2,838)	(213)	(73)
		<hr/>	<hr/>	<hr/>	<hr/>
CASH FROM/(FOR) OPERATIONS		1,213	12,623	-	(51)
Interest received		-	101	-	-
Interest paid		(199)	(1,782)	-	-
Income tax paid		(344)	(302)	-	-
Income tax refunded		-	26	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
NET CASH FROM/(FOR) OPERATING ACTIVITIES		670	10,666	-	(51)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	25	-	(543)	-	-
Proceed from property, plant and equipment		1,650	-	-	-
Repayment from subsidiaries		-	-	-	51
		<hr/>	<hr/>	<hr/>	<hr/>
NET CASH FROM/(FOR) INVESTING ACTIVITIES		1,650	(543)	-	51

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

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONT'D)**

	Note	<i>The Group</i>		<i>The Company</i>	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Withdrawal of fixed deposits pledged with licensed banks		-	3,371	-	-
Repayment of hire purchase		(97)	(152)	-	-
Repayment of term loans		(2,365)	(13,236)	-	-
NET CASH FOR FINANCING ACTIVITIES		(2,462)	(10,017)	-	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(142)	106	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		167	61	-	-
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	26	25	167	-	-

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

1. GENERAL INFORMATION

The Company is a public company limited by shares, incorporated under the Companies Act 1965 in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad. The domicile of the Company is Malaysia. The registered office and principal place of business are as follows:-

Registered office and principal place of business : TB 8285, Lot 20C
Perdana Square Commercial Centre
Miles 3½, Jalan Apas
91000 Tawau
Sabah

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 7 April 2015.

2. PRINCIPAL ACTIVITIES

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

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

MFRSs and IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities

Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities

Amendments to MFRS 136: Recoverable Amount Disclosures for Non-financial Assets

Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting

IC Interpretation 21 Levies

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

3. BASIS OF PREPARATION (CONT'D)

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

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's and the Company's financial statements except as follows:-

The amendments to MFRS 10, MFRS 12 and MFRS 127 require investment entities to measure particular subsidiaries at fair value through profit or loss instead of consolidating them. The Company is an investment entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. Accordingly, the Group will deconsolidate its subsidiaries upon the initial application of these amendments and to fair value the investments in accordance with MFRS 139. There will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

The amendments to MFRS 132 provide the application guidance for criteria to offset financial assets and financial liabilities. There will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

The amendments to MFRS 136 remove the requirement to disclose the recoverable amount when a cash-generating unit (CGU) contains goodwill or intangible assets with indefinite useful lives but there has been no impairment. Therefore, there will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

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

MFRSs and IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 (2014) Financial Instruments	1 January 2018
MFRS 14 Regulatory Deferral Accounts	1 January 2016
MFRS 15 Revenue from Contracts with Customers	1 January 2017
Amendment to MFRS 5 (Annual Improvements to MFRSs 2012 – 2014 Cycle)	1 January 2016
Amendments to MFRS 7 (Annual Improvements to MFRSs 2012 – 2014 Cycle)	1 January 2016

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

3. BASIS OF PREPARATION (CONT'D)

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

MFRSs and IC Interpretations (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 101: Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants	1 January 2016
Amendments to MFRS 119: Defined Benefits Plans – Employee Contributions	1 July 2014
Amendment to MFRS 119: Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016
Amendment to MFRS 124: Annual Improvements to MFRSs 2010 – 2012 Cycle	1 July 2014
Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendment to MFRS 134: Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016
Amendment to MFRS 138: Annual Improvements to MFRSs 2010 - 2012 Cycle	1 July 2014
Amendment to MFRS 140: Annual Improvements to MFRSs 2011 - 2013	1 July 2014
Annual Improvements to MFRSs 2010 – 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 – 2013 Cycle	1 July 2014
Annual Improvements to MFRSs 2012 – 2014 Cycle	To be announced by MASB

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

3. BASIS OF PREPARATION (CONT'D)

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

MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognise revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customers. In addition, extensive disclosures are required by MFRS 15. The Group anticipates that the application of MFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the financial statements. However, it is not practicable to provide a reasonable estimate of the financial impacts of MFRS 15 until the Group performs a detailed review.

MFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Subsequently, this MFRS 9 was amended in year 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition (known as MFRS 9 (2010)). Generally, MFRS 9 replaces the parts of MFRS 139 that relate to the classification and measurement of financial instruments. MFRS 9 divides all financial assets into 2 categories – those measured at amortised cost and those measured at fair value, based on the entity's business model for managing its financial assets and the contractual cash flow characteristics of the instruments. For financial liabilities, the standard retains most of the MFRS 139 requirement. An entity choosing to measure a financial liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income rather than within profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Key sources of estimation uncertainty

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(b) Impairment of investments in subsidiaries and amounts owing by subsidiaries

The Company reviews the investments in subsidiaries for impairment when there is an indication of impairment and assesses the impairment of receivables on the amounts owing by subsidiaries when the receivables are long outstanding.

The recoverable amounts of the investments in subsidiaries and amounts owing by subsidiaries is assessed by reference to the higher of its fair value less cost to sell and its value in use of the respective subsidiaries.

The value in use is the net present value of the projected future cash flows derived from the business operations of the respective subsidiaries discounted at an appropriate discount rate. Such a discounted cash flow method involves the use of estimated future results and a set of assumptions to reflect their income and cash flows. Judgement was also used to determine the discount rate for the cash flows and the future growth of the businesses of the subsidiaries.

(c) Income Taxes

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

(d) Deferred tax assets and liabilities

Deferred tax implications arising from the changes in corporate income tax rates are measured with reference to the estimated realisation and settlement of temporary differences in the future periods in which the tax rates are expected to apply, based on the tax rates enacted or substantively enacted at the reporting date. While management's estimates on the realisation and settlement of temporary differences are based on the available information at the reporting date, changes in business strategy, future operating performance and other factors could potentially impact on the actual timing and amount of temporary differences realised and settled. Any difference between the actual amount and the estimated amount would be recognised in the profit or loss in the period in which actual realisation and settlement occurs.

(e) Impairment of Non-Financial Assets

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(f) 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.

(g) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a 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.

(h) 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.

(i) 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December 2014.

Subsidiaries are entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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.

(a) Business Combinations

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

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

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

(b) Non-Controlling Interests

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

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

(c) Changes In Ownership Interests In Subsidiaries Without Change of Control

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

(d) Loss of Control

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

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

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

4.3 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. 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.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FUNCTIONAL AND PRESENTATION CURRENCY

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

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

4.5 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.

(a) Financial Assets

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

(i) Financial Assets at Fair Value through Profit or Loss

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

(i) Financial Assets at Fair Value through Profit or Loss (Cont'd)

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

(ii) 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 interest income recognised in profit or loss on an effective yield basis.

(iii) Loans and Receivables Financial Assets

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

(iv) Available-for-sale Financial Assets

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

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(b) 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.

(c) Equity Instruments

Ordinary shares classified as equity are measured at cost and are not remeasured subsequently. Incremental costs directly attributable to the issue of new ordinary 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.

(d) Derecognition

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

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

4.6 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. The cost of the investments includes transaction costs.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 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.

Depreciation is charged to profit or loss on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset begins when it is ready for its intended use. 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:-

Leasehold land	Over the lease periods of 37 and 904 years
Plant and machinery	10%
Tractors, motor vehicles and tug boats	10% - 20%
Furniture, fittings and office equipment	10%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the 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. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset.

4.8 INTANGIBLE ASSETS

Timber Concession Rights

Timber concession is the cost of rights conferred upon a subsidiary to extract the timber.

Following the initial recognition, timber concession rights are measured at cost less accumulated amortisation and accumulated impairment losses. The policy for the recognition and measurement of impairment losses is accordance with Note 4.9(b) to the financial statements.

Timber concession is amortised over the concession period of six years in proportion to estimated production from logging activities in the concession areas.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 IMPAIRMENT

(a) Impairment of Financial Assets

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

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

(b) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when 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, in which case the reversal of the impairment loss is treated as a revaluation increase.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 ASSETS UNDER HIRE PURCHASE

Assets acquired under hire purchase are capitalised in the financial statements at the lower of the fair value of the leased assets and the present value of the minimum lease payments and, are depreciated in accordance with the policy set out in Note 4.6 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.

4.11 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 estimated costs necessary to make the sale.

4.12 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 reporting 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 INCOME TAXES (CONT'D)

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.

4.13 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 with original maturities period three months or less.

4.14 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. The unwinding of the discount is recognised as interest expense in profit or loss.

4.15 EMPLOYEE BENEFITS

(a) Short-term Benefits

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

(b) Defined Contribution Plans

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.16 LEASES

(a) As Lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments.

Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

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

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As Lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 4.20(d).

4.17 RELATED PARTIES

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.17 RELATED PARTIES (CONT'D)

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

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

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

4.18 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.

4.19 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.19 FAIR VALUE MEASUREMENTS (CONT'D)

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

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

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

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

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

4.20 REVENUE AND OTHER INCOME

(a) Sale of Goods

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

(b) Management fee

Management fee is recognised on the accrual basis when services are rendered.

(c) Interest Income

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

(d) Rental Income

Rental income is recognised on an accrual basis.

4.21 OPERATING SEGMENTS

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.22 BORROWING COSTS

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

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

5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2014	2013
	RM'000	RM'000
Unquoted shares, at cost	60,914	60,914
Accumulated impairment losses	-	-
	60,914	60,914
	60,914	60,914

The details of the subsidiaries are as follows:-

Name of Subsidiary	Country of Incorporation	Effective Equity Interest		Principal Activities
		2014	2013	
		%	%	
Aturmaju (Sabah) Holding Sdn Bhd	Malaysia	100	100	Manufacturer of wood products
ARB Development Sdn Bhd (*)	Malaysia	99.95	99.95	Dormant
Kalabakan Tug Boat Sdn Bhd (#) (*)	Malaysia	100	100	Hire of scows and tug boat
Ampermai Sdn Bhd (#) (*)	Malaysia	100	100	Timber contractor
Alamjad Sdn Bhd (#)	Malaysia	100	100	Dormant

(#) Interest held by Aturmaju (Sabah) Holding Sdn Bhd

(*) The auditors' reports of these subsidiaries contain an emphasis of matter on the appropriateness of the going concern assumption applied for the preparation of the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

6. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.1.2014 RM'000	Additions RM'000	Disposal RM'000	Depreciation Charge RM'000	At 31.12.2014 RM'000
<i>Net Book Value</i>					
Leasehold land and buildings	9,235	-	(79)	(216)	8,940
Plant and machinery	5,961	-	-	(3,108)	2,853
Tractors, motor vehicles and tug boats	1,107	-	-	(401)	706
Furniture, fittings and office equipment	72	-	-	(14)	58
	16,375	-	(79)	(3,739)	12,557
The Group	At 1.1.2013 RM'000	Addition RM'000	Written off RM'000	Depreciation Charge RM'000	At 31.12.2013 RM'000
<i>Net Book Value</i>					
Leasehold land and buildings	9,575	-	(124)	(216)	9,235
Plant and machinery	10,347	-	-	(4,386)	5,961
Tractors, motor vehicles and tug boats	688	814	-	(395)	1,107
Furniture, fittings and office equipment	68	29	-	(25)	72
	20,678	843	(124)	(5,022)	16,375

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

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

The Group	At Cost RM'000	Accumulated Depreciation RM'000	Accumulated Impairment Loss RM'000	Net Book Value RM'000
2014				
Leasehold land and buildings	15,235	(6,295)	-	8,940
Plant and machinery	71,512	(68,659)	-	2,853
Tractors, motor vehicles and tug boats	7,621	(6,630)	(285)	706
Furniture, fittings and office equipment	335	(276)	(1)	58
	<u>94,703</u>	<u>(81,860)</u>	<u>(286)</u>	<u>12,557</u>
2013				
Leasehold land and buildings	15,315	(6,080)	-	9,235
Plant and machinery	71,512	(65,551)	-	5,961
Tractors, motor vehicles and tug boats	7,621	(6,229)	(285)	1,107
Furniture, fittings and office equipment	335	(262)	(1)	72
	<u>94,783</u>	<u>(78,122)</u>	<u>(286)</u>	<u>16,375</u>

- (a) Included in the net book value of property, plant and equipment of the Group at the end of the reporting period which were acquired under hire purchase terms are as follows:

	The Group 2014 RM'000	2013 RM'000
Tractors, motor vehicles and tug boats	<u>325</u>	<u>502</u>

- (b) The net book value of property, plant and equipment of the Group at the end of the reporting period which have been pledged to licensed banks as security for banking facilities granted to the Group are as follows:

	The Group 2014 RM'000	2013 RM'000
Leasehold land and buildings	<u>8,940</u>	<u>9,235</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

7. INTANGIBLE ASSETS

	The Group 2014 RM'000	2013 RM'000
Timber Concession Rights		
Cost		
At 1 January/31 December	23,003	23,003
Accumulated amortisation		
At 1 January	13,565	10,752
Charge for the financial year	9,438	2,813
At 31 December	23,003	13,565
Net carrying amount		
At 31 December	-	9,438

This represented the exclusive rights of a subsidiary to extract, purchase and sell merchantable timber logs from designated areas situated at coupes known as YL3/02 (8,231 hectares) in the District of Sandakan, Sabah, Malaysia. The concession rights have fully amortised as the extraction activities have ceased during the current financial year.

8. INVENTORIES

	The Group 2014 RM'000	2013 RM'000
At cost:		
Raw materials	2,235	1,651
Finished goods	20,610	19,345
Consumables materials	205	78
	23,050	21,074
	23,050	21,074

9. TRADE RECEIVABLES

	The Group 2014 RM'000	2013 RM'000
Trade receivables		
- Third parties	1,997	8,628
- Related parties	140	57
	2,137	8,685
	2,137	8,685

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

9. TRADE RECEIVABLES (CONT'D)

- (a) The Group's normal trade credit terms range from 30 to 120 (2013 - 30 to 120) days.
- (b) The allowance for impairment losses is made mainly on those trade receivables in significant financial difficulties and have defaulted on payments.
- (c) Amount due from related parties are unsecured, interest-free and repayable on demand.

10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Other receivables				
- Third parties	1,705	2,914	-	18
- Related parties	112	245	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1,817	3,159	-	18
Allowance for impairment losses		-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1,817	3,159	-	18
Sinking fund		13	-	-
Deposits	6,081	6,081	-	-
Prepayments	95	231	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	7,993	9,484	-	18
	<hr/>	<hr/>	<hr/>	<hr/>
Allowance for impairment losses:-				
At 1 January	-	274	-	-
Written off during the financial year	-	(274)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

- (a) Other receivables are non-trade in nature, unsecured, interest-free and repayable on demand.
- (b) Included in the deposits of the Group is deposit placed with a supplier amounting to RM5,000,000 (2013:RM5,000,000).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

11. AMOUNTS DUE FROM SUBSIDIARIES

	The Company 2014 RM'000	2013 RM'000
Non-trade balances	2,482	7,447
Allowance for impairment losses	(499)	(4,910)
	1,983	2,537
Allowance for impairment losses:-		
At 1 January	4,910	-
Addition during the financial year	499	4,910
Write off during the financial year	(4,910)	-
	499	4,910

The non-trade balances represent unsecured interest-free advances and payments made on behalf. The amounts owing are repayable on demand and are to be settled in cash.

12. DERIVATIVE ASSET

	The Group 2014 Contract/ Notional amount USD'000	Financial asset RM'000	2013 Contract/ Notional amount USD'000	Financial asset RM'000
Non-hedging Derivative:				
Forward currency contracts	2,051	391	1,085	52

The Group uses forward currency contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

Forward currency contracts are used to hedge the Group's sales denominated in USD for which firm commitments existed at the reporting date, extending to June 2015.

The Group recognised a gain of RM391,000 (2013: RM52,000) arising from the fair value change in the spot exchange rate and the forward rate.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

13. FIXED DEPOSITS WITH LICENSED BANK

The Group's and the Company's fixed deposits are pledged to licensed banks for bank guarantee granted to a subsidiary and banking facilities granted to the Company as disclosed in Note 17 to the financial statements.

The interest rate for fixed deposits is 3.00% (2013: 3.00%) per annum.

14. SHARE CAPITAL

The movements in the authorised and paid-up share capital of the Company are as follows:-

	The Company			
	2014	2013	2014	2013
	Number Of Shares	Number Of Shares	RM	RM
	'000	'000	RM'000	RM'000
Authorised				
Ordinary shares of RM1.00 each				
At 1 January/ 31 December	75,000	75,000	75,000	75,000
	<hr/>	<hr/>	<hr/>	<hr/>
Issued And Fully Paid-Up				
Ordinary shares of RM1.00 each				
At 1 January/ 31 December	61,100	61,100	61,100	61,100
	<hr/>	<hr/>	<hr/>	<hr/>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company residual assets.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

15. SHARE PREMIUM

The movements in the share premium of the Group and the Company are as follows:-

	The Group/The Company	
	2014	2013
	RM'000	RM'000
At 1 January/31 December	7,761	7,761

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 in Malaysia.

16. HIRE PURCHASE PAYABLES

	The Group	
	2014	2013
	RM'000	RM'000
Minimum hire purchase payments:-		
– not later than one year	107	115
– later than one year	80	179
	<hr/>	<hr/>
	187	294
Less: Future finance charges	(7)	(17)
	<hr/>	<hr/>
Present value of hire purchase payables	180	277
	<hr/>	<hr/>
<u>Current</u>		
Not later than one year	101	105
	<hr/>	<hr/>
<u>Non-Current</u>		
Later than one year	79	172
	<hr/>	<hr/>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

17. TERM LOANS

	The Group 2014 RM'000	2013 RM'000
<u>Current</u>		
Term loans	1,312	3,088
 <u>Non-Current</u>		
Term loans	-	589

Details of the term loans outstanding at the end of the reporting period are as follows:-

Number Of Monthly Instalments	Monthly Instalments RM'000	Effective Dates Of Commencement Of Repayment	Amount Outstanding 2014 RM'000	2013 RM'000
60	255	January 2010	1,312	3,677

First 59 monthly principal instalments of RM254,670 with interest on outstanding principal and final 60th month principal instalments of RM254,625 with interest on outstanding principal.

The term loans are secured by way of:

- (i) fixed charge on the leasehold land and buildings of a subsidiary as disclosed in Note 6 to the financial statements;
- (ii) first legal charge over leasehold land of a company in which certain Directors of the Company have financial interest;
- (iii) a pledge of fixed deposits of a subsidiary as disclosed in Note 13 to the financial statements;
- (iv) a fixed debenture over the present and future fixed and floating assets of its subsidiaries;
- (v) Memorandum of Deposit of subsidiaries's ordinary shares;
- (vi) assignment of all insurance proceeds under the Concession Agreement;
- (vii) Deed of Assignment on all rights, interests and benefits of the Designated Accounts; and
- (viii) personal guarantee by a Director of the Company.

18. DEFERRED TAXATION

	The Group 2014 RM'000	2013 RM'000
At 1 January	4,113	5,804
Recognised in profit or loss (Note 23)	(4,060)	(1,691)
At 31 December	53	4,113

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

18. DEFERRED TAXATION (CONT'D)

The deferred tax liabilities are attributable to the following:-

	The Group 2014 RM'000	2013 RM'000
Accelerated capital allowances over depreciation	53	1,753
Other timing difference:- Intangible asset	-	2,360
	53	4,113
	53	4,113

19. TRADE PAYABLES

The normal trade credit terms granted to the Group is ranging from 30 to 120 (2013-30 to 120) days.

20. OTHER PAYABLES AND ACCRUALS

	The Group 2014 RM'000	2013 RM'000	The Company 2014 RM'000	2013 RM'000
Other payables	1,644	5,112	24	95
Accruals	1,186	1,002	367	509
Deposit received	35	38	-	-
Amount due to directors	511	554	3	3
	3,376	6,706	394	607
	3,376	6,706	394	607

The amount due to directors represents unsecured interest-free advances granted to the Group and the Company. The amount is repayable on demand.

21. REVENUE

	The Group 2014 RM'000	2013 RM'000	The Company 2014 RM'000	2013 RM'000
Sales of goods	27,612	58,191	-	-
Management fee	-	-	346	328
	27,612	58,191	346	328
	27,612	58,191	346	328

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

22. LOSS BEFORE TAXATION

	The Group		The Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Loss before taxation is arrived at after charging/(crediting):-				
Amortisation of intangible asset	9,438	2,813	-	-
Audit fee	67	68	22	22
Bad debts written off	28	-	18	-
Depreciation	3,739	5,022	-	-
Directors' fees - current year	330	313	330	313
- over provision in prior year	-	(110)	-	(110)
Directors' other emoluments	1,074	1,074	-	-
Gain on disposal of property, plant and equipments	(1,571)	-	-	-
Impairment loss on amount due from subsidiaries	-	-	499	4,910
Interest on hire purchase	10	9	-	-
Interest on late payment	2	12	-	-
Interest on letter of credit	51	60	-	-
Interest on term loans	136	1,701	-	-
Inventories written off	6,126	-	-	-
Property, plant and equipment written off	-	124	-	-
Realised loss on foreign exchange	-	347	-	-
Rental of cylinder	4	2	-	-
Rental of machinery	417	685	-	-
Rental of premises	360	273	-	-
Staff costs:				
- salaries and others benefits	2,696	3,156	-	-
Fair value gain on derivative financial assets	(339)	(52)	-	-
Interest income	-	(101)	-	-
Rental income of premises	(29)	(37)	-	-
Rental income of scows and tug boats	(219)	(486)	-	-
Waiver of debts	-	(171)	-	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

23. INCOME TAX EXPENSE

	The Group		The Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Income tax:				
- Malaysian tax	-	560	-	-
- Under/(Over) provision in the prior financial years	128	(1,182)	-	-
	<u>128</u>	<u>(622)</u>	<u>-</u>	<u>-</u>
Deferred tax (Note 18):				
- Relating to reversal of temporary differences	(4,060)	(115)	-	-
- Overprovision in prior years	-	(1,576)	-	-
	<u>(4,060)</u>	<u>(1,691)</u>	<u>-</u>	<u>-</u>
	<u>(3,932)</u>	<u>(2,313)</u>	<u>-</u>	<u>-</u>

A reconciliation of income tax expense applicable to the loss 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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Loss before taxation	(10,780)	(3,163)	(359)	(4,888)
Tax at the statutory tax rate of 25% (2013 - 25%)	(2,695)	(790)	(90)	(1,222)
Tax effects of:-				
Non-taxable income	(393)	(1,340)	-	-
Non-deductible expenses	1,388	2,552	90	1,245
Deferred tax assets not recognised during the financial year	-	75	-	-
Utilisation of deferred tax assets previously not recognised	-	(52)	-	(23)
Under/(Over) provision of income tax in the prior financial year	128	(1,182)	-	-
Reversal of deferred tax liability during the financial year	(2,360)	-	-	-
Overprovision of deferred taxation in the prior financial year	-	(1,576)	-	-
Income tax expense for the financial year	<u>(3,932)</u>	<u>(2,313)</u>	<u>-</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

23. INCOME TAX EXPENSE (CONT'D)

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

	The Group		The Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Unabsorbed capital allowances	378	234	-	-
Unutilised tax losses	8,600	2,820	27	77

24. LOSS PER SHARE

	The Group	
	2014	2013
Continuing operations		
Loss attributable to owners of the Company (RM'000)	(10,780)	(850)
Weighted average number of ordinary shares at 31 December	61,100	61,100
Basic loss per share (Sen)	(17.64)	(1.39)

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

25. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	The Group	
	2014	2013
	RM'000	RM'000
Cost of property, plant and equipment purchased	-	843
Amount financed through hire purchase	-	(300)
Cash disbursed for purchase of property, plant and equipment	-	543

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

26. CASH AND CASH EQUIVALENTS

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

	The Group	
	2014 RM'000	2013 RM'000
Cash and bank balances	45	187
Less: Fixed deposits pledged to licensed banks	(20)	(20)
	25	167
	25	167

27. DIRECTORS' REMUNERATION

(a) The aggregate amounts of emoluments received and receivable by directors of the Group and the Company during the financial year are as follows:-

	The Group		The Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Executive directors:				
- fee	290	270	290	270
- non-fee emoluments	1,074	1,074	-	-
Non-Executive directors:				
- fee	40	43	40	43
	1,404	1,387	330	313
	1,404	1,387	330	313

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

27. DIRECTORS' REMUNERATION (CONT'D)

- (b) Details of directors' emoluments of the Company received/receivable for the financial year in bands of RM100,000 are as follows:-

	The Group	
	2014	2013
Executive directors:-		
Below RM50,000	-	1
RM50,001 to RM100,000	1	1
RM100,001 to RM150,000	-	-
Above RM150,001	2	2
Non-Executive directors:-		
Below RM50,000	3	4
	6	8
	6	8

28. SIGNIFICANT RELATED PARTY DISCLOSURES

- (a) Identities of related parties

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

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

	The Group		The Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Management fees received/receivable from subsidiaries	347	-	347	328
Rental paid/payable to a company in which a Company's director has substantial financial interests	216	96	-	-
Key management personnel compensation:				
- short-term employee benefits	1,473	1,490	270	270
	1,473	1,490	270	270
	1,473	1,490	270	270

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

29. OPERATING SEGMENTS

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

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

- (a) Investment holdings and others segment – involved in management services and investment holding.
- (b) Manufacturing of wood products segment – involved in manufacturer of wood products.
- (c) Barging segment – involved in hire of scows and tug boats.
- (d) Timber segment – involved in timber contractor.

The Group Executive Committee assesses the performance of the operating segments based on operating profit or loss which is measured differently from those disclosed in the consolidated financial statements.

Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items. Unallocated items comprise mainly investments and related income, loans and borrowings and related expenses, corporate assets (primarily the Company's headquarters) and head office expenses.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

29. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS

	Investment holdings and others RM'000	Manufacturing of wood products RM'000	Barging RM'000	Timber RM'000	Group RM'000
2014					
<u>Revenue</u>					
External revenue	-	27,239	373	-	27,612
Inter-segment revenue	346	-	78	20,593	21,017
	346	27,239	451	20,593	48,629
Adjustments and eliminations					(21,017)
Consolidated revenue					27,612
<u>Results</u>					
Results before following adjustments	(280)	(5,278)	(79)	63	(5,574)
Adjustments and eliminations	(8,939)	3,703	36	-	(5,200)
Depreciation	-	(3,703)	(36)	-	(3,739)
Segment results	(9,219)	(5,278)	(79)	63	(14,513)
Finance costs					(199)
Income tax expense					3,932
Consolidated profit after taxation					(10,780)
<u>Assets</u>					
Segment assets	109	39,013	440	6,694	46,256
Consolidated total assets					46,256
<u>Liabilities</u>					
Segment liabilities	647	7,454	131	23	8,255
Provision for taxation					46
Consolidated total liabilities					8,301

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

29. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	Investment holdings and others RM'000	Manufacturing of wood products RM'000	Barging RM'000	Timber RM'000	Group RM'000
2013					
<u>Revenue</u>					
External revenue	-	58,191	-	-	58,191
Inter-segment revenue	328	-	550	33,184	34,062
	328	58,191	550	33,184	92,253
Adjustments and eliminations					(34,062)
Consolidated revenue					58,191
<u>Results</u>					
Results before following adjustments	(4,888)	3,707	(306)	55	(1,432)
Adjustments and eliminations	-	5,037	36	-	5,073
Depreciation	-	(4,986)	(36)	-	(5,022)
Segment results	(4,888)	3,758	(306)	55	(1,381)
Finance costs					(1,782)
Income tax expense					2,313
Consolidated loss after taxation					(850)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

29. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	Investment holdings and others RM'000	Manufacturing of wood products RM'000	Barging RM'000	Timber RM'000	Group RM'000
2013					
<u>Assets</u>					
Segment assets	18	56,286	410	8,689	65,403
Consolidated total assets					<u>65,403</u>
<u>Liabilities</u>					
Segment liabilities	3,382	12,852	142	54	16,430
Provision for taxation					238
Consolidated total liabilities					<u>16,668</u>

GEOGRAPHICAL INFORMATION

The Group operates predominantly in Malaysia and revenue from overseas is insignificant. Accordingly, the information by geographical segment is not presented.

MAJOR CUSTOMERS

There are no major customers contributing to 10% or more of the Group's revenue.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

30. FINANCIAL INSTRUMENTS

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

30.1 FINANCIAL RISK MANAGEMENT POLICIES

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

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily United States Dollar. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. On occasion, the Group enters into forward foreign currency contracts to hedge against its foreign currency risk.

Foreign currency exposure

	The Group	
	United States Dollar 2014	United States Dollar 2013
<u>Financial Assets</u>		
Trade receivables	10	3,101
<u>Financial Liabilities</u>		
Other payables	(1,043)	(3,939)
Currency Exposure	(1,033)	(838)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

30. FINANCIAL INSTRUMENTS (CONT'D)

30.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign currency risk sensitivity analysis

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

	The Group	
	2014	2013
	Increase/ (Decrease)	Increase/ (Decrease)
Effects On Profit After Taxation		
United States Dollar:		
– strengthened by 5%	52	42
– weakened by 5%	(52)	(42)
	52	(42)

(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 30.1(c) to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

30. FINANCIAL INSTRUMENTS (CONT'D)

30.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk (Cont'd)

Interest rate risk sensitivity analysis

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

	The Group	
	2014	2013
	Increase/ (Decrease)	Increase/ (Decrease)
	RM	RM
Effects On Profit After Taxation		
Increase of 10 basic points (bp)	13	37
Decrease of 10 bp	(13)	(37)

(iii) Equity Price Risk

The Group does not have any quoted investments and hence is not exposed to equity price risk.

(b) Credit Risk

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

30. FINANCIAL INSTRUMENTS (CONT'D)

30.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(i) Credit risk concentration profile

The Group does not have any major concentration of credit risk related to any individual customer or counterparty.

(ii) 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 at the end of the reporting period.

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

	The Group	
	2014	2013
	RM'000	RM'000
Malaysia	8,810	9,821
Arab	-	3,984
China	-	1
Europe	-	1,317
Hong Kong	-	352
Korea	10	1,292
Singapore	-	1
Taiwan	1,310	1,270
Thailand	-	131
	10,130	18,169

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

30. FINANCIAL INSTRUMENTS (CONT'D)

30.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Ageing analysis

The ageing analysis of the Group's trade receivables (including amount owing by related parties) 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
2014				
Not past due	1,310	-	-	1,310
Past due:				
1 to 30 days past due	24	-	-	24
31 to 60 days past due	5	-	-	5
61 to 90 days past due	6	-	-	6
More than 91 days past due	792	-	-	792
	2,137	-	-	2,137
2013				
Not past due	673	-	-	673
Past due:				
1 to 30 days past due	4,479	-	-	4,479
31 to 60 days past due	2,815	-	-	2,815
61 to 90 days past due	536	-	-	536
More than 91 days past due	182	-	-	182
	8,685	-	-	8,685

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

30. FINANCIAL INSTRUMENTS (CONT'D)

30.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Ageing analysis (Cont'd)

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 91 days, which are deemed to have higher credit risk, are monitored individually.

(c) Liquidity Risk

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

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

The Group	Weighted Average Effective Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	Over 1 Year RM'000
2014					
Hire purchase payables	2.35	180	187	107	80
Term loans	5.95	1,312	1,312	1,312	-
Trade payables	-	3,334	3,334	3,334	-
Other payables and accruals	-	3,376	3,376	3,376	-
		8,202	8,209	8,129	80

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

30. FINANCIAL INSTRUMENTS (CONT'D)

30.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

The Group	Weighted Average Effective Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	Over 1 Year RM'000
2013					
Hire purchase payables	4.50	277	294	115	179
Term loans	6.50	3,677	3,883	3,417	466
Trade payables	-	1,657	1,657	1,657	-
Other payables and accruals	-	6,706	6,706	6,706	-
		12,317	12,540	11,895	645
The Company					
2014					
Other payables	-	394	394	394	-
2013					
Other payables	-	607	607	607	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

30. FINANCIAL INSTRUMENTS (CONT'D)

30.2 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 shareholder(s) 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 that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as total borrowings from financial institutions divided by total equity.

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

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

	The Group	
	2014	2013
	RM'000	RM'000
Hire purchase payables	180	277
Term loans	1,312	3,677
	1,492	3,954
Less: Cash and bank balances	(45)	(187)
Net debt	1,447	3,767
Total equity	35,595	48,735
Debt-to-equity ratio	0.04	0.08

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

30. FINANCIAL INSTRUMENTS (CONT'D)

30.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Financial Assets				
<u>Loans and receivables</u>				
<u>financial assets</u>				
Amount due from subsidiaries	-	-	1,983	2,537
Trade receivables	2,137	8,685	-	-
Other receivables and deposits	7,993	9,484	-	18
Fixed deposits with licensed banks	20	20	-	-
Cash and bank balances	25	167	-	-
	<u>10,175</u>	<u>18,356</u>	<u>1,983</u>	<u>2,555</u>
Financial Liabilities				
<u>Other financial liabilities</u>				
Trade payables	3,334	1,657	-	-
Other payables and accruals	3,376	6,706	394	607
Hire purchase payables	180	277	-	-
Term loans	1,312	3,677	-	-
	<u>8,202</u>	<u>12,317</u>	<u>394</u>	<u>607</u>

30.4 FAIR VALUE MEASUREMENTS

At the end of the reporting period, there were no financial instruments carried at fair values.

The fair values of the financial assets and financial liabilities approximated their carrying amounts due to the relatively short-term maturity of the financial instruments (maturing within the next 12 months). The fair values are included in level 2 of the fair value hierarchy.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

31. SUPPLEMENTARY INFORMATION - DISCLOSURE OF REALISED AND UNREALISED PROFITS/ (LOSSES)

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

	The Group		The Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Total accumulated losses of the Company and its subsidiaries:				
- realised	6,647	12,548	(6,358)	(5,999)
- unrealised	(53)	(4,113)	-	-
	6,594	8,435	(6,358)	(5,999)
Less: Consolidation adjustments	(37,500)	(28,561)	-	-
At 31.12.2014/2013	(30,906)	(20,126)	(6,358)	(5,999)

ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in accordance with the MMLR of Bursa Securities:

1. UTILISATION OF PROCEEDS

During the financial year under review, there were no proceeds raised by the Company from any corporate exercise carried out by the Company.

2. DEPOSITORY RECEIPT PROGRAMME

During the financial year, the Company did not sponsor any Depository Receipt Programme.

3. IMPOSITION OF SANCTIONS AND/OR PENALTIES

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

4. NON-AUDIT FEES

No non-audit fees were paid to the external auditors during the financial year.

5. VARIATION IN RESULTS

There was no variance of 10% or more from the announced unaudited financial results and the audited financial results of the Group for the financial year ended 31 December 2014.

6. PROFIT GUARANTEES

During the financial year, there were no profit guarantees given by the Company and its subsidiaries.

7. MATERIAL CONTRACTS

During the financial year, there were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests.

8. CONTRACTS RELATING TO LOANS

There were no material contracts relating to loans entered into by the Company involving Directors and major shareholders.

9. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES EXERCISED

There were no issuances of options, warrants or convertible securities during the financial year.

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

There were no material Recurrent Related Party Transactions of a revenue or trading nature during the financial year.

Group Properties Portfolio

The landed property of ARB as at the date of this Annual Report is as follows:

	Registered Owner / Location	Land Area (sq.m)	Tenure	Description/Existing Use/Restriction in Interest	Land Area and Building's Built- up Area (sq. m.)	Approx. Age of Building (Year)	Net Book Value @ 31 Dec 2014 RM
1	CL 105477361 Alongside the Kalabakan River, 100km to the North-west of Tawau Municipal Centre, Kalabakan, District of Tawau, State of Sabah	31,760	99 years (01.01.1993 - 31.12.2091)	<ul style="list-style-type: none"> • Land • Sawmill Building • Mini Saw Building • 7 units timber sheds • Store cum planner • Workshop • Generator House 	<ul style="list-style-type: none"> 2,016 669 10,701 613 297 56 	<ul style="list-style-type: none"> 22 22 22 22 22 22 	<ul style="list-style-type: none"> 671,850 0 78,382 77,836 3,895 19,339 1,465 <li style="border-top: 1px solid black;">852,767
2	CL 105474557 Alongside the Kalabakan River, 100 km to the North-west of Tawau Municipal Centre, Kalabakan, District of Tawau, State of Sabah	19,920	60 years (01.01.1992 - 31.12.2051)	<ul style="list-style-type: none"> • Land • Land Reclamation • Sawmill Complex • Double storey office cum senior staff quarters • Badminton hall • Canteen • Double storey office cum senior staff quarters • Canteen Building • Labour Line 	<ul style="list-style-type: none"> 483 238 260 1,085 	<ul style="list-style-type: none"> 22 22 22 15 12 7 	<ul style="list-style-type: none"> 361,374 175,018 1 1 8,657 1 17,245 1,287 29,612 <li style="border-top: 1px solid black;">593,196

Registered Owner / Location	Land Area (sq.m)	Tenure	Description/Existing Use/Restriction in Interest	Land Area and Building's Built- up Area (sq. m.)	Approx. Age of Building (Year)	Net Book Value @ 31 Dec 2014 RM
3 CL 105491825 Alongside the Kalabakan River, 100 km to the north-west of Tawau Municipal Center, Kalabakan, District of Tawau, State of Sabah	53,760	99 years (01.01.1995 - (31.12.2093)	• Land			1,072,600
			• Land Reclamation			95,576
			• Plywood factory cum timber products shed	17,561	15	3,595,349
			• Workshop cum store	929	15	3,975
			• Generator store	297	15	1
			• Boiler Shed	334	15	1
			• Block board factory	2,055	15	162,989
			• Polyester and Tego plywood factory cum kiln dry section	7,808	15	1,814,775
			• 2 units water reservoir (cubic ft)	453	15	1
			• High rise platform water tank (Cubic ft)	37	15	25,228
			• Gate House		17	1
			• Workshop		15	1
			• Forestry House		21	1,364
• New Office		19	130,388			
						6,902,249

Registered Owner / Location	Land Area (sq.m)	Tenure	Description/Existing Use/Restriction in Interest	Land Area and Building's Built- up Area (sq. m.)	Approx. Age of Building (Year)	Net Book Value @ 31 Dec 2014 RM
4 CL 105438855 –TB3744 Taman Sri Aman Light Industrial Estate, Mile 3 ½, Jalan Apas, 91000 Tawau, Sabah.	153.9	999 years (08.04.1920 - (07.04.2919)	Description/Existing Use <ul style="list-style-type: none"> • An intermediate double storey terrace commercial unit currently used as warehouse • Office Building • Electrical Installation • Renovation 	307.80	26	81,183 17,992 98,783 78,833
5 CL 105438864 –TB3745 Taman Sri Aman Light Industrial Estate, Mile 3 ½, Jalan Apas, 91000 Tawau, Sabah.	153.9	999 years (08.04.1920 - (07.04.2919)	Description/Existing Use <ul style="list-style-type: none"> • An intermediate double storey terrace commercial unit currently used as warehouse • Renovation 	307.80	26	178,793 78,833

Analysis of Shareholdings

As At 29 April 2015

Authorised Share Capital	: RM100,000,000.00 divided into 75,000,000 ordinary shares of RM1.00 each and 25,000,000 preference shares of RM1.00 each
Issued and Fully Paid-Up Share Capital	: RM61,100,000.00 divided into 60,913,295 ordinary shares (exclude 186,705 treasury shares)
Class of Shares	: Ordinary Shares of RM1.00 each
Total No. of Shareholders	: 710
Voting Rights	
- On Show of Hand	: One vote
- On a Poll	: One vote for each share held

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Holdings	Number of Holders	%	Number of Shares	%
1 - 99	18	2.535	782	0.001
100 - 1,000	313	44.084	124,329	0.204
1,001 - 10,000	250	35.211	1,192,900	1.958
10,001 - 100,000	96	13.521	3,285,650	5.393
100,001 to less than 5% of issued shares	26	3.661	21,155,610	34.730
5% and above of issued shares	7	0.985	35,154,024	57.711
Total	710	100.000	60,913,295	100.000

Note: *Excluding a total of 186,705 Ordinary Shares retained as treasury shares.

SUBSTANTIAL SHAREHOLDERS

(ACCORDING TO THE COMPANY'S REGISTERED OF SUBTANTIAL SHAREHOLDERS AS AT 29 APRIL 2015)

Name	Place Of Incorporation/ Nationality	Direct		Indirect	
		No. Of Ordinary Shares Of RM1.00 Each	Share Capital (%)	No. Of Ordinary Shares Of RM1.00 Each	Share Capital (%)
Datuk Yeo Wang Seng	Malaysian	-	-	31,431,713 ⁽¹⁾	51.65
Yeo Wang Ting	Malaysian	1,284,950	2.10	27,905,263 ⁽²⁾	45.86
Aspirasi Puspita Sdn. Bhd.	Malaysia	16,947,059	27.78	-	-
Affinity Gateway Sdn. Bhd.	Malaysia	8,629,495	14.12	-	-
Yeo Gee Kuan	Malaysian	1,619,927	2.65	10,779,760 ⁽³⁾	17.70
Datin Yap Que Chun	Malaysian	1,528,692	2.50	2,241,500 ⁽⁴⁾	3.68

Notes:-

- (1) *Deemed interest through direct shareholdings of his brother (Mr. Yeo Wang Ting), son (Mr. Yeo Gee Kuan), sister-in-law (Mdm. Soh Poh Choo) and daughter (Yeo Sim Lan) and his substantial shareholdings in Affinity Gateway Sdn. Bhd. and Aspirasi Puspita Sdn. Bhd.*
- (2) *Deemed interest through direct shareholdings of his spouse (Mdm. Soh Poh Choo), sister-in-law (Datin Yap Que Chun) and his substantial shareholdings in Affinity Gateway Sdn. Bhd. and Aspirasi Puspita Sdn. Bhd.*
- (3) *Deemed interest through direct shareholdings of his mother (Datin Yap Que Chun) and sister (Yeo Sim Lan).*
- (4) *Deemed interest through direct shareholdings of her son (Mr. Yeo Gee Kuan) and her daughter (Yeo Sim Lan).*

DIRECTORS' SHAREHOLDINGS AS AT 29 APRIL 2015

Name	Direct		Indirect	
	No. Of Ordinary Shares Of RM1.00 Each	Share Capital (%)	No. Of Ordinary Shares Of RM1.00 Each	Share Capital (%)
Datuk Baharon Bin Talib	30,000	0.05	0	0.00
Datuk Yeo Wang Seng	0	0	31,431,713 ⁽¹⁾	51.65
Yeo Wang Ting	1,284,950	2.10	27,905,263 ⁽²⁾	45.86
Lim Yun Nyen	6,612	0.01	0	0.00
Yeo Gee Kuan	1,619,927	2.65	10,779,760 ⁽³⁾	17.70
Datuk Tan Choon Hwa (JMK,JP)	125,830	0.21	0	0.00
Ng Kok Wah	0	0.00	0	0.00

Notes :-

- (1) Deemed interest through direct shareholdings of his spouse (Datin Yap Que Chun), brother (Mr. Yeo Wang Ting), son (Mr. Yeo Gee Kuan), sister-in-law (Mdm. Soh Poh Choo)) and daughter (Yeo Sim Lan) and his substantial shareholdings in Affinity Gateway Sdn. Bhd. and Aspirasi Puspita Sdn. Bhd.
- (2) Deemed interest through direct shareholdings of his spouse (Mdm. Soh Poh Choo), sister-in-law (Datin Yap Que Chun) and his substantial shareholdings in Affinity Gateway Sdn. Bhd. and Aspirasi Puspita Sdn. Bhd.
- (3) Deemed interest through direct shareholdings of his mother (Datin Yap Que Chun) and sister (Yeo Sim Lan).

THIRTY (30) LARGEST SECURITIES ACCOUNTS HOLDER
(ACCORDING TO REGISTER OF DEPOSITORS AS AT 29 APRIL 2015)

Name	Holdings	
	No.	%
1. Aspirasi Puspita Sdn Bhd	9,924,303	16.29
2. RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Sasaran Dedikasi Sdn Bhd	5,392,335	8.85
3. RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Affinity Gateway Sdn Bhd	5,143,795	8.44
4. AMBANK (M) Berhad Pledged Securities Account for Aspirasi Puspita Sdn Bhd (ATURMAJU)	4,913,726	8.07
5. AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Affinity Gateway Sdn Bhd	3,485,700	5.72
6. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yeo Ten Fong (E-TWU)	3,172,500	5.21
7. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yeo Gee Hong (E-TWU)	3,121,665	5.12
8. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yeo Gee Keing (E-TWU)	3,001,900	4.93
9. RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Sedia Juta Sdn Bhd	2,024,224	3.32
10. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yeo Sim Lan (E-TWU)	1,972,473	3.24
11. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yeo Gee Kuan (E-TWU)	1,619,927	2.66
12. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yap Que Chun (E-TWU)	1,528,692	2.51
13. CIMSEC Nominees (Tempatan) Sdn Bhd Danaharta Managers Sdn Bhd for Aspirasi Puspita Sdn Bhd (EKARHIJAU)	1,375,998	2.26
14. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yeo Wang Ting (E-TWU)	1,284,950	2.11
15. AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yeo Ten Fong	1,198,800	1.97
16. AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yeo Gee Keing	1,186,300	1.95

17.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yeo Gee Keing	988,300	1.62
18.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Yeo Ten Fong	892,700	1.47
19.	Public Nominees (Asing) Sdn Bhd Pledged Securities Account for Soh Poh Choo (E-TWU)	700,017	1.15
20.	CIMSEC Nominees (Tempatan) Sdn Bhd Danaharta Managers Sdn Bhd for Aspirasi Puspita Sdn Bhd (MILYAKIN)	674,699	1.11
21.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yeo Gee Hong	571,900	0.94
22.	Affinity Spring Sdn Bhd	423,000	0.69
23.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tey Yok Eng (E-BPT)	225,000	0.37
24.	Low Hing Noi	200,000	0.33
25.	CITIGROUP Nominees (Asing) Sdn Bhd Exempt an for OCBC Securities Private Limited (Client A/C-NR)	194,000	0.32
26.	Yeo Sim Lan	190,900	0.31
27.	Leow Pek Fong @ Liew Pek Fong	188,000	0.31
28.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities account for Low Choon Chuan	133,500	0.22
29.	Ng Swee Ngoh	128,000	0.21
30.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Chong Lee Fong (MQ0269)	121,600	0.20
Total		55,978,904	91.90

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Seventeenth Annual General Meeting of Aturmaju Resources Berhad (“ARB” or “the Company”) will be held at TB 8285 Lot 20C, Perdana Square Commercial Centre, Mile 3 ½, Jalan Apas, 91000 Tawau, Sabah, Malaysia on Saturday, 6 June 2015, at 10.00 a.m. for the purpose of transacting the following businesses:

AGENDA

1.	To receive the Audited Financial Statements for the financial year ended 31 December 2014 together with the Reports of the Directors and Auditors thereon.	Please refer to Note A.
2.	To approve the payment of Directors’ fees to the directors of the Company for the financial year ended 31 December 2014.	(Ordinary Resolution 1)
3.	To re-elect Datuk Baharon Bin Talib as a Director of the Company in accordance with Article 89 of the Company’s Articles of Association.	(Ordinary Resolution 2)
4.	To re-elect Mr Yeo Gee Kuan as a Director of the Company in accordance with Article 89 of the Company’s Articles of Association.	(Ordinary Resolution 3)
5.	To re-appoint Messrs. CHI-LLTC as Auditors of the Company and to authorize the Directors to fix their remuneration.	(Ordinary Resolution 4)
	<p>As Special Business: To consider and, if thought fit, to pass the following resolutions:</p> <p><u>Ordinary Resolution</u> 6. Authority To Directors To Allot And Issue Shares</p> <p>“THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10% of the issued share capital of the Company for the time being, subject always to the approval of all the relevant regulatory bodies having been obtained for such allotment and issue.”</p> <p><u>Ordinary Resolution</u> 7. Retention of Independent Non-Executive Director</p> <p>“THAT Datuk Tan Choon Hwa (JMK, JP) be retained as Independent Non-Executive Director of the Company pursuant to the Malaysian Code of Corporate Governance 2012.”</p>	(Ordinary Resolution 5)
8.	To transact any other business of the Company for which due notice shall have been given.	(Ordinary Resolution 6)

BY ORDER OF THE BOARD

TAN TONG LANG (MAICSA 7045482)
CHONG VOON WAH (MAICSA 7055003)
Company Secretaries

Kuala Lumpur
Date: 15 May 2015

NOTES ON APPOINTMENT OF PROXY

- A. This Agenda item is meant for discussion only as Section 169(1) of the Companies Act, 1965 and the Company's Articles of Association provide that the audited financial statements are to be laid in the general meeting. Hence, it is not put forward for voting.
1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member and / or a qualified legal practitioner, an approved company auditor or a person approved by the Registrar of Companies.
 2. Where a member duly executed the form of proxy but does not name any proxy, such member shall be deemed to have appointed the Chairman of the meeting as his/their proxy, provided always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the member.
 3. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of his holding to be represented by each proxy.
 4. Where a member of the Company is an exempt authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provision of subsection 25A(1) of the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
 5. In the case of a corporate member, the instrument appointing a proxy shall be under its Common Seal or under the hand of an officer or attorney, duly authorised.
 6. The instrument appointing a proxy must be deposited at the Registered Office at TB 8285, Lot 20C, Perdana Square Commercial Centre, Mile 3 1/2, Jalan Apas, 91000 Tawau, Sabah, Malaysia not less than 48 hours before the time for holding the Meeting or any adjournment thereof.
 7. For the purpose of determining a member who shall be entitled to attend the Seventeenth Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 1 June 2015. Only members whose name appears on the Record of Depositors as at 1 June 2015 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

EXPLANATORY NOTES ON SPECIAL BUSINESS

Ordinary Resolution 5: Authority to Directors to Allot and Issue Shares

The Proposed Ordinary Resolution 5, if passed, is a renewal of General Mandate to empower the Directors to issue and allot shares up to an amount not exceeding 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the Company at a General Meeting, will expire at the next Annual General Meeting.

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

As at the date of this Notice, no new shares in the Company were issued pursuant to the General Mandate granted to the Directors at the Sixteenth Annual General Meeting held on 27 June 2014 and which will lapse at the conclusion of the Sixteenth Annual General Meeting.

Ordinary Resolution 6: Retention of Independent Non-Executive Director

The Proposed Resolution 6, if passed, will retain Datuk Tan Choon Hwa (JMK, JP) as Independent Non-Executive Director of the Company. Datuk Tan Choon Hwa (JMK, JP) was appointed an Independent Director of the Company since 1 November 2003 and has, therefore served for more than 9 years. Pursuant to the Malaysian Code of Corporate Governance 2012, the Board of Directors had assessed the status of independence of Datuk Tan Choon Hwa (JMK, JP) and agreed that he has been and can continue to bring independent and objective judgment to Board deliberations and decisions. Therefore, the Board of Directors (save for Datuk Tan Choon Hwa (JMK, JP)) recommends to the shareholders for approval, the resolution to retain Datuk Tan Choon Hwa (JMK, JP) as Independent Director. The profile of Datuk Tan Choon Hwa (JMK, JP) is set out in the Annual Report 2014.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

The Directors who are standing for re-election at the Seventeenth Annual General Meeting of the Company are:-

- | | | | |
|-----|-------------------------|------------|-------------------------|
| i) | Datuk Baharon Bin Talib | Article 89 | (Ordinary Resolution 2) |
| ii) | Mr Yeo Gee Kuan | Article 89 | (Ordinary Resolution 3) |

The profile of the Directors standing for re-election for Ordinary Resolutions 2 and 3 is set out on pages 4 to 5 of the Annual Report 2014. The shareholdings of the abovenamed Directors in the Company is disclosed on page 97 of the aforesaid Annual Report.

The details of the Directors' attendance for Board Meetings are disclosed in the Corporate Governance Statement on page 16 of the Annual Report 2014.

The Seventeenth Annual General Meeting of the Company will be held at TB 8285 Lot 20C, Perdana Square Commercial Centre, Mile 3 ½, Jalan Apas, 91000 Tawau, Sabah, Malaysia on Saturday, 6 June 2015, at 10.00 a.m.

Proxy Form

I / We (*Full Name in Block Letters*) _____

NRIC No. / Passport No. / Company No. _____

of _____

being a member / members of ATURMAJU RESOURCES BERHAD, hereby appoint _____

_____ NRIC No. / Passport No. / Company No. _____

of _____

and / or _____

of _____

NRIC No. / Passport No. _____

as my / our proxy to vote and act on my / our behalf at the Seventeenth Annual General Meeting of Aturmaju Resources Berhad (“ARB” or “the Company”) to be held at TB 8285 Lot 20C, Perdana Square Commercial Centre, Mile 3 ½, Jalan Apas, 91000 Tawau, Sabah, Malaysia on Saturday, 6 June 2015, at 10.00 a.m. and at any adjournment thereof.

NO. RESOLUTIONS

FOR AGAINST

Ordinary Resolutions

1. To approve the payment of Directors’ fees to the directors of the Company.
2. To re-elect Datuk Baharon Bin Talib as Director.
3. To re-elect Mr Yeo Gee Kuan as Director.
4. Re-appointment of Messrs. CHI-LLTC as Auditors of the Company and to authorize the Directors to fix their remuneration.

As Special Business :-

5. Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.
6. Retention of Datuk Tan Choon Hwa (JMK, JP) as Independent Non-Executive Director.

the Companies Act, 19

(Please indicate with ‘X’ how you wish to cast your vote. In the absence of specific directions, the proxy may vote or abstain from voting on the resolutions as he/she may think fit.)

Signed this _____ day of _____, 2015.

Signature : _____

(If shareholder is a corporation, this form should be executed under seal)

The proportions of my/our holdings to be represented by my/our proxies are as follows:-

First Proxy

No. of Shares:

Percentage:%

Second Proxy

No. of Shares:

Percentage:%

NUMBER OF SHARES HELD	
------------------------------	--

NOTES:

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member and / or a qualified legal practitioner, an approved company auditor or a person approved by the Registrar of Companies.
2. Where a member duly executed the form of proxy but does not name any proxy, such member shall be deemed to have appointed the Chairman of the meeting as his/their proxy, provided always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the member.
3. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of his holding to be represented by each proxy.
4. Where a member of the Company is an exempt authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provision of subsection 25A(1) of the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. In the case of a corporate member, the instrument appointing a proxy shall be under its Common Seal or under the hand of an officer or attorney, duly authorised.
6. The instrument appointing a proxy must be deposited at the Registered Office at TB 8285, Lot 20C, Perdana Square Commercial Centre, Mile 3 1/2, Jalan Apas, 91000 Tawau, Sabah, Malaysia not less than 48 hours before the time for holding the Meeting or any adjournment thereof.
7. For the purpose of determining a member who shall be entitled to attend the Seventeenth Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 1 June 2015. Only members whose name appears on the Record of Depositors as at 1 June 2015 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

Fold this flap for sealing

AFFIX
STAMP

THE COMPANY SECRETARY

Aturmaju Resources Berhad (Company No. 448934-M)
TB 8285, Lot 20C, Perdana Square Commercial Centre
Mile 3 1/2, Jalan Apas, 91000 Tawau, Sabah, Malaysia

2nd fold here

1st fold here

Management Office :

TB 8285, Lot 20C, Perdana Square Commercial Centre,
Mile 3½, Jalan Apas, 91000 Tawau, Sabah, Malaysia.

Tel: 089-911026, 913970 Fax: 089-911304

Email: aturmaju_arb@yahoo.com

Website: www.aturmaju.com.my