



ATURMAJU RESOURCES BERHAD

(Company No. 448934-M)

(Incorporated in Malaysia)

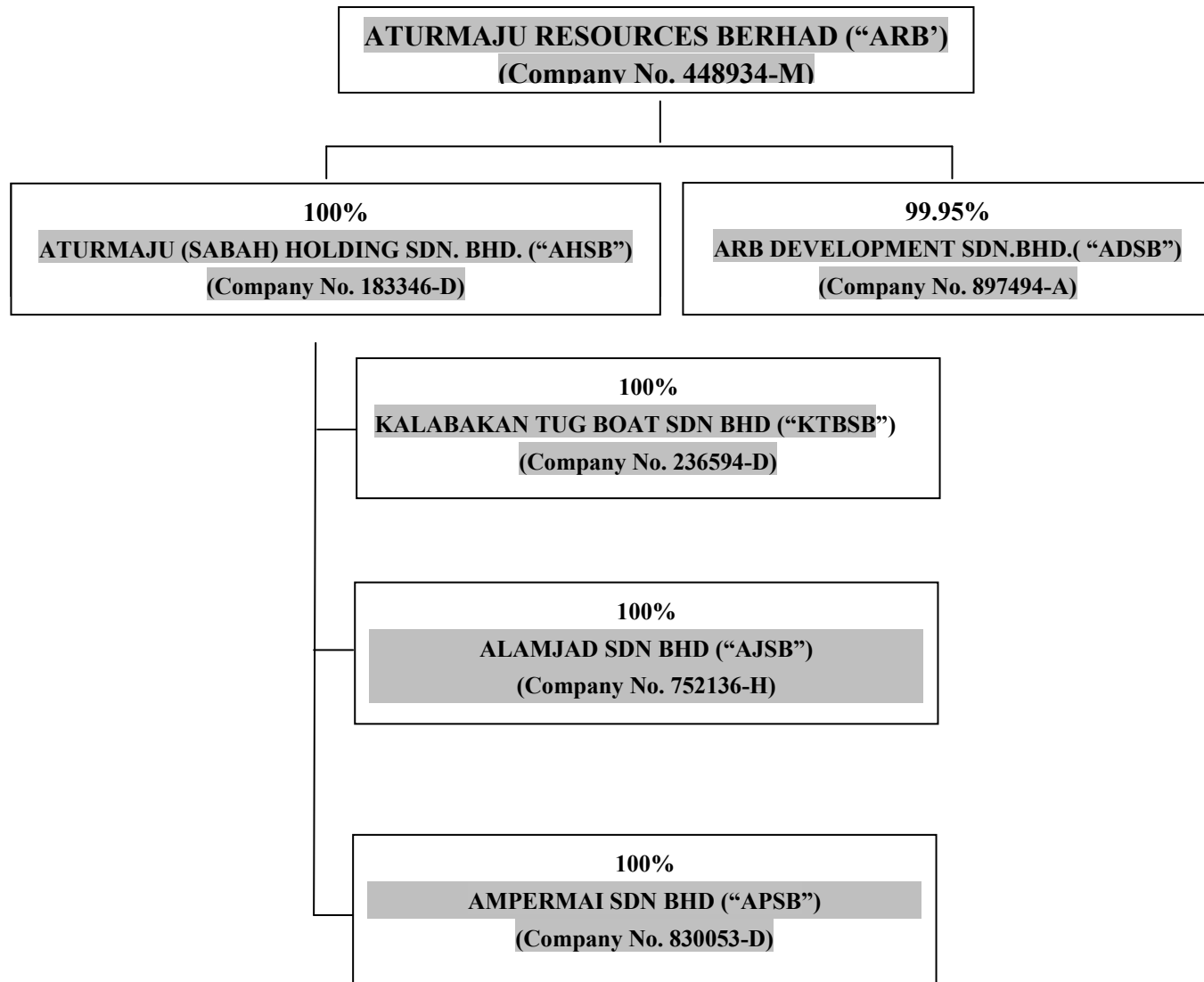
Annual Report **2015**

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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)

Ng Kok Wah
(Independent Non-Executive Director)

Ho Pui Hold
(Independent Non-Executive Director)

COMPANY SECRETARIES

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

AUDIT COMMITTEE

Ng Kok Wah (Chairman)
Datuk Baharon Bin Talib
Ho Pui Hold

NOMINATION COMMITTEE

Datuk Baharon Bin Talib (Chairman)
Ng Kok Wah
Ho Pui Hold

REMUNERATION COMMITTEE

Datuk Baharon Bin Talib (Chairman)
Ng Kok Wah
Ho Pui Hold

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Market
Stock Code:7181

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32
Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi, 59200 Kuala Lumpur
Tel : 03-2783 9299
Fax : 03-2783 9222

PRINCIPAL BANKERS

Hong Leong Bank Berhad
Public Bank Berhad

AUDITORS

CHI-LLTC (AF 1114)
61-61C, Jalan SS2/75
47300 Petaling Jaya, Selangor
Tel : 603-78739898
Fax: 603-78748602

HEAD OFFICE / REGISTERED OFFICE

TB 8285, Lot 20C
Perdana Square Commercial Centre
Mile 3 1/2 , Jalan Apas
91000 Tawau, Sabah, Malaysia
Tel : 089-911026 / 089-913970
Fax : 089-911304
Email : aturmaju_arb@yahoo.com
Website : www.aturmaju.com.my

Board of Directors' Profiles

DATUK BAHARON BIN TALIB

(Independent Non-Executive Chairman)

Malaysian, aged 64, 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 Aturmaju Resources Berhad (“ARB” or “the Company”).

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 hold any directorships in any other public companies. He 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 and has no conviction for any offences within the past 10 years other than traffic offences, if any.

DATUK YEO WANG SENG

(Managing Director)

Malaysian, aged 66, 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 downstream 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 does not hold any directorships in any other public companies. Datuk Yeo is the farther of Mr Yeo Gee Kuan and brother of Mr Yeo Wang Ting, both Executive Directors of ARB. Datuk Yeo does not have any conflict of interest with the Company and has no conviction for any offences within the past 10 years other than traffic offences, if any.

YEO WANG TING

(Executive Director)

Malaysian, aged 67, 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 does not hold any directorships in any other public companies. He is brother of Datuk Yeo Wang Seng (Managing Director of ARB) and uncle of Mr Yeo Gee Kuan (Executive Director of ARB). Mr Yeo does not have any conflict of interest with the Company and has no conviction for any offences within the past 10 years other than traffic offences, if any.

LIM YUN NYEN

(Executive Director)

Malaysian, age 45, 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.

Mr Lim does not hold any directorships in any other public companies. 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 and has no conviction for any offences within the past 10 years other than traffic offences, if any.

YEO GEE KUAN

(Executive Director)

Malaysian, aged 40, 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 does not hold any directorships in any other public companies. He is the son of Datuk Yeo Wang Seng (Managing Director of ARB) and nephew of Mr Yeo Wang Ting (Executive Director of ARB). Mr Yeo does not have any conflict of interest with the Company and has 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 37, 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).

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 and has no conviction for any offences within the past 10 years other than traffic offences, if any.

HO PUI HOLD

(Independent Non-Executive Director)

Malaysian, aged 34, was appointed to the Board as Independent Non-Executive Director on 29th February 2016. He is the member of the Audit Committee, Nomination Committee and Remuneration Committee of ARB.

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

He has accumulated more than 11 years of working experience in the accounting, auditing and banking industry. During the period of November 2006 to April 2009, he worked as Senior Audit Associate in Messrs. Ernst & Young, responsible for the auditing of public listed companies and privately owned companies of the firm. Thereafter, he joined Ambank (M) Berhad- Corporate and Institutional Banking as Senior Executive and later promoted to Assistant Manager during the period from April 2009 to December 2011.

On January 2012, he was appointed as Chief Financial Officer of HB Global Limited. He was later resigned from HB Global Limited on 3 September 2013. On 18 September 2015, he was appointed as Independent Non-Executive Director of HB Global Limited. Mr Ho also a director of Weng Heng Loong Engineering Sdn Bhd.

Mr Ho does not have any family relationship with any Director and/or major shareholder of the Company. He does not have any conflict of interest with the Company and has 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 Audited Consolidated Financial Statement of the Company for the financial year ended 31st December 2015.

FINANCIAL RESULTS

For the financial year under review, the Group recorded total revenue of RM 28.97 million, as compared to the preceding year revenue of RM 27.61 million. The Group recorded a loss before taxation of RM 0.78 million for the financial year as compared to a loss before tax of RM 10.78 million for the last financial year.

DIVIDENDS

The Group did not recommend any payment of dividend during the financial year.

PROSPECTS AND CHALLENGES

The outlook in 2016 looks very promising with the strong buying power from Asia countries especially for the tropical woods. We are focusing our efforts in increasing the recovery rate of products and reducing timber wastage, improving capacities and capabilities in the Group's operations. However, the Group has to face the impact of workers shortage and minimum wage.

In compliance with the requirements of Sabah Timber Legality Assurance System (TLAS) which was conducted by the 3rd party Auditor, we are awarded Certificate of Compliance by Sabah Forestry in the efforts to address timber legality issues and to comply with the various legality regulations.

Nonetheless, the Group will continue to focus its core business activities by further enhance our core competencies to maintain and improve on the quality of our products and achieve greater efficiencies.

APPRECIATION

On behalf of the Board of Directors, I would like to welcome new Board member Mr Ho Pui Hold and thank Datuk Tan Choon Hwa (JMK, JP) who has resigned from the Board, for his invaluable contributions to the Group throughout his tenure as Director. My appreciation also goes to my fellow members of the Board for their contribution and wisdom in steering the Group's business.

The Board also wishes to extend our deepest appreciation and gratitude to our shareholders, business partners and associates, customers, bankers and agents for their continued support and confidence in ARB.

I wish to extend my heartfelt thanks to the management and employees of the Group for their dedication, hard work and royalty that are seeing us through our challenges.

DATUK BAHARON BIN TALIB

Independent Non-Executive Chairman

Corporate Sustainability Statement

We perceived corporate sustainability as our commitment to create long term value for our shareholders, environment and society. We understand our choices today have an impact on our customers and suppliers and the success of their businesses in the future. Our business imperative is to carry out our activities responsibly and with integrity. Our people are expected to behave in an honest and ethical manner in accordance with our policies, business rules and guidelines.

Mindful of the need to be a corporately responsible organisation, the Group undertook various steps to play its part in contributing to the welfare of the society and communities in the environment it operates.

Within this context we have defined our commitment to Corporate Sustainability as follows:-

SAFETY & ENVIRONMENT

As a responsible organisation, the Group endeavors to ensure the production sites and surrounding areas are well maintained with high safety standards, to avoid pollution and to minimize impairment to the environment.

Staffs are trained to reduce, recycle and reuse wherever possible. In the office, we emphasize the recycling of paper, reading material and other consumables.

WORKPLACE AND EMPLOYEES

Our employees are the core of our success and growth. To ensure employees at every level make the fullest contribution to the Group's performance and to the achievement of goals, we seek to recruit people with the right skills and quality. Staffs are also trained with appropriate skills through seminars and workshops, both internally and externally.

COMMUNITY

The Group continues to support and donate a wide range of charities, primarily focused on the underprivileged, school and places of worship. Participation takes various forms and includes benevolent initiatives such as gifts, sponsorship and donation in-kind.

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 at www.aturmaju.com.my.

1.5 Whistle-blowing Policy

The Company is in the midst of preparing its Whistle-blowing Policy, with the aim to provide an avenue for raising concerns related to possible breach of business conduct, non-compliance of laws and regulatory requirements as well as other malpractices. The Board undertake to develop the said policy and upload the same on the Company's website in due course.

1.6 Strategies Promoting Sustainability

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

The Board also endeavours 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 Sustainability Statement is also presented in page 11 of this Annual Report.

1.7 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.

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.

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 AC and its activities during the financial year are outlined under the Audit Committee Report in pages 29 to 32 of this Annual Report.

(ii) Nomination Committee (“NC”)

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

Chairman

Datuk Baharon Bin Talib (Independent Non-Executive Chairman)

Members

Ng Kok Wah (Independent Non-Executive Director)

Ho Pui Hold (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; and
- 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:-

Chairman

Datuk Baharon Bin Talib (Independent Non-Executive Chairman)

Members

Ng Kok Wah (Independent Non-Executive Director)

Ho Pui Hold (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; and
- Recommend appointments to Board Committees.

2.2 Directors' Remuneration

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

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

	Fee	Salary & *Other Emoluments	Total
	RM'000	RM'000	RM'000
Executive Directors	270	1,118	1,388
Non-Executive Director s	30	-	30

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

- (b) The remuneration paid to Directors during the year analysed into bands of RM50,000, which complies with the disclosure requirements under Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

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	2
RM100,001- RM150,000	1	-
RM400,001- RM450,000	1	-
RM800,001- RM850,000	1	-

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 satisfy 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 at least seven (7) days 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.

Where necessary, the directors may engage independent professionals at the Group's expense on specialised 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 familiarisation 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 Managing Director 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. 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 2015 and is satisfied with the independency demonstrated.

3.2 Tenure of Independent Directors

As recommended by the Code, the tenure of an independent director should not exceed cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the Board subject to the director's re-designation as a non-independent director. In the event the Board intends to retain such Director as Independent Director after the letter has served a cumulative term of nine (9) years, the Board must justify the decision and seek shareholders' approval at a general meeting, normally the annual general meeting of the Company.

None of the current independent board members 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 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 an independent view, advice and judgment to take into account the interest of Group, shareholders, employees and communities in which the Group conducts its business.

3.4 Board Balance

The current Board of Directors consists of seven (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 15.02 (1) 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 enabled 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 5 to 8 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 2015, 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) <i>(Resigned on 1 December 2015)</i>	3/5	80%
Datuk Baharon Bin Talib	5/5	100%
Ng Kok Wah	5/5	100%
Ho Pui Hold <i>(Appointed on 29 February 2016)</i>	N/A	N/A

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 organised 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.

The Directors after accessing and identifying their own training needs, attended the following conferences, seminars and training programmes during the year under review:

Director	Date	Name of Seminars/Training attended
Lim Yun Nyen	07 Jul 2015	TLAS Third Party Audit on Principle 5 & Principle 6 organised by Sabah Forestry Department
	18 Aug 2015	Kempen Awareness Penggunaan ECOS online organised by Suruhanjaya Tenaga
Ng Kok Wah	11 June 2015	Risk management and Internal Control Workshop organised by Bursa Malaysia Securities Berhad

Saved as disclosed above, other Directors of the Company were not able to select any suitable training programmes to attend during the financial year due to overseas travelling and their busy work schedule. However, they have constantly been updated with relevant reading materials and technical updates, which will enhance their knowledge and equip them with the necessary skills to effectively discharge their duties as Directors of the Company.

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.

In addition to the above, the Directors would be updated on recent developments in the areas of statutory and regulatory requirements from the briefing by the External Auditors, the Internal Auditors and the Company Secretaries during the Committee and/or Board meetings.

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.

In assessing the independence of external auditors, the AC reviewed and considered a written assurance from the external auditors, confirming that they are, and have been, independent throughout the conduct of their audit engagement with the Company in accordance with the independence criteria of International Standards on Auditing and By-Laws issued by the Malaysian Institute of Accountants.

Annual appointment or re-appointment of the external auditor is via shareholders' resolution at the AGM on the recommendation of the Board. The external auditors are being invited to attend the AGM of the Company to respond and reply to the Shareholders' enquiries on the conduct of the statutory audit and the preparation and contents of the audited financial statement.

The AC is satisfied with the competence and independence of the external auditors for the financial year under review.

A full Audit Committee Report is set out in pages 29 to 32 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 26 to 28 of this Annual Report provides the overview of the internal control framework adopted by the Company during the financial year ended 31 December 2015.

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 which provides all relevant information on the Company including all announcements made by the Company is accessible by the public. 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.

Shareholders and investors may also forward their queries to the Company via email to aturmaju_arb@yahoo.com.

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 at least 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 maintains 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 enable 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 2015.

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

The Directors are required to lay before the Company 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 2015.

The financial statements of the Company and the Group for the financial year under review are set out from pages 33 to 93 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 risk management and 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 MMLR of Bursa Securities 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 or against financial losses or fraud.

The Board has received assurance from the Managing Director, Executive Directors and management of the Company that, to the best of their knowledge, the Group’s risk management and internal control system is operating adequately and effectively in all material aspects, 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 evaluating the existing controls for effectiveness and efficiency and providing recommendations for improvement.

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

- (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.

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.

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

E. INTERNAL AUDIT

The Group has outsourced its internal audit function to Governance Advisory.com Sdn Bhd (“GASB”). GASB is an independent professional firm supports the Audit Committee, and by extension, the Board, by providing on independent assurance on the effectiveness of the Group’s systems of internal control.

During the year under review, GASB assessed the adequacy and effectiveness of the Group’s key business areas in terms of governance, risk management and system of internal control. GASB reports to the Audit Committee who in turn reports to the Board on its activities, significant audit results or findings and the necessary recommendations or actions needed to be taken by the management to rectify highlighted issues.

F. 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 recognised 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 MMLR, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report of the Company for the financial year ended 31 December 2015 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.

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 Baharon Bin Talib - Independent Non-Executive Chairman

Ho Pui Hold - Independent Non-Executive Director

DETAILS OF ATTENDANCE

Members	Attendance
Ng Kok Wah (Chairman)	5/5
Datuk Baharon Bin Talib	5/5
Datuk Tan Choon Hwa (JMK, JP) (<i>Resigned on 1 December 2015</i>)	3/5
Ho Pui Hold (<i>Appointed on 29 February 2016</i>)	N/A

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 on Risk Management and 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 MMLR, 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' role 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 2015

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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 2015.

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	(783)	(28,169)
Attributable to:		
Owners to the Company	(783)	(28,169)
Non-controlling interests	-	-
	<u>(783)</u>	<u>(28,169)</u>

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
 Yeo Gee Kuan
 Yeo Wang Ting
 Lim Yun Nyen
 Ng Kok Wah
 Ho Pui Hold (Appointed on 29 February 2016)
 Datuk Tan Choon Hwa (JMK, JP) (Resigned on 1 December 2015)

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----- >			
	At 1.1.2015	Bought	Sold	At 31.12.2015
<i>Direct interests in the Company</i>				
Yeo Gee Kuan	1,619,927	-	-	1,619,927
Yeo Wang Ting	1,284,950	-	-	1,284,950
Lim Yun Nyen	6,612	-	-	6,612
<i>Indirect interest in the Company</i>				
1. Datuk Yeo Wang Seng	31,431,713	-	-	31,431,713
2. Yeo Wang Ting	27,905,263	-	-	27,905,263
3. Yeo Gee Kuan	10,779,760	-	-	10,779,760

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.

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

DATUK YEO WANG SENG

YEO GEE KUAN

STATEMENT BY DIRECTORS

We, Datuk Yeo Wang Seng 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 43 to 92 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 2015 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 30, 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 8 April 2016.

DATUK YEO WANG SENG

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 43 to 92 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 8 April 2016

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 2015 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 43 to 92.

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 (CONT'D)**

(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 2015 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) Our 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 30 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 (CONT'D)**
(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

Lim Chee Hoong
Approval No: 1783/02/18(J)
Chartered Accountant

Selangor Darul Ehsan

8 April 2016

STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2015

	Note	The Group		The Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	-	-	32,845	60,914
Property, plant and equipment	6	10,775	12,557	-	-
		10,775	12,557	32,845	60,914
CURRENT ASSETS					
Inventories	7	18,853	23,050	-	-
Trade receivables	8	9,713	2,137	-	-
Other receivables, deposits and prepayments	9	3,145	7,993	-	-
Amount due from subsidiaries	10	-	-	2,142	1,983
Derivative asset	11	391	391	-	-
Current tax asset		344	83	-	-
Fixed deposits with licensed bank	12	20	20	-	-
Cash and bank balances		529	25	-	-
		32,995	33,699	2,142	1,983
TOTAL ASSETS		43,770	46,256	34,987	62,897

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

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

	Note	The Group		The Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	13	61,100	61,100	61,100	61,100
Share premium	14	7,761	7,761	7,761	7,761
Accumulated losses		(31,689)	(30,906)	(34,527)	(6,358)
TOTAL EQUITY		37,172	37,955	34,334	62,503
NON-CURRENT LIABILITIES					
Hire purchase payables	15	-	79	-	-
Deferred taxation	16	-	53	-	-
		-	132	-	-
CURRENT LIABILITIES					
Trade payables	17	2,495	3,334	-	-
Other payables and accruals	18	3,833	3,376	653	394
Hire purchase payables	15	70	101	-	-
Term loan	19	-	1,312	-	-
Provision for taxation		200	46	-	-
		6,598	8,169	653	394
TOTAL LIABILITIES		6,598	8,301	653	394
TOTAL EQUITY AND LIABILITIES		43,770	46,256	34,987	62,897

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 2015**

	Note	The Group		The Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
REVENUE	20	28,971	27,612	315	346
COST OF SALES		(23,756)	(29,363)	-	-
GROSS PROFIT/(LOSS)		5,215	(1,751)	315	346
OTHER INCOME		453	2,593	-	246
		5,668	842	315	592
ADMINISTRATIVE EXPENSES		(4,253)	(3,897)	(415)	(452)
DISTRIBUTION EXPENSES		(2,000)	(2,020)	-	-
OTHER OPERATING EXPENSES		-	(9,438)	(28,069)	(499)
FINANCE COSTS		(51)	(199)	-	-
LOSS BEFORE TAXATION	21	(636)	(14,712)	(28,169)	(359)
INCOME TAX EXPENSE	22	(147)	3,932	-	-
LOSS FOR THE YEAR		(783)	(10,780)	(28,169)	(359)
OTHER COMPREHENSIVE INCOME, NET OF TAX		-	-	-	-
TOTAL COMPREHENSIVE EXPENSE		(783)	(10,780)	(28,169)	(359)
LOSS FOR THE YEAR ATTRIBUTABLE TO:-					
Owner of the Company		(783)	(10,780)	(28,169)	(359)
Non-controlling interests		-	-	-	-
		(783)	(10,780)	(28,169)	(359)
TOTAL COMPREHENSIVE EXPENSE ATTRIBUTABLE TO:-					
Owner of the Company		(783)	(10,780)	(28,169)	(359)
Non-controlling interests		-	-	-	-
		(783)	(10,780)	(28,169)	(359)
LOSS PER SHARE (SEN)	23				
Basic		(1.28)	(17.64)		
Diluted		N/A	N/A		

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Non-Distributable	Distributable	Attributable to	Non-	Total	
	Share Capital	Share Premium	Accumulated Losses	owners of the Company	Controlling Interest	Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
The Group						
Balance at 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 31.12.2014/1.1.2015	61,100	7,761	(30,906)	(30,906)	-	37,955
Loss after tax/Total comprehensive expense for the financial year	-	-	(783)	(783)	-	(783)
Balance at 31.12.2015	61,100	7,761	(31,689)	(31,689)	-	37,172
The Company						
Balance at 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 31.12.2014/1.1.2015	61,100	7,761	(6,358)	(6,358)	-	62,503
Loss after tax/Total comprehensive expense for the financial year	-	-	(28,169)	(28,169)	-	(28,169)
Balance at 31.12.2015	61,100	7,761	(34,527)	(34,527)	-	34,334

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

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

	Note	The Group		The Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before taxation:		(636)	(14,712)	(28,169)	(359)
Adjustments for:-					
Amortisation of intangible asset		-	9,438	-	-
Bad debts written off		15	28	-	18
Depreciation		1,788	3,739	-	-
Allowance for impairment losses on amounts due from subsidiaries		-	-	-	499
Allowance for impairment losses on investment in subsidiaries		-	-	28,069	-
Fair value gain on derivative financial instrument		-	(339)	-	-
Interest expenses		51	199	-	-
Inventories written off		-	6,126	-	-
Gain on disposal of property, plant and equipment		-	(1,571)	-	-
Operating profit/(loss) before working capital changes		1,218	2,908	(100)	158
Decrease/(Increase) in inventories		4,197	(8,102)	-	-
(Increase)/Decrease in trade and other receivables		(2,743)	8,060	-	55
(Decrease)/Increase in trade and other payables		(382)	(1,653)	259	(213)
CASH FROM OPERATIONS		2,290	1,213	159	-
Interest paid		(51)	(199)	-	-
Income tax paid		(386)	(344)	-	-
Income tax refunded		79	-	-	-
NET CASH FROM OPERATING ACTIVITIES		1,932	670	-	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	24	(6)	-	-	-
Proceed from disposal of property, plant and equipment		-	1,650	-	-
Advances to subsidiaries		-	-	(159)	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(6)	1,650	(159)	-

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

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONT'D)**

	Note	The Group		The Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of hire purchase		(110)	(97)	-	-
Repayment of term loans		(1,312)	(2,365)	-	-
NET CASH FOR FINANCING ACTIVITIES		(1,422)	(2,462)	-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		504	(142)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		25	167	-	-
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	25	529	25	-	-

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

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.

3.1 During the current financial year, the Group and the Company has adopted the following new accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 119: Defined Benefit Plans – Employee Contributions

Annual Improvements to MFRSs 2010 – 2012 Cycle

Annual Improvements to MFRSs 2011 – 2013 Cycle

The adoption of the above accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

The amendments to MFRS 119 simplify the accounting treatment on contributions from employees and third parties to defined benefit plans. Contributions that are independent of the number of years of services shall be recognised as a reduction in the service cost in the period in which the related service is rendered. For contributions that are dependent on the number of years of services, the Group is required to attribute those contributions to periods of service using either based on the plan's contribution formula or on a straight-line basis, as appropriate.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

3. BASIS OF PREPARATION (CONT'D)

3.2 The Group and the Company has not applied in advance the following accounting standard(s) and/or interpretation(s) (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/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers Amendments to MFRS15: Effective date of MFRS 15	1 January 2018
Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Defined : To be advised
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011): Investment Entities – Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 101: Presentation of Financial Statements – Disclosure Initiative	January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants	1 January 2016
Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016

The adoption of the above accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application except as follows:-

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking 'expected loss' impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. Therefore, it is expected that the Group's investments in unquoted shares that are currently stated at cost less accumulated impairment losses will be measured at fair value through other comprehensive income upon the adoption of MFRS 9. The Group is currently assessing the financial impact of adopting MFRS 9.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

3. BASIS OF PREPARATION (CONT'D)

- 3.2 The Group and the Company has not applied in advance the following accounting standard(s) and/or interpretation(s) (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)

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.

The amendments to MFRS 10, MFRS 12 and MFRS 128 (2011) clarify that the exemption from preparing consolidated financial statements is available to intermediate parent entity which is a subsidiary of an investment entity, even when the investment entity measures its subsidiaries at fair value. The intermediate parent entity would need to meet the other criteria for exception in MFRS 10. The Company is itself an intermediate parent entity of an investment entity and will deconsolidate its subsidiary upon the initial application of these amendments.

The amendments to MFRS 127 allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The Company, if it has the intention, can change its accounting policies on investments in subsidiaries to the equity method when the amendments become effective.

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 2015**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(b) Impairment of Investments in Subsidiaries and Amounts Owning 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 2015**

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 2015**

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 2015.

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 2015**

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 2015**

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 2015**

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 2015**

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 2015**

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 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 IMPAIRMENT (CONT'D)

(a) Impairment of Financial Assets (Cont'd)

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.

4.9 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 4.7 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.

4.10 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 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.

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.

4.12 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 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.

4.14 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.

4.15 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 LEASES (CONT'D)

(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 4.19(d).

4.16 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.

- (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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.17 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.

4.18 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.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.19 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.

4.20 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.

4.21 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2015 RM'000	2014 RM'000
Unquoted shares, at cost	60,914	60,914
Accumulated impairment losses	(28,069)	-
	32,845	60,914

The details of the subsidiaries are as follows:-

Name of Subsidiary	Country of Incorporation	Effective Equity Interest		Principal Activities
		2015 %	2014 %	
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 2015**

6. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.1.2015 RM'000	Additions RM'000	Disposal RM'000	Depreciation Charge RM'000	At 31.12.2015 RM'000
<i>Net Book Value</i>					
Leasehold land and buildings	8,940	-	-	(216)	8,724
Plant and machinery	2,853	-	-	(1,341)	1,512
Tractors, motor vehicles and tug boats	706	-	-	(219)	487
Furniture, fittings and office equipment	58	6	-	(12)	52
	12,557	6	-	(1,788)	10,775

The Group	At 1.1.2014 RM'000	Addition RM'000	Written off 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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

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
2015				
Leasehold land and buildings	15,235	(6,511)	-	8,724
Plant and machinery	71,512	(70,000)	-	1,512
Tractors, motor vehicles and tug boats	7,621	(6,849)	(285)	487
Furniture, fittings and office equipment	341	(288)	(1)	52
	94,709	(83,648)	(286)	10,775
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
	94,703	(81,860)	(286)	12,557

- (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	
	2015 RM'000	2014 RM'000
Tractors, motor vehicles and tug boats	234	325

- (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	
	2015 RM'000	2014 RM'000
Leasehold land and buildings	8,724	8,940

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

7. INVENTORIES

	The Group	
	2015 RM'000	2014 RM'000
At cost:		
Raw materials	717	2,235
Finished goods	17,958	20,610
Consumables materials	178	205
	18,853	23,050

8. TRADE RECEIVABLES

	The Group	
	2015 RM'000	2014 RM'000
Trade receivables		
- Third parties	9,350	1,997
- Related parties	363	140
	9,713	2,137

- (a) The Group's normal trade credit terms range from 30 to 120 (2014 - 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 upon demand.

9. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Other receivables				
- Third parties	2,002	1,705	-	-
- Related parties	66	112	-	-
	2,068	1,817	-	-
Deposits	1,066	6,081	-	-
Prepayments	11	95	-	-
	3,145	7,993	-	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

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

- (a) Other receivables are non-trade in nature, unsecured, interest-free and repayable upon demand.
- (b) Included in the deposits of the Group in previous financial year was deposit placed with a supplier amounting to RM5,000,000.

10. AMOUNTS DUE FROM SUBSIDIARIES

	The Company	
	2015 RM'000	2014 RM'000
Non-trade balances	2,641	2,482
Allowance for impairment losses	(499)	(499)
	2,142	1,983
Allowance for impairment losses:-		
At 1 January	499	4,910
Addition during the financial year	-	499
Write off during the financial year	-	(4,910)
	499	499
At 31 December	499	499

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

11. DERIVATIVE ASSET

	The Group			
	2015			2014
	Contract/ Notional amount USD'000	Financial asset RM'000	Contract/ Notional amount USD'000	Financial asset RM'000
Non-hedging Derivative:				
Forward currency contracts	615	391	2,051	391
	615	391	2,051	391

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

11. DERIVATIVE ASSET (CONT'D)

The Group recognised a gain of RM391,000 (2014: RM391,000) arising from the fair value change in the spot exchange rate and the forward rate.

12. 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 19 to the financial statements.

The interest rate for fixed deposits is 3.00% (2014: 3.00%) per annum.

13. SHARE CAPITAL

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

	The Group / The Company			
	2015	2014	2015	2014
	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 2015**

14. SHARE PREMIUM

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

	The Group/The Company	
	2015	2014
	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.

15. HIRE PURCHASE PAYABLES

	The Group	
	2015	2014
	RM'000	RM'000
Minimum hire purchase payments:-		
– not later than one year	71	107
– later than one year	-	80
	71	187
Less: Future finance charges	(1)	(7)
	70	180
<u>Current</u>		
Not later than one year	70	101
<u>Non-Current</u>		
Later than one year	-	79

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

16. DEFERRED TAXATION

	The Group	
	2015 RM'000	2014 RM'000
At 1 January	53	4,113
Recognised in profit or loss (Note 22)	(53)	(4,060)
	-	53
At 31 December	-	53

The deferred tax liabilities are attributable to the following:-

	The Group	
	2015 RM'000	2014 RM'000
Accelerated capital allowances over depreciation	-	53
	-	53
	-	53

17. TRADE PAYABLES

The normal trade credit terms granted to the Group is ranging from 30 to 120 (2014-30 to 120) days.

18. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Other payables	259	1,644	31	24
Accruals	1,357	1,186	619	367
Deposit received	35	35	-	-
Amount due to directors	2,182	511	3	3
	3,833	3,376	653	394
	3,833	3,376	653	394

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

19. TERM LOANS

	The Group	
	2015 RM'000	2014 RM'000
<u>Current</u>		
Term loans	-	1,312

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

Number Of Monthly Instalments	Monthly Instalments RM'000	Effective Dates Of Commencement Of Repayment	Amount Outstanding	
			2015 RM'000	2014 RM'000
60	255	January 2010	-	1,312

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 were 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 12 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.

20. REVENUE

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Sales of goods	28,971	27,612	-	-
Management fee	-	-	315	346
	28,971	27,612	315	346

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

21. LOSS BEFORE TAXATION

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Loss before taxation is arrived at after charging/(crediting):-				
Amortisation of intangible asset	-	9,438	-	-
Audit fee	72	67	24	22
Bad debts written off	15	28	-	18
Depreciation	1,788	3,739	-	-
Directors' fees	300	330	300	330
Directors' other emoluments	1,118	1,074	-	-
Impairment loss on amount due from subsidiaries	-	-	-	499
Impairment loss on investment in subsidiaries	-	-	28,069	-
Interest on hire purchase	6	10	-	-
Interest on late payment	-	2	-	-
Interest on letter of credit	46	51	-	-
Interest on term loans	-	136	-	-
Inventories written off	-	6,126	-	-
Realised loss on foreign exchange	670	-	-	-
Rental of cylinder	2	4	-	-
Rental of machinery	130	417	-	-
Rental of premises	235	360	-	-
Staff costs:				
– salaries and others benefits	3,173	2,696	-	-
Fair value gain on derivative financial assets	-	(339)	-	-
Gain on disposal of property, plant and equipments	-	(1,571)	-	-
Rental income of premises	(19)	(29)	-	-
Rental income of scows and tug boats	(33)	(219)	-	-
Waiver of debts	(394)	-	-	-
	_____	_____	_____	_____

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

22. INCOME TAX EXPENSE

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Income tax:				
– Under provision in the prior financial years	-	128	-	-
Deferred tax (Note 16):				
– Origination of temporary differences	200	-	-	-
– Relating to reversal of temporary differences	(53)	(4,060)	-	-
	147	(4,060)	-	-
	147	(3,932)	-	-

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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Loss before taxation	(636)	(14,712)	(28,169)	(359)
Tax at the statutory tax rate of 25% (2014 - 25%)	(159)	(3,678)	(7,042)	(90)
Tax effects of:-				
Non-taxable income	(14)	(393)	-	-
Non-deductible expenses	366	2,371	7,038	90
Deferred tax assets not recognised during the financial year	4	-	4	-
Utilisation of deferred tax assets previously not recognised	(50)	-	-	-
Under provision of income tax in the prior financial year	-	128	-	-
Reversal of deferred tax liability during the financial year	-	(2,360)	-	-
Income tax expense for the financial year	147	(3,932)	-	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

22. INCOME TAX EXPENSE (CONT'D)

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

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Other deductible temporary differences	13	21	-	-
Unabsorbed capital allowances	73	75	-	-
Unutilised tax losses	1,590	1,778	99	82
	1,676	1,874	99	82

23. LOSS PER SHARE

	The Group	
	2015	2014
Continuing operations		
Loss attributable to owners of the Company (RM'000)	(783)	(10,780)
Weighted average number of ordinary shares at 31 December	61,100	61,100
Basic loss per share (Sen)	(1.28)	(17.64)

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

24. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	The Group	
	2015 RM'000	2014 RM'000
Cost of property, plant and equipment purchased	6	-
Amount financed through hire purchase	-	-
Cash disbursed for purchase of property, plant and equipment	6	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

25. CASH AND CASH EQUIVALENTS

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

	The Group	
	2015 RM'000	2014 RM'000
Cash and cash equivalents	549	45
Less: Fixed deposits pledged to licensed banks	(20)	(20)
	529	25
	529	25

26. 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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Executive directors:				
– fee	270	290	270	290
– non-fee emoluments	1,118	1,074	-	-
Non-Executive directors:				
– fee	30	40	30	40
	1,418	1,404	300	330
	1,418	1,404	300	330

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

	The Group	
	2015	2014
Executive directors:-		
Below RM50,000	1	-
RM50,001 to RM100,000	-	1
RM100,001 to RM150,000	1	-
Above RM150,001	2	2
Non-Executive directors:-		
Below RM50,000	2	3
	6	6
	6	6

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

27. 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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Management fees received/receivable from subsidiaries	-	-	315	347
Rental paid/payable to a company in which a Company's director has substantial financial interests	120	216	-	-
Key management personnel compensation:				
– short-term employee benefits	1,418	1,404	300	330
	<u>1,418</u>	<u>1,404</u>	<u>300</u>	<u>330</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

28. 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 2015**

28. 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
2015					
<u>Revenue</u>					
External revenue	-	28,150	821	-	28,971
Inter-segment revenue	315	-	-	5,896	6,211
	315	28,150	821	5,896	35,182
Adjustments and eliminations					(6,211)
Consolidated revenue					<u>28,971</u>
<u>Results</u>					
Results before following adjustments	(99)	(4,674)	38	(3,849)	(8,584)
Adjustments and eliminations	7,999	1,752	36	-	9,787
Depreciation	-	(1,752)	(36)	-	(1,788)
Segment results	7,900	(4,674)	38	(3,849)	(585)
Finance costs					(51)
Income tax expense					(147)
Consolidated profit after taxation					<u>(783)</u>
<u>Assets</u>					
Segment assets	54	41,916	598	1,202	43,770
Consolidated total assets					<u>43,770</u>
<u>Liabilities</u>					
Segment liabilities	908	5,250	222	18	6,398
Provision for taxation					200
Consolidated total liabilities					<u>6,598</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

28. 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
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 loss after taxation					(10,780)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

28. 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
2014					
<u>Assets</u>					
Segment assets	109	39,013	440	6,694	46,256
Consolidated total assets					<u>46,256</u>
<u>Liabilities</u>					
Segment liabilities	647	7,454	131	23	8,255
Provision for taxation					46
Consolidated total liabilities					<u>8,301</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 2015**

29. 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.

29.1 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 2015 RM'000	United States Dollar 2014 RM'000
<u>Financial Assets</u>		
Trade receivables	3,942	10
<u>Financial Liabilities</u>		
Other payables	-	(1,043)
Currency Exposure	3,942	(1,033)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

29. FINANCIAL INSTRUMENTS (CONT'D)

29.1 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	
	2015	2014
	Increase/ (Decrease)	Increase/ (Decrease)
	RM'000	RM'000
Effects On Profit After Taxation		
United States Dollar:		
- strengthened by 5%	46	52
- weakened by 5%	(46)	(52)
	46	(52)

(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 29.1(c) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

29. FINANCIAL INSTRUMENTS (CONT'D)

29.1 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	
	2015	2014
	Increase/ (Decrease) RM'000	Increase/ (Decrease) RM'000
Effects On Profit After Taxation		
Increase of 10 basic points (bp)	7	13
Decrease of 10 bp	(7)	(13)

(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 2015**

29. FINANCIAL INSTRUMENTS (CONT'D)

29.1 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	
	2015	2014
	RM'000	RM'000
Malaysia	8,319	8,810
Korea	817	10
Singapore	1,102	-
Taiwan	2,501	1,310
Thailand	119	-
	<hr/>	<hr/>
	12,858	10,130

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

29. FINANCIAL INSTRUMENTS (CONT'D)

29.1 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
2015				
Not past due	2,141	-	-	2,141
Past due:				
1 to 30 days past due	2,399	-	-	2,399
31 to 60 days past due	386	-	-	386
61 to 90 days past due	592	-	-	592
More than 91 days past due	4,195	-	-	4,195
	9,713	-	-	9,713
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

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 2015**

29. FINANCIAL INSTRUMENTS (CONT'D)

29.1 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
2015					
Hire purchase payables	2.35	70	70	70	-
Term loans	-	-	-	-	-
Trade payables	-	2,495	2,495	2,495	-
Other payables and accruals	-	3,833	3,833	3,833	-
		6,398	6,398	6,398	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

29. FINANCIAL INSTRUMENTS (CONT'D)

29.1 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
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
The Company					
2015					
Other payables	-	653	653	653	-
2014					
Other payables	-	394	394	394	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

29. FINANCIAL INSTRUMENTS (CONT'D)

29.2 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	
	2015 RM'000	2014 RM'000
Hire purchase payables	70	180
Term loans	-	1,312
	70	1,492
Less: Cash and bank balances	(549)	(45)
Net debt	(479)	1,447
Total equity	37,172	35,595
Debt-to-equity ratio	(0.01)	0.04

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

29. FINANCIAL INSTRUMENTS (CONT'D)

29.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Financial Assets				
<u>Loans and receivables</u>				
<u>financial assets</u>				
Amount due from subsidiaries	-	-	2,142	1,983
Trade receivables	9,713	2,137	-	-
Other receivables and deposits	3,145	7,993	-	-
Fixed deposits with licensed banks	20	20	-	-
Cash and bank balances	529	25	-	-
	<u>13,407</u>	<u>10,175</u>	<u>2,142</u>	<u>1,983</u>
Financial Liabilities				
<u>Other financial liabilities</u>				
Trade payables	2,495	3,334	-	-
Other payables and accruals	3,833	3,376	653	394
Hire purchase payables	70	180	-	-
Term loans	-	1,312	-	-
	<u>6,398</u>	<u>8,202</u>	<u>653</u>	<u>394</u>

29.4 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 2015**

**30. 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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total accumulated losses of the Company and its subsidiaries:				
- realised	(38,169)	6,647	(34,527)	(6,358)
- unrealised	-	(53)	-	-
	<u>(38,169)</u>	<u>6,594</u>	<u>(34,527)</u>	<u>(6,358)</u>
Less: Consolidation adjustments	6,480	(37,500)	-	-
At 31.12.2015/2014	<u>(31,689)</u>	<u>(30,906)</u>	<u>(34,527)</u>	<u>(6,358)</u>

Additional Disclosures

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 2015.

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 was 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 2015 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 	2,016 669 10,701 613 297 56	21 21 21 21 21 21	663,125 0 75,772 75,040 3,768 18,641 1,408
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 	483 238 260 1,085	21 21 21 14 11 6	351,608 172,744 1 1 8,323 1 16,677 1,237 28,930
						837,754 579,522

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 2015 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)	<ul style="list-style-type: none"> • Land • Land Reclamation • Plywood factory cum timber products shed • Workshop cum store • Generator store • Boiler Shed • Block board factory • Polyester and Tego plywood factory cum kiln dry section • 2 units water reservoir (cubic ft) • High rise platform water tank (Cubic ft) • Gate House • Workshop • Forestry House • New Office 	17,561 929 297 334 2,055 7,808 453 37	14 14 14 14 14 14 14 14 14 16 14 20 18	1,059,023 94,366 3,479,264 3,820 1 1 157,829 1,781,730 24,286 1 1 1,315 127,087
						6,728,725

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 2015 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 • An intermediate double storey terrace commercial unit currently used as warehouse • Office Building • Electrical Installation • Renovation	307.80	25	79,334
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 • An intermediate double storey terrace commercial unit currently used as warehouse • Renovation	307.80	25	175,324
						17,300 95,118 76,833
						76,833

Analysis of Shareholdings

As At 31 March 2016

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 61,100,000 ordinary shares
Class of Shares	:	Ordinary Shares of RM1.00 each
Total No. of Shareholders	:	796
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	23	2.889	831	0.001
100 - 1,000	269	33.793	105,103	0.172
1,001 - 10,000	269	33.793	1,310,400	2.144
10,001 - 100,000	171	21.482	6,552,133	10.723
100,001 to less than 5% of issued shares	60	7.537	26,393,809	43.197
5% and above of issued shares	4	0.502	26,737,724	43.760
TOTAL :	796	100.000	61,100,000	100.000

SUBSTANTIAL SHAREHOLDERS

(ACCORDING TO THE COMPANY'S REGISTERED OF SUBTANTIAL SHAREHOLDERS AS AT 31 MARCH 2016)

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	-	-	31,432,296 ⁽¹⁾	51.60
Yeo Wang Ting	Malaysian	1,284,950	2.11	27,105,246 ⁽²⁾	44.50
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	2.66	2,950,865 ⁽³⁾	4.84
Datin Yap Que Chun	Malaysian	1,528,692	2.51	3,042,100 ⁽⁴⁾	4.99
Yeo Ten Fong	Malaysian	3,270,200	5.37	-	-

Notes:-

- (1) Deemed interest through direct shareholdings of his spouse (Datin Yap Que Chun), his brother (Mr. Yeo Wang Ting), son (Mr. Yeo Gee Kuan), daughter (Ms. Yeo Sim Lan) and sister-in-law (Mdm. Soh Poh Choo) 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 (Ms. Yeo Sim Lan).
- (4) Deemed interest through direct shareholdings of her son (Mr. Yeo Gee Kuan) and her daughter (Ms. Yeo Sim Lan).

DIRECTORS' SHAREHOLDINGS AS AT 31 MARCH 2016

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	-	-
Datuk Yeo Wang Seng	-	-	31,432,296 ⁽¹⁾	51.60
Yeo Wang Ting	1,284,950	2.11	27,105,246 ⁽²⁾	44.50
Lim Yun Nyen	6,612	0.01	-	0.00
Yeo Gee Kuan	1,619,927	2.66	2,950,865 ⁽³⁾	4.84
Ho Pui Hold	-	-	-	-
Ng Kok Wah	-	-	-	-

Notes:-

- (1) Deemed interest through direct shareholdings of his spouse (Datin Yap Que Chun), his brother (Mr. Yeo Wang Ting), son (Mr. Yeo Gee Kuan), daughter (Ms. Yeo Sim Lan) and sister-in-law (Mdm. Soh Poh Choo) 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 (Ms. Yeo Sim Lan).

THIRTY (30) LARGEST SECURITIES ACCOUNTS HOLDER
(ACCORDING TO REGISTER OF DEPOSITORS AS AT 31 MARCH 2016)

No.	Name	No. of Shares Held	(%)
1.	Aspirasi Puspita Sdn Bhd	14,838,029	24.284
2.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Affinity Gateway Sdn Bhd	5,143,795	8.418
3.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Affinity Gateway Sdn Bhd	3,485,700	5.704
4.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Yeo Ten Fong (E-TWU)	3,270,200	5.352
5.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Yeo Gee Keing (E-TWU)	3,001,900	4.913
6.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Yeo Gee Kuan (E-TWU)	1,619,927	2.651
7.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Yap Que Chun (E-TWU)	1,528,692	2.501
8.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Yeo Sim Lan (E-TWU)	1,422,173	2.327
9.	Cimsec Nominees (Tempatan) Sdn Bhd Danaharta Managers Sdn Bhd For Aspirasi Puspita Sdn Bhd (EKARHIJAU)	1,375,998	2.252
10.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Yeo Wang Ting (E-TWU)	1,284,950	2.103
11.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Yeo Gee Hong (E-TWU)	1,259,565	2.061
12.	Tan Soon Kiat	912,200	1.492
13.	Lionel Koh Kok Peng	808,000	1.322
14.	Ron Paul	711,400	1.164
15.	Cimsec Nominees (Tempatan) Sdn Bhd Danaharta Managers Sdn Bhd For Aspirasi Puspita Sdn Bhd (MILYAKIN)	674,699	1.104

16.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank For Wong Siaw Wei (MQ0323)	639,700	1.046
17.	Chan Wai Wai	623,700	1.020
18.	Teh Lee Beng	610,800	0.999
19.	Chai Kim Kiong	594,800	0.973
20.	Leong Thai Cheong	486,600	0.796
21.	Affinity Spring Sdn Bhd	423,000	0.692
22.	Amsec Nominees (Asing) Sdn Bhd Pledged Securities Account - AmBank (M) Berhad For Chan Ban Hin (SMART)	417,600	0.683
23.	Citigroup Nominees (Asing) Sdn Bhd Exempt An For OCBC Securities Private Limited (CLIENT A/C-NR)	399,400	0.653
24.	Wong Siaw Wei	396,400	0.648
25.	Sow Ban Leong	372,000	0.608
26.	Chan Ban Hin	300,000	0.490
27.	Lim Chong Ee	290,000	0.474
28.	Lau Kiam Chiew	268,000	0.438
29.	Teh Lee Beng	262,000	0.428
30.	Teh Lee Beng	260,000	0.425
	TOTAL	47,681,228	78.038

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eighteenth (18th) 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, 21 May 2016, 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 2015 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 2015.	(Ordinary Resolution 1)
3.	To re-elect Datuk Yeo Wang Seng 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. Lim Yun Nyen as a Director of the Company in accordance with Article 89 of the Company’s Articles of Association.	(Ordinary Resolution 3)
5.	To re-elect Mr. Ho Pui Hold as a Director of the Company in accordance with Article 96 of the Company’s Articles of Association.	Ordinary Resolution 4)
6.	To appoint Messrs RSM Malaysia as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.	(Ordinary Resolution 5)
	<p>Notice of Nomination of Auditors pursuant to Section 172 (11) of the Companies Act, 1965 (a copy of which is annexed hereto and marked as “Annexure A”) has been received by the Company for the nomination of Messrs RSM Malaysia for appointment as Auditors of the Company in place of the retiring Auditors, Messrs CHI-LLTC and of the intention to propose the following Ordinary Resolution :</p> <p>“THAT Messrs RSM Malaysia be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs CHI-LLTC and to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.”</p> <p>As Special Business: To consider and, if thought fit, to pass the following resolutions:</p>	
7.	<p>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>	(Ordinary Resolution 6)

- | | |
|----|---|
| 8. | To transact any other business of the Company for which due notice shall have been given. |
|----|---|

BY ORDER OF THE BOARD

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

Kuala Lumpur
Date: 29 April 2016

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 Eighteenth Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 16 May 2016. Only members whose name appears on the Record of Depositors as at 16 May 2016 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 6: Authority to Directors to Allot and Issue Shares

The Proposed Ordinary Resolution 6, 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 Seventeenth (17th) Annual General Meeting held on 6 June 2015 and which will lapse at the conclusion of the Eighteenth (18th) Annual General Meeting.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

The Directors who are standing for re-election at the Eighteenth (18th) Annual General Meeting of the Company are :-

- | | | | |
|------|---------------------|------------|-------------------------|
| i) | Datuk Yeo Wang Seng | Article 89 | (Ordinary Resolution 2) |
| ii) | Mr. Lim Yun Nyen | Article 89 | (Ordinary Resolution 3) |
| iii) | Mr. Ho Pui Hold | Article 96 | (Ordinary Resolution 4) |

The profile of the Directors standing for re-election for Ordinary Resolutions 2, 3 and 4 is set out on pages 5 to 8 of the Annual Report 2015. The shareholdings of the abovenamed Directors in the Company are disclosed on page 100 of the aforesaid Annual Report.

The details of the Directors' attendance for Board Meetings are disclosed in the Statement on Corporate Governance on page 20 of the Annual Report 2015.

The Eighteenth (18th) 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, 21 May 2016, at 10.00 a.m.

YEO GEE KUAN
TB 233, Taman Bukit Raya
Jalan Bunga Raya
91000 Tawau, Sabah

Date: 18 April 2016

The Board of Directors
ATURMAJU RESOURCES BERHAD
TB 8285, Lot 20C
Perdana Square Commercial Centre
Mile 3 1/2, Jalan Apas
91000 Tawau, Sabah

Dear Sirs

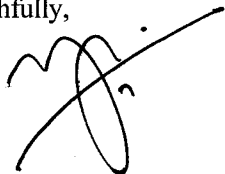
NOTICE OF NOMINATION OF AUDITORS

I, the undersigned, being a shareholder of Aturmaju Resources Berhad, hereby give notice pursuant to Section 172(11) of the Companies Act, 1965 of my intention to nominate Messrs RSM Malaysia, for appointment as Auditors of the Company in place of the retiring Auditors, Messrs CHI-LLTC.

Therefore, I propose that the following ordinary resolution be considered at the forthcoming Annual General Meeting of the Company :

“THAT Messrs RSM Malaysia be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs CHI-LLTC and to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.”

Yours faithfully,



YEO GEE KUAN
Shareholder

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 _____

NRIC No. / Passport No. _____

of _____

as my / our proxy to vote and act on my / our behalf at the Eighteenth (18th) 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, 21 May 2016 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 Yeo Wang Seng as Director.		
3.	To re-elect Mr. Lim Yun Nyen as Director.		
4.	To re-elect Mr. Ho Pui Hold as Director.		
5.	To appoint Messrs RSM Malaysia as Auditors of the Company and to authorise the Directors to fix their remuneration.		
	As Special Business :-		
6.	To approve the ordinary resolution pursuant to Section 132D of the Companies Act, 1965.		

(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 _____, 2016.

Signature : _____

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

NUMBER OF SHARES HELD	CDS ACCOUNT NO.

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 :%

NOTES:

- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- For the purpose of determining a member who shall be entitled to attend the Eighteenth Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 16 May 2016. Only members whose name appears on the Record of Depositors as at 16 May 2016 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

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1st fold here

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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