GUNUNG CAPITAL BERHAD

330171-P

ANNUAL REPORT 2015

CONTENTS

CORPORATE **STRUCTURE**

AS AT 1 APRIL 2016

GUNUNG
CAPITAL BERHAD
330171-P

100%

GUNUNG RESOURCES SDN BHD (71881-T)
Principal Activities:
Chartering of land-based
transportation
assets and specialty vehicles

100%

GPB CORPORATION SDN BHD (259683-P)
Principal Activities:
Chartering of land-based
transportation assets and
specialty vehicles

100%

BAS RAKYAT SDN BHD(911418-W)
Principal Activities:
Chartering of publc
transportation assets

85%

PUSAKA HIJAU SDN BHD (874626-T)
Principal Activities:
Investment holding company

60%

PERAK HYDRO RENEWABLE ENERGY CORPORATION SDN BHD (908000-H)
Principal Activities:
Developing, maintaining and operating small
hydro plants.

CORPORATE **STRUCTURE**

AS AT 1 APRIL 2016

90% GUNUNG HYDROPOWER SDN BHD

GUNUNG HYDROPOWER SDN BHD (513154-T)
Principal Activities:
Building and operating hydropower plants

- 10%
- KERIAN ENERGY Sdn Bhd 30%
- SELAMA HIDRO Sdn Bhd 30%
- ZEQNA CORPORATION Sdn Bhd 30%
- KORIDOR MENTARI Sdn Bhd 30%
- SUMBER SEJAHTERA Sdn Bhd 30%
- KUASA SEZAMAN Sdn Bhd 30%

- 5% CONSO HYDRO RE Sdn Bhd 50%
- 30% WGC PHREC HYDRO Sdn Bhd
- 30% MAJU RE Sdn Bhd
- 30% GELINTING HYDRO Sdn Bhd
- 30% AVA HYDRO Sdn Bhd
- 30% PELUS HIDRO Sdn Bhd
- 50% KUNDUR HYDRO Sdn Bhd
- 30% Manifest Frontier Sdn Bhd

CORPORATE **INFORMATION**

Board of Directors

Dato' Syed Abu Hussin bin Hafiz Syed Abdul Fasal
Executive Chairman & Chief Executive Officer

Iskandar Ibrahim
Executive Director

Beroz Nikmal bin Mirdin
Executive Director

Peter Wong Hoy Kim
Senior Independent Non Executive Director

Dato' Shaiful Annuar bin Ahmad Shaffie
Independent Non Executive Director

Malik Parvez Ahmad bin Nazir Ahmad
Independent Non Executive Director

Audit Committee

Dato' Shaiful Annuar bin Ahmad Shaffie *(Chairman)*
Peter Wong Hoy Kim
Malik Parvez Ahmad bin Nazir Ahmad

Nomination Committee

Dato Shaiful Annuar bin Ahmad Shaffie *(Chairman)*
Peter Wong Hoy Kim

Remuneration Committee

Dato Shaiful Annuar bin Ahmad Shaffie *(Chairman)*
Peter Wong Hoy Kim
Iskandar Ibrahim

Company Secretaries

Eric Toh Chee Seong
(MAICSA 7016178)
Jesslyn Ong Bee Fang
(MAICSA 7020672)

Share Registrar

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya Selangor
Tel : 03 -7841 8000
Fax : 03 -7841 8151

Principal Banker

Malayan Banking Berhad
SME Bank
OCBC Al-Amin Bank Berhad

Registered Office

No 11B, Level 2
Greentown Business Centre
Persiaran Greentown 9
30450 Ipoh, Perak
Tel : 05-253 8318
Fax : 05-243 8318
Website: www.gunung.com.my

Auditors

STYL Associates (AF 001929)
Chartered Accountants
107B, Jalan Aminuddin Baki
Taman Tun Dr. Ismail
60000 Kuala Lumpur, Malaysia

Stock Exchange Listing

Listed on Main Market of Bursa Malaysia Securities Berhad
Stock Name : Gunung
Stock Code : 7676

EVENT HIGHLIGHTS
AND CORPORATE SOCIAL RESPONSIBILITY

For the year 2015, Gunung Capital Berhad had conducted a number of Corporate Social Responsibility programmes as a continuity from our previous years' programmes.

We are focusing our efforts on Orang Asli communities in Slim River, Ulu Kampar, Sungai Siput and Gopeng. These locations have been selected due to the close proximity to our small hydropower project sites, and since we have begun some preliminary works at the sites, we need to nurture a healthy and responsibility relationship with the local communities.

In Slim River, we have managed to collaborate with the Jabatan Kemajuan Orang Asli (JAKOA) to upgrade the existing gravel roads to tarred roads. This project is currently on going since October 2015.

The Orang Asli community in Sungai Korbu, Sungai Siput was hit with heavy rain which disrupted the water supply to the whole town in November 2015. Gunung Group acted promptly, with the assistance and guidance from Lembaga Air Perak (LAP) Wilayah Utara to mobilise our equipment and personnel to rectify the situation. The water supply was restored after two days of downtime.

To avoid such occurrence in the future, we have also implemented further initiatives to protect the river especially during the construction period. As such, we have fortified the riverbanks with gabion walls, and constructed check dams along the river to regulate the debris flowing in the river.

For the communities in Ulu Kampar and Gopeng, we have worked hand in hand with the local leaders to enhance the quality of their day to day life. We have built bridges, new access roads as well as clearing obstacles that were blocking roads, especially after a heavy rain.

We have confirmed our commitment to these local communities, as we will be with them for a long period during the operation of our small hydropower plants, and we will do whatever we can in order to assist these communities to ease their burden. We believe that when the projects have started, there will be additional benefits and development that can be channelled to these communities.

CHAIRMAN'S **STATEMENT**

Dear Valued Shareholders,

During the year under review, Gunung Capital Bhd ("Gunung") via 100%-owned GPB Corporation Sdn Bhd ("GPB"), received a 'Letter of Award and Acceptance' from the Ministry of Defence, with the value of RM164.95 million, for the provision of transportation (bus) service to the National Service Program. However, from March to December 2015, the National Service program was deferred by the Government, and as a result the National Service program only required a bare minimum of transportation assets from GPB. This deferment had a negative impact on the Group's performance, fleet utilisation and contract based revenues throughout financial year ended 2015.

Dato' Syed Abu Hussin Bin Hafiz Syed Abdul Fasal
Executive Chairman

In addition, GPB had on 26th January 2016, received a new 'Letter of Award and Acceptance' from the Ministry of Defence for a Service-Contract for "Provision of School Transportation (Bus) Service for Children of the Armed Forces Personnel Throughout Malaysia', with the value of up to RM14,657,500. The scope of services under the above-mentioned Service-Contract, is to provide transportation to, and from nominated schools, for the children of the armed forces personnel nationwide ("pick-up and drop-off services").The tenure of the Service-Contract awarded is from 01 February 2016 to 30 November 2016 (10 months).

Gunung, via its effective 51% equity stake in Perak Hydro Renewable Energy Corporation Sdn Bhd ("PHREC") and its effective 95% equity interest in Gunung Hydropower Sdn Bhd, has continued to expand its mini-hydropower division during financial year ended 2015, as additional hydropower sites under the Group secured Feed-in-Tariff ("FiT") approvals from SEDA, and have executed a Renewable Energy Power Purchase Agreements("RePPA") with Tenaga Nasional Bhd ("TNB").

The continued expansion of the hydropower division is part of the management's strategy to reduce the dependency of incomes solely from chartering land based transportation assets & specialty vehicles, and to secure a long term stable income stream. In view of this strategy and to increase Gunung's 'war chest' for further development of the hydropower division, during the year under review, Gunung increased its cash and cash equivalents by approximately RM5.6 million. Gunung' s cash & cash equivalents stood at RM44.8 million as at 31 December 2015, with an additional net current assets of RM4.8 million.

As per Bursa announcement dated 31 December 2015 Gunung had on 31 December 2015 subscribed for an additional 2,000,000 new ordinary shares of RM1.00 each in Gunung Hydropower Sdn Bhd ("GHSB") for a total consideration of RM2,000,000. Pursuant to the subscription, the total issued share capital of GHSB increased from 1,000,000 ordinary shares of RM1.00 each to 3,000,000 ordinary shares of RM1.00 each of which 2,700,000 ordinary shares is held by Gunung. As a result of this Subscription, GHSB is now effectively 95% owned subsidiary of Gunung (from 85% prior to this subscription).

In view of this background, I present to you the Annual Report and Audited Financial Statements of the Group for the financial year ended 31 December 2015.

FINANCIAL PERFORMANCE

In financial year ended 31 December 2015, Group revenue of RM35.6 million was a substantial 58% lower than that of the previous financial year. Revenue was affected negatively by the deferment of the National Service Program for year under review. This has significantly affected the Group's contract revenues in FY2015, especially in view of the Group receiving a 'Letter of Award and Acceptance' from the Ministry of Defence on 26th December 2014, with the value of RM164.95 million for the provision of transportation (bus) service to the National Service Program.

FINANCIAL PERFORMANCE (Cont'd)

Group profit before tax was also affected by lower contract revenues and the costs incurred due to the under utilisation of the Group's fleet of vehicles, such as fleet depreciation costs and fleet maintenance costs. As a result of the under utilisation of the Groups fleet of vehicles, the Group incurred a Group loss before tax of RM3.4 million. This was a substantial drop when compared to a Group profit before tax of RM18.7 mil in financial year ended 31 December 2014. In addition, pre-tax loss was further hindered by higher direct costs, staff costs and other operating expenses in FY2015, directly attributable to the hydropower division via effective 51%-owned subsidiary PHREC.

On a positive note however, for FY2015 the Group managed to earn a positive EBITDA of RM4.5 mil, which has improved the cash position of the Group year-on-year. This is predominately due to the 'noncash' depreciation expense incurred in FY2015 amounting to RM7.8 mil.

Net Asset Value per share was RM0.44 as at the end of the financial year under review.

BONUS ISSUE

On 17 June 2015, the Company announced that the proposed Bonus Issue has been completed with the listing of 94,440,883 Bonus Shares and 37,765,500 additional Outstanding Warrants issued pursuant to the Bonus Issue of 2 bonus shares fully paid-up for every 3 existing ordinary shares held, on the Main Market of Bursa Securities.

CHARTERING OF LAND-BASED TRANSPORTATION ASSETS

Chartering of land-based transportation assets, together with drivers, fuel, maintenance & repair costs, at a fixed monthly cost allows our customers to better manage their budgets, resulting in stable and predictable costs. Gunung is continuing to explore the opportunities in expanding its services to cover additional Government agencies, large corporations, and GLC's, where there is a requirement for a large fleet of vehicles. On 29 December 2014, Gunung received a 'Letter of Award and Acceptance' from the Ministry of Defence for a Service-Contract with the value of RM164,951,885.70 for the provision of transportation (bus) service for the National Service Program. The tenure of the Service-Contract awarded is from 26 December 2014 to 25 December 2017. This Service-Contract commenced in December 2014.

In addition, GPB had on 26th January 2016, received a new 'Letter of Award and Acceptance' from the Ministry of Defence for a Service-Contract for ''Provision of School Transportation (Bus) Service for Children of the Armed Forces Personnel Throughout Malaysia', with the value of up to RM14,657,500. The scope of services under the above-mentioned Service-Contract, is to provide transportation to, and from nominated schools, for the children of the armed forces personnel nationwide ("pick-up and drop-off services").The tenure of the Service-Contract awarded is from 01 February 2016 to 30 November 2016 (10 months).

RENEWABLE ENERGY

As at financial year ended 2015, the total small hydropower Joint Venture companies under the Gunung Group, with FiT Approval from SEDA, and RePPA's with TNB is twelve (12), amounting to a total estimated installed capacity of 140 MW (increase of 28MW from FY2014).

Subsequent to the financial year ended 31 December 2015, the Company announced to Bursa, that's is 90% owned subsidiary Gunung Hydropower Sdn Bhd entered into a share sale and purchase agreement with Conso Light Sdn Bhd ("the Vendor") for the proposed acquisition of a 50% equity interest in Conso Hydro RE Sdn Bhd ("CHRE")for a total cash consideration of RM2,500,000. CHRE has secured Feed-in Tariff (FiT) approval from the Sustainable Energy Development Authority ("SEDA") for its Sungai Geruntum site with a declared annual availability of 10,000 MWh. Subsequently CHRE signed a Renewable Energy Power Purchase Agreement ("RePPA") with Tenaga Nasional Berhad ("TNB") for a 21 year effective period at a rate of 24 sen per kWh. The Fit rate was subsequently revised upwards by SEDA to 26 sen per kWh for small hydro with an installed capacity up to 2MW in December 2015.This new rate will apply to CHRE. A Development Order Certificate ("DOC"), with conditions, was issued to CHRE by Jabatan Perancangan Bandar dan Desa ("JPBD") on 21 January 2015. All conditions relating to the DOC have been satisfied, and other relevant Perak State Government approvals have been obtained.

The growing hydropower division, in the medium term, will allow Gunung to develop into a significant contributor to the renewable energy production sector in view of the Energy, Water & Green Technology Ministry's push for the development of renewable energy as 'fifth national fuel' with the implementation of the FiT system. The FiT system supports the developers of renewable energy by fixing a premium tariff for electricity generated from non fossil fuel sources, such as mini-hydro schemes, biomass, and solar. Furthermore, the introduction of the Renewable Energy Act 2011 provides a mandatory requirement for the National Utility to buy Renewable Energy power.

GOVERNANCE

The Gunung Group continues to strive to build a sustainable business and work culture that upholds the values of integrity, transparency and accountability. To enhance the skills and knowledge base of our employees, we continue to send them to training programs that promotes awareness of national policies, safeguarding the environment, work ethics, and social responsibilities for the enhancement of local communities. This has contributed to us to meeting our corporate mission. Further to this mission, as most hydropower sites under the Gunung Group are located within the vicinity of Orang Asli settlements, we envisage that these projects will provide a positive impact on their communities. To date, Gunung via PHREC, has involved the Orang Asli communities in the exploration and construction of our site, and have also provided basic infrastructure such as water pipes, roads and bridges.

PROSPECTS

The management's sustained effort and investment, to secure additional contracts in chartering land-based transportation assets and specialty vehicles, and to improve the overall operating efficiency continues to be the main strategy in the transportation division. This effort was rewarded as GPB Corporation Sdn Bhd, a wholly owned subsidiary of Gunung, had on 26th January 2016, received a 'Letter of Award and Acceptance' from the Ministry of Defence for a Transportation Service-Contract with the value of up to RM14,657,500.

PROSPECTS (Cont'd)

Furthermore the shuttle bus service within both the Kuantan and Gombak campuses for the International Islamic University of Malaysia, chartering of city buses for a public transportation service in Manjung (Perak), and ad-hoc charters will continue in FY2016.

The deferment of the National Service Program for FY2015 substantially reduced Group revenue from the Service-Contract awarded on 26th December 2014. Although the National Service program is schedule to re-commence on 1st March 2016, during FY2016 we expect the National Service program to be scale-down on the back of the news that the Government is cutting operating and development budgets/ expenditures. Throughout FY2016, we expect Group revenue and profit attributable to shareholders to be slightly improved (from FY2015).

In the longer term, we are excited by the implementation of the mini-hydro Projects in Perak, which will contribute to Gunung's long term revenue and earnings, and enhance Gunung's growth potential. In addition, the long term stable income stream derived from the mini-hydro Projects will reduce Gunung's dependency incomes solely from chartering land-based transportation assets & specialty vehicles. We are expecting the first earnings contribution to the Group from this division to commence in the first quarter of FY2017.

THANK YOU NOTE

At the end of another year, I would like to express my sincere appreciation to all our staff for their continued commitment to drive our growth and to maintain our services standards that our customers deserve.

I would also like to thank our valued customers, suppliers, business associates, bankers, regulatory authorities, and other stakeholders for their continued support and trust.

My appreciation also goes to my fellow colleagues on the Board for their counsel and support throughout the year.

Finally to our shareholders, a special thanks for their continued support and confidence in Gunung. With this continued support, we will continue to strive to further enhance sustainable shareholder value. In recognition of this support, On 17 June 2015, the Company announced that its Bonus Issue has been completed with the listing of 94,440,883 Bonus Shares and 37,765,500 additional Outstanding Warrants issued pursuant to the Bonus Issue, on the basis of two (2) bonus shares for every three (3) existing ordinary shares of RM0.40 each in Gunung held.

Dato' Syed Abu Hussin Bin Hafiz Syed Abdul Fasal
Executive Chairman

PROFILE OF **DIRECTORS**

DATO' SYED ABU HUSSIN BIN HAFIZ SYED ABDUL FASAL

56, Malaysian
Executive Chairman/ CEO

DATE APPOINTED TO THE BOARD :	• 8 December 2010
MEMBERSHIP OF BOARD COMMITTEES :	• None
QUALIFICATIONS :	• Bachelor of Computer Science, National University of Malaysia
MEMBERSHIP OF ASSOCIATIONS:	• None
WORK EXPERIENCE AND OCCUPATION :	• 1987-1993 : Served in the Government under the National Civic Bureau reaching the position of Director of National Civic Bureau (Perak), Prime Minister's Department • 1994-2005 : Politics and community service in various political Committees, Bureau's and Youth Movements, and between 2001-2005 was elected as the deputy head of Bukit Gantang (Perak) UMNO division. • 2006-present : Entrepreneur in business principally involved in the manufacture & supply of halal food products, transportation services (involving taxi's, express coaches, other land-based public transportation), and medical services/supplies, via various private limited companies. Presently is a director of several private limited companies. • 2010-present : Executive Director and CEO of Gunung Capital Berhad but re-designated as an Executive Chairman and CEO on 19 January 2012 and sits on the Board of several subsidiaries of Gunung Capital Berhad. • 2011-2013 : Director UTMSPACE
DIRECTORSHIP OF PUBLIC COMPANIES (IF ANY) :	• None
FAMILY RELATIONSHIPS (IF ANY) :	• No family relationship with any director and/or substantial shareholder of Gunung Capital Berhad.
NO. OF BOARD MEETINGS ATTENDED FOR THE FINANCIAL YEAR :	• 5/5

ISKANDAR IBRAHIM

45, Australia
Executive Director

DATE APPOINTED TO THE BOARD :	• 19 January 2012
MEMBERSHIP OF BOARD COMMITTEES :	• Remuneration Committee
QUALIFICATIONS :	• Bachelor of Commerce, Adelaide University, South Australia
MEMBERSHIP OF ASSOCIATIONS:	• None
WORK EXPERIENCE AND OCCUPATION :	• 1994-1997 : Investment Analyst in the Transport Sector for SJ Securities Sdn Bhd, a member of the Kuala Lumpur Stock Exchange (now known as Bursa Securities). In addition, a Shareholder and Finance Director of Webster & Associates (S.E.Asia) Sdn Bhd, predominately a biotechnology company. • 1997-2003 : Financial Controller and Chief Operations Officer of Destination Marine Services Sdn Bhd, a high speed composite patrol boat manufacturer. • 2004-present : Substantial shareholder and managing director of AAsia-East Capital Sdn Bhd, and AAsia Capital Partners Sdn Bhd, which invests mostly in food-related manufacturing operations, including Meal-Ready-to-Eat (MRE) manufacturing and rice milling. • 2012-present : Executive Director of Gunung Capital Berhad.
DIRECTORSHIP OF PUBLIC COMPANIES (IF ANY) :	• None
FAMILY RELATIONSHIPS (IF ANY) :	• No family relationship with any director and/or substantial shareholder of Gunung Capital Berhad.
NO. OF BOARD MEETINGS ATTENDED FOR THE FINANCIAL YEAR :	• 5/5

BEROZ NIKMAL BIN MIRDIN

39, Malaysian
Executive Director

DATE APPOINTED TO THE BOARD :	• 13 November 2013
MEMBERSHIP OF BOARD COMMITTEES :	• None
QUALIFICATIONS : University, USA	• Master of Science (Management Information Systems), Pennsylvania State • Bachelor of Science (Electrical Engineering), Widener University, USA
MEMBERSHIP OF ASSOCIATIONS:	• None
WORK EXPERIENCE AND OCCUPATION :	• 1999 - 2006 : Served at System Planning Department of PJM Interconnection LLC, USA, which is a regional transmission organisation (RTO) that coordinates the movements of wholesale electricity in some regions of the USA. Mainly was involved in high level decision making and external communications especially with IPP developers and Regulatory bodies such as NERC and FERC. • 2007 - 2009 : Deputy Chief Engineer at System Operations Department of Tenaga Nasional Berhad, in charge of the Operation Studies Section. Responsible to advise the Chief Engineer and the National Load Dispatch Centre (NLDC) on system security matters. • 2009 - 2010 : Vice President- Investments, of Khazanah Naional Berhad. Seconded to a special task force lead MYPOWER, to restructure and improve efficiencies in the Malaysian Electric Supply Industry, MESI. • 2010 - present : Managing Director of Perak Hydro Renewable Energy Corporation(PHREC), a joint venture company between Menteri Besar Incorporated, Perak and Pusaka Hijau Sdn Bhd, mandated to develop viable small hydro plants in the state of Perak.
DIRECTORSHIP OF PUBLIC COMPANIES (IF ANY) :	• None
FAMILY RELATIONSHIPS (IF ANY) :	• No family relationship with any director and/or substantial shareholder of Gunung Capital Berhad.
NO. OF BOARD MEETINGS ATTENDED FOR THE FINANCIAL YEAR :	• 5/5

PETER WONG HOY KIM

75, Malaysian
Senior Independent Non-Executive Director

DATE APPOINTED TO THE BOARD :	• 7 November 2003
MEMBERSHIP OF BOARD COMMITTEES :	• Audit Committee, Nomination Committee and Remuneration Committee
QUALIFICATIONS :	• Institute of Bankers Banking Diploma I, UK • Management Courses at Ashridge, UK • The Pacific Rim Bankers Programme at The University of Washington, Seattle, USA
MEMBERSHIP OF ASSOCIATIONS:	• None
WORK EXPERIENCE AND OCCUPATION :	• 1961-1996 : Worked for HSBC Bank Malaysia Berhad. During the course of his career he has served as Deputy Manager Credit Control, Manager Regional Credit and as Manager for the Bank's branches at Bentong, Taiping and Ipoh. • 1997-2008 : Sits on the Boards of several private companies.
DIRECTORSHIP OF PUBLIC COMPANIES (IF ANY) :	• None
FAMILY RELATIONSHIPS (IF ANY) :	• No family relationship with any director and/or substantial shareholder of Gunung Capital Berhad.
NO. OF BOARD MEETINGS ATTENDED FOR THE FINANCIAL YEAR :	• 5/5

DATO' SHAIFUL ANNUAR BIN AHMAD SHAFFIE

52, Malaysian
Independent Non-Executive Director

DATE APPOINTED TO THE BOARD :	• 14 September 2011
MEMBERSHIP OF BOARD COMMITTEES :	• Chairman of the Audit Committee, Nomination Committee and Remuneration Committee
QUALIFICATIONS :	• Business Administration Degree from Barat College, Lake Forest Illinios, U.S.A
MEMBERSHIP OF ASSOCIATIONS:	• None
WORK EXPERIENCE AND OCCUPATION :	• 1986-1992 : He started his career in the U.S.A with Jescorp Inc. in Elk Grove, Illinois as an Operations Manager • 1994-2000 : he was appointed as a Local Consultant to a U.K based International Defense Company from 1994 till 2000 • 2000-2004 : he was again appointed as a Local Consultant to a French Multinational Defense Company. During his tenure in these two companies, he was involved in advisory and strategic operations for the Malaysian market. • 2004 – 2008 : General Manager-Group Operations for Goh Ban Huat Berhad • 2008-present : Managing Director of Bumiteknokrat Sdn. Bhd that does Investment and trading and Kinijuara Holdings Sdn Bhd, a property development company.
DIRECTORSHIP OF PUBLIC COMPANIES (IF ANY) :	• None
FAMILY RELATIONSHIPS (IF ANY) :	• No family relationship with any director and/or substantial shareholder of Gunung Capital Berhad.
NO. OF BOARD MEETINGS ATTENDED FOR THE FINANCIAL YEAR :	• 4/5

MALIK PARVEZ AHMAD BIN NAZIR AHMAD

47, Malaysian
Independent Non-Executive Director

DATE APPOINTED TO THE BOARD :	• 24 June 2008
MEMBERSHIP OF BOARD COMMITTEES :	• Audit Committee
QUALIFICATIONS :	• Bachelor of Accounting Degree from the International Islamic University
MEMBERSHIP OF ASSOCIATIONS:	• Malaysian Institute of Accountants (MIA)
WORK EXPERIENCE AND OCCUPATION :	• 1993-1997 : He worked in KPMG Peat Marwick and held the position of Senior Auditor • 1998-2002 : He joined Medtexx Partners Incorporated in the United States of America as an Accountant • 2002-2004 : He worked as Financial Controller of D.B.E. Gurney Resources Berhad • 2004-2008 : He became the Financial Controller of Latexx Partners Berhad • 2008-present : Attach with a Government Investment Link Company
DIRECTORSHIP OF PUBLIC COMPANIES (IF ANY) :	• None
FAMILY RELATIONSHIPS (IF ANY) :	• No family relationship with any director and/or substantial shareholder of Gunung Capital Berhad.
NO. OF BOARD MEETINGS ATTENDED FOR THE FINANCIAL YEAR :	• 4/5

CONFLICT OF INTEREST

All the Directors have no conflict of interest with the Company.

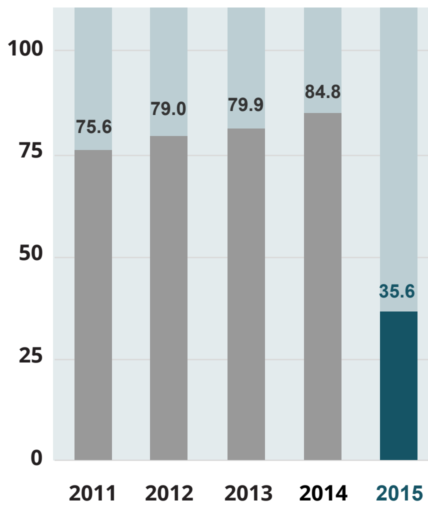
CONVICTIONS FOR OFFENCES (Within the past 10 years, other than traffic offences)

None of the Directors have any convictions for offences.

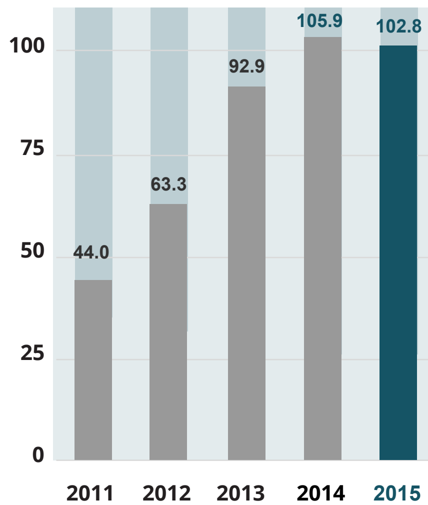
PERFORMANCE **REVIEW**

FINANCIAL HIGHLIGHTS

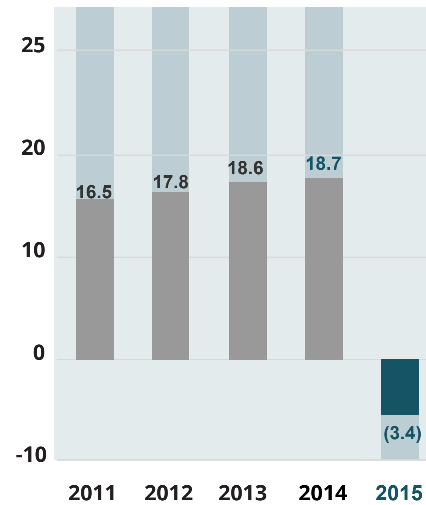
REVENUE
(RM Million)



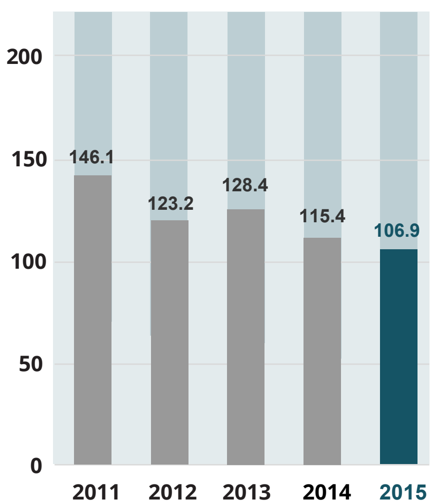
SHAREHOLDERS' FUNDS
(RM Million)



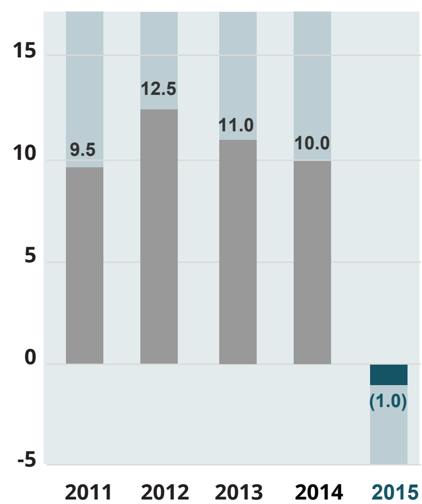
PROFIT BEFORE TAX
(RM Million)



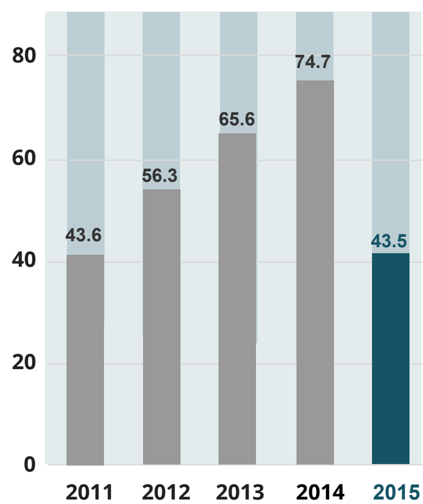
TOTAL ASSETS
(RM Million)



EARNINGS PER SHARE
(SEN)



NET ASSET VALUE PER SHARE
(SEN)



* based on an enlarged number of shares issued pursuant to a bonus issue in FY2015 comprising of 236.1 mil shares issued (compared with 141.7 mil shares issued in FY2014).

GROUP FINANCIAL CALENDAR

24 February
Announcement on the financial results for the fourth quarter and financial year ended 31/12/2014.

Announcement on multiple proposals comprises of:

i) A bonus issue on the basis of 2 bonus shares for every 3 existing ordinary shares;
ii) The establishment of an employees' share option scheme;
iii) An increase in the authorised share capital of Gunung Capital Berhad from RM100,000,000 to RM300,000,000
iv) Amendment to the Company's Memorandum and Articles of Association to facilitate the proposed increase in the authorised share capital.

29 April
Announcement of the annual audited account for the financial year ended 31/12/2014.

29 May
Announcement on the financial results for the first quarter ended 31 March 2015.

Announcement on the Extraordinary General Meeting ("EGM") of Gunung Capital Berhad where all resolutions has been passed by the shareholders of the Company.

1 June
Announcement on the entitlement of bonus issue on the basis of 2 bonus shares for every 3 existing ordinary shares of the Company.

5 June
Announcement on the confirmation and the effective date for ESOS implementation.

16 June
20th Annual General Meeting ("AGM") of Gunung Capital Berhad where all resolutions were approved by the shareholders of the Company.

17 June
Announcement on the completion of the Bonus Issue after the successful listing of the Bonus Shares.

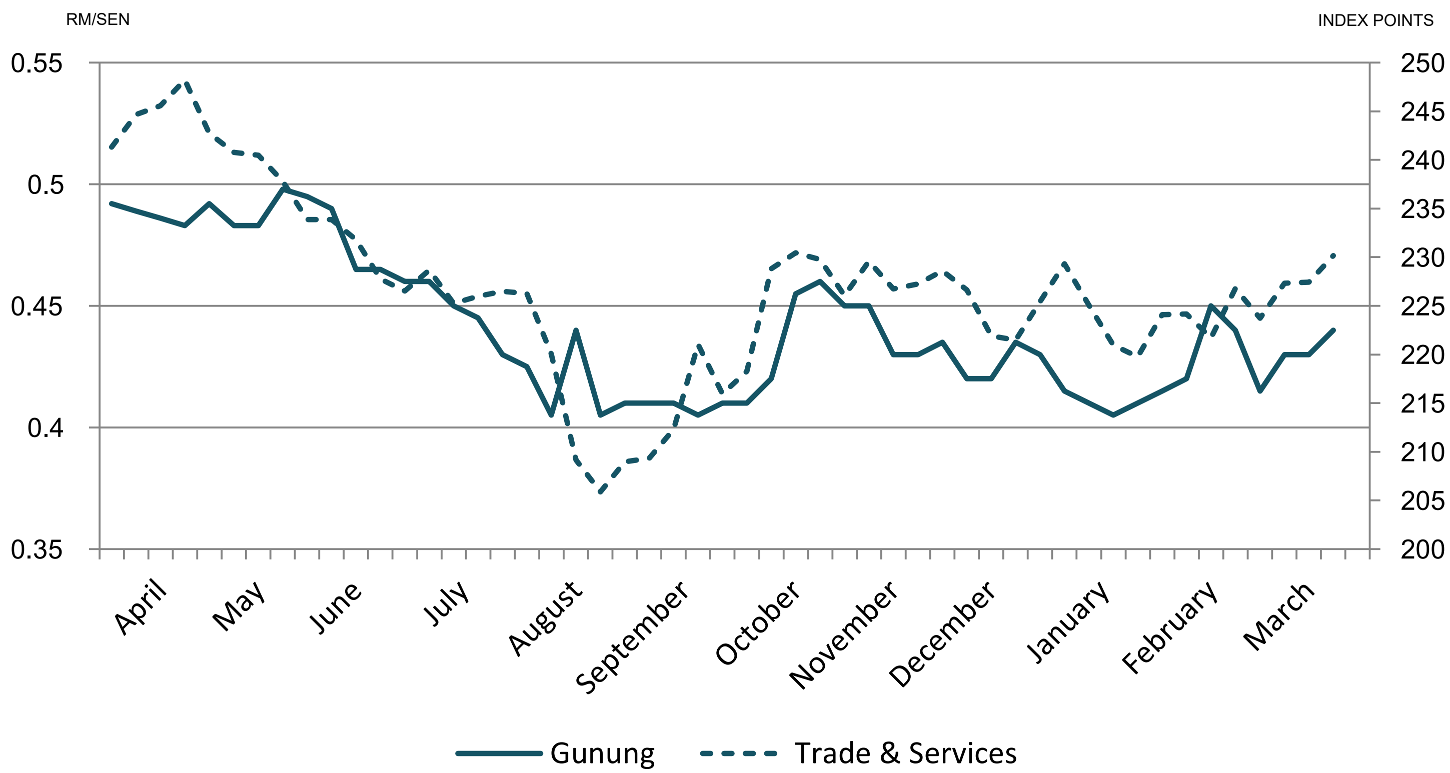
27 August
Announcement on the financial results for the second quarter ended 30 June 2015.

9 November
Announcement on the financial results for the third quarter ended 30 September 2015.

31 December
Announcement on the subscription of 2,000,000 new ordinary shares in Gunung Hydropower Sdn Bhd.

PERFORMANCE **REVIEW** (Cont'd)

SHARE PRICE MOVEMENT
FOR THE PERIOD FROM 1 APRIL 2015 TO 31 MARCH 2016



PRICE	RM	DATE
Highest	0.50	29 May 2015
Lowest	0.41	22 September 2015

Highest volume was 530,000 on 23 October 2015

CORPORATE **GOVERNANCE STATEMENT**

The Board of Directors ("the Board") of Gunung Capital Berhad ("Gunung") recognises the importance of adopting the principles and recommendations of the Malaysian Code on Corporate Governance (Revised 2012) ("the Code") for long term sustainable business growth and to protect and enhance shareholders' values. Accordingly, the Board supports the principles laid out in the Code.

The Board is pleased to disclose below the manner in which it has applied the principles and recommendations of good corporate governance set out in the Code and except as stated otherwise, its compliance with the same as well as the relevant provisions in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements").

1. ESTABLISHING CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

The Board is responsible for ensuring that shareholders' value and interests are protected and enhanced. Various processes and systems are in place to assist the Board in carrying out their stewardship responsibility. The processes include the following:-

1.1 Clear Functions of the Board and Management

There is a clear separation of functions between the Board and Management. The Board adopts the concept of independence in tandem with the definition of "Independent Director" in Section 1.01 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). Although the position of Chairman and Chief Executive Officer are held by the same individual, it does not mean that independence is compromised. The Board is satisfied with the composition and good mix with three (3) Executive Directors and three (3) Independent Non-Executive Directors. The composition and number of Directors reflect the fair representation of all shareholders' interest and investment. The Independent Non-Executive Directors with their different background and professions collectively form an effective Board with a mix of industry-specific knowledge and broad business and commercial experience. This balance enables the Board to provide strong and effective leadership and form an independent judgement with regards to various aspects of the Company's business strategies and performance so as to ensure that the Group achieves the highest standards of performance, accountability and ethical behavior.

1.2 Board Duties and Responsibilities

The Board has the overall responsibility for controlling and overseeing the business affairs of the Group to ensure proper management. This includes adopting strategic plans, approving key business initiatives, major investments and funding decisions, reviewing financial performance and developing corporate objectives. The Board's role is to provide leadership of the Group within a framework of prudent and effective controls whilst ensuring risks are consistently assessed and controlled. Generally, the Board must ensure that the Company is being managed and its business conducted in accordance with high standards of accountability and transparency. It also determines succession plans for senior management and ensures adequate internal controls to identify and manage risks.

The roles and functions of the Board including the executive and non-executive Directors are clearly defined in the Board Charter which regulates how business is to be conducted by the Board in accordance with the principles of good corporate governance.

The Board has delegated certain responsibilities to the Audit Committee, Nomination Committee and Remuneration Committee. All committees have clearly defined terms of reference. The Chairman of the various committees will report to the Board the outcome of the committee meetings.

1. ESTABLISHING CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT (Cont'd)

1.3 Formalised Ethical Standards through Code of Conduct

The Company has formalized a Code of Conduct for the Group. The objective of the Code of Conduct is to set out the ethical standards to all employees in their dealings with fellow colleagues, customers, shareholders, suppliers, competitors, the wider community and the environment. Every employee must display and behave in a manner which is consistent with the Group's philosophy and core values.

The following Code of Conduct must be adhered to at all times by all employees within the Group:-

- Demonstrating commitment
- Living the core values of the Group
- Avoiding conflict of interest
- Preventing bribery and corruption
- Practicing confidentiality and data protection
- Communicating externally and internally with ethics and within authority
- Protecting company assets and resources
- Giving equal opportunity, non-discrimination and fair employment
- Ensuring safety and protecting the environment
- Prohibiting insider trading

1.4 Strategies Promoting Sustainability

The Board is aware of the importance of business sustainability in general and promotes good corporate governance in the application of sustainability practices. The Board promotes good corporate governance in the application of sustainability practices. The Board oversees the conduct of the Group's business to evaluate whether the business is being managed sustainably with regards to the economy, social and environment.

Employees are rewarded for productivity improvements and contribution towards the achievement of the Group's immediate and long-term objectives. The rewards encompass not only compensation and benefits but also performance recognition and professional development and career progression.

1.5 Access to Information and Advice

The Board and its Committees have full and unrestricted access to all information necessary in the furtherance of their duties, which is not only quantitative but also other information deemed suitable such as customer satisfaction, product and service quality, market share and market reaction.

The Board is provided with the agenda for every Board meeting together with reports relevant to the issues of the meeting covering areas of financial, operational and regulatory compliance, in advance, for the Board's reference. The Chairman of the Board takes primary responsibility for organising information necessary for the Board to deal with the agenda and for providing this information to directors on a timely basis.

All directors have the right and duty to make further enquiries where they consider necessary. In some instances, members of Senior Management are invited to be in attendance at Board meetings to provide insight and to furnish clarification on issues that may be raised by the Board.

1. ESTABLISHING CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT (Cont'd)

1.5 Access to Information and Advice (Cont'd)

The Board papers are circulated on a timely basis, at least three (3) days in advance of the meeting to enable the members to have sufficient time to review the papers prepared. Board papers are comprehensive and encompass all aspects of the matters being considered, enabling the Board to look at both the quantitative and qualitative factors so that informed decisions are made.

Meeting papers on issues or corporate proposals which are deemed confidential and sensitive would only be presented to the Directors during the meeting itself. Minutes of previous Board and Committees meetings are also circulated to the Board for their information. Verbal explanations and briefings are also provided by Executive Directors, Management and external consultants to enhance understanding of matters in relation to the Group's business and operations.

All Directors have access to the advice and service of the Company Secretaries. The Board of Directors, whether as a full board or in their individual capacity, may upon approval of the Board of Directors, seek independent professional advice if required, in furtherance of their duties, at the Group's expense.

1.6 Qualified and Competent Company Secretary

The Company Secretary provides a central source of guidance and advice to the Board, on matters of ethics and good corporate governance. The Company Secretary is required to provide the directors, collectively and individually, with detailed guidance on their duties and responsibilities. The Company Secretary assists in determining board agenda, formulating governance, coordinates board assessment process and other board-related matters.

The Company Secretary ensures that all Board meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are recorded and maintained in the statutory register of the Company. The Company Secretary also keeps abreast of the evolving capital market environment, regulatory changes and developments in Corporate Governance through continuous training.

1.7 Board Charter

A Board Charter had been established and approved by the Board on 15 May 2013. The objectives of the Board Charter are to ensure that all Board members are aware of their duties and responsibilities as Board members, the various legislations and regulations affecting their conduct and that the principles and practices of good Corporate Governance are applied in all dealings by Board members individually and/or on behalf of the Group.

The Board Charter focuses on:

- Boards' roles and responsibilities;
- Boards' composition and balance;
- Boards' performance;
- Boards' meetings;
- Remuneration policies;
- Access to information and independent advice;
- Financial reporting;
- Stakeholder communication;
- Company Secretary; and
- Conflict of interest.

The Board Charter is currently published in the Company's website at www.gunung.com.my and is in line with Recommendation 1.7 of the Code.

2. STRENGTHENING COMPOSITION OF THE BOARD

2.1 Appointments to the Board and Re-election

Procedures relating to the appointment and re-election of Directors are contained in the Company's Articles of Association. All Directors shall retire from office at least once every three (3) years but shall be eligible for re-election. Newly-appointed directors shall hold office until the next Annual General Meeting (AGM) and shall then be eligible for re-election.

The Directors who are due for re-election and/or re-appointment at the Annual General Meeting will first be assessed by the Nomination Committee, which will then submit its recommendation to the Board for deliberation and endorsement. Thereafter, shareholders' approval will be sought for the re-election and/or re-appointment.

The Board reviews its size and composition with particular consideration on its impact on the effective functioning of the Board.

2.2 Recruitment Process and Annual Assessment

The MCCG 2012 endorses as good practice, a formal procedure for appointment to the Board, with a Nomination Committee ("NC") making recommendations to the Board. The NC carries out an annual review on the size and composition of the Board to ensure the selection of Board members with different mix of skills and core competencies necessary for the Board to discharge its duties effectively. The NC comprises two (2) Independent Non-Executive Directors.

The responsibilities of the NC include:-

* Formulating the nomination, selection and succession policies for members of the Board
* Making recommendations to the Board on new candidates for appointment and the reappointment/re-election of Directors to the Board
* Reviewing the required mix of skills, experience and other qualities of the Board annually
* Reviewing and recommending to the Board the appointment of members of Board Committees established by the Board annually
* Establishing a set of performance criteria to evaluate the performance of each member of the Board, and reviewing the performance of the members of the Board
* Ensuring that relevant education programmes are provided for new members of the Board, and reviewing the Directors' continuing training programmes

The Board acknowledges the recommendation of the Code on gender diversity. However, the Board believes it is not necessary to adopt a formal gender diversity policy as the Group is committed to provide fair and equal opportunities and nurturing diversity within the Group. The evaluation of the suitability of candidates is based on the candidates' competency, character, time commitment, integrity, performance and experience to bring value and expertise to the Board. The Nomination Committee will, however, continue to take steps to ensure suitable women candidates are sought as part of its recruitment exercise.

2.3 Remuneration Policies and Procedures

The Directors are provided with appropriate directors' fees subject to the approval of shareholders at the Annual General Meeting ("AGM") and a meeting allowance for meetings attended.

The Remuneration Committee ("RC") is entrusted with the role of determining and recommending suitable policies in respect of remuneration packages for Non-Executive Directors and Executive Directors of the Group to ensure that rewards commensurate with their experience and individual performances. The RC consists of two (2) Independent Non-Executive Directors and an Executive Director.

2. STRENGTHENING COMPOSITION OF THE BOARD (Cont'd)

The Board as a whole determines the remuneration of Executive Directors based on experience and level of responsibilities undertaken. Each individual Director shall abstain from discussion pertaining to his own remuneration.

The Board is of the view that the disclosure of remuneration by appropriate components and bands are sufficient to meet the objectives set out in the Listing Requirements of Bursa Securities.

The details of the remuneration of the Directors of the Company for services rendered to the Group for the financial year ended 31 December 2015 are as follows:-

	Executive Directors (RM)	Non-Executive Directors (RM)
Remuneration		
- Fees for the financial year ended 31.12.2014	90,000	90,000
- Salaries & Other Emoluments	1,196,160	17,750

The number of Directors whose remuneration falls under the following remuneration bands:

Remuneration Bands	Number of Directors	
	Executive	Non-Executive
Below RM50,000	1	3
RM500,001 – RM550,000	1	-
RM700,001 – RM750,000	1	-

3. REINFORCING INDEPENDENCE OF THE BOARD

3.1 Assessment of Independence Annually

The Board adopts the concept of independence in tandem with the definition of Independent Director in Section 1.01 of the Listing Requirements of Bursa Securities through the assistance of the NC. The Board also carries out an annual assessment of the independence of its independent directors.

All Directors retire by rotation and their respective re-election is subject to the shareholders' approval at the AGM.

3.2 Tenure of Independent Directors

One of the recommendations of the MCCG 2012 states that the tenure of an independent director should not exceed a cumulative term of 9 years. However, the Nomination Committee has determined at the annual assessment carried out that Mr. Peter Wong Hoy Kim, who has served on the Board for more than 12 years, remain objective and independent in participating in the deliberations and decision making of the Board and Board Committees. The length of his service on the Board does not interfere with their exercise of independent judgment and act in the best interest of the Group notably in discharging his roles as the member of the Audit Committee, Nomination Committee and Remuneration Committee.

3. REINFORCING INDEPENDENCE OF THE BOARD (Cont'd)

3.3 Shareholders' Approval for the Re-Appointment of Non-Executive Director

The Board has reviewed and satisfied with the professional skill, contribution and independent judgement and that Mr. Peter Wong Hoy Kim is continuing with his appointment in the Board. Therefore, the Board recommends and proposes to his re-appointment as Independent Non-executive Director of the Company, to be tabled for shareholders' approval at the forthcoming 21st AGM.

3.4 Composition of the Board

The Board has a balanced composition of Executive and Independent Non-Executive Directors such that no individual or group of individuals can dominate the Board's decision-making powers and processes.

The Directors of the Group do not hold more than 5 directorships in public listed companies as prescribed by Bursa Securities Listing Requirement.

The Board currently consists of six (6) members; comprising three (3) Executive Directors (including Executive Chairman) and three (3) Independent Non-Executive Directors.

4. FOSTERING COMMITMENT OF DIRECTORS

4.1 Time Commitment

Board meetings are held at quarterly intervals with additional meetings held whenever necessary. Five (5) Board meetings were held during financial year ended 31 December 2015.

At each quarterly meeting, the Board deliberated upon a variety of issues including the Group's financial results, corporate development, strategic decisions, business plan and directions of the Group, operational issues and compliance matters.

All the Directors have complied with the requirement to attend at least 50% of the Board meetings held in the financial year pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their duties and responsibilities as Directors of the Company. This is evidenced by their attendances at the Board and various Board Committees meetings held during the year.

In addition, all the Directors of the Company do not hold directorships of more than five (5) public listed companies and thus, able to commit sufficient time to the Company.

The attendance record of the Directors at Board meetings is as set out below: -

Directors	Meeting Attendance
Dato' Syed Abu Hussin bin Hafiz Syed Abdul Fasal	5/5
Iskandar Ibrahim	5/5
Beroz Nikmal bin Mirdin	5/5
Peter Wong Hoy Kim	5/5
Dato' Shaiful Annuar bin Ahmad Shaffie	4/5
Malik Parvez Ahmad bin Nazir Ahmad	4/5

4. FOSTERING COMMITMENT OF DIRECTORS (Cont'd)

4.2 Directors' Training

The Directors have participated in relevant training programmes to keep abreast with the relevant changes in laws, regulations and development in the business environment. The Directors will continue to attend other training courses to equip themselves effectively and discharge their duties as Director on a continuous basis in compliance with Paragraph 15.08 of Bursa Securities Listing Requirements.

During the financial year ended 31 December 2015, all the Directors of the Company attended the following training programme and seminars:-

Directors	Details of Training
Dato' Syed Abu Hussin bin Hafiz Syed Abdul Fasal	Maximizing Leadership Potentials For First Line Managers
Iskandar Ibrahim	National Tax Conference 2015
Beroz Nikmal bin Mirdin	Preference Shares – An Alternative to Borrowings
Peter Wong Hoy Kim	Minority Rights, Remedies, Oppression & Shareholders' Activism
Dato' Shaiful Annuar bin Ahmad Shaffie	The Role of Technical and Vocational Education and Training towards an Innovation-Based Economy
Malik Parvez Ahmad bin Nazir Ahmad	4th Annual National Procurement & Integrity Forum for Public & Private Sectors
	Predicting Financial Crime – Detection, Prevention and Remediation
	Project Management Workshop
	Financial Freedom Growing Dreams

5. UPHOLDING INTERGRITY IN FINANCIAL REPORTING

5.1 Compliance with Applicable Financial Reporting Standards

The Board ensures the integrity of the Group's financial reporting and fully recognises that accountability in financial disclosure forms an integral part of good corporate governance practices. The Board is responsible for ensuring that financial statements prepared for each financial year give a true and fair view of the Group's state of affairs. The Directors took due care and reasonable steps to ensure that the requirements of accounting standards were fully met. Quarterly financial statements were reviewed by the Audit Committee and approved by the Board of Directors prior to their release to Bursa Securities.

5.2 Assessment of Suitability and Independence of External Auditors

During the financial year ended 31 December 2015, the Independent Directors held dialogue sessions with the External Auditors in the absence of the Executive Directors and Management.

The Group maintains a close and transparent relationship with its auditors in seeking professional advice and ensuring compliance with the relevant accounting and financial reporting standards.

The Audit Committee undertakes an annual assessment of the suitability and independence of the external auditors. Having assessed their performance, the Audit Committee will recommend their decision to the Board, upon which the shareholders' approval will be sought at the AGM.

6. RECOGNISING AND MANAGING RISKS

6.1 Framework to Manage Risks

The Board has established a sound framework to manage risks within the Group. The risk management and internal control system is regularly reviewed by Management and relevant recommendations is made to the Audit Committee and Board for approval. The Company continues to maintain and review its internal control procedures to ensure that its assets and its shareholders' investments are protected.

6.2 Internal Audit Function

The Board has established an internal audit function within the Company, which reports directly to the Audit Committee. Details of the Group's internal audit function are set out in the Audit Committee Report of this Annual Report.

The Statement on Risk Management and Internal Control of this Annual Report provides an overview of the state of internal control within the Group.

7. ENSURING TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure Policy

The Board is cognizant of the requirement for prompt dissemination of information to shareholders, investing community and authorities to ensure clear and complete information of the Group's position and financial performance are given in a timely manner within the bounds of practicality and regulatory framework governing release of material and price sensitive information.

Following increased awareness for greater accountability and transparency in disclosure, the Board has formalized its current disclosure practice into a policy in line with the provisions of Listing Requirements, to enable comprehensive, timely and accurate disclosure to the regulators, shareholders and other stakeholders.

Besides that, the Board believes that the Company's Annual Report is a vital source of essential information for shareholders, investors and other stakeholders. The Company strives to provide a high level of reporting and transparency as an added value for users.

7.2 Leverage on information technology

The Group strives to ensure that shareholders and the general public would have an easy and convenient access to the Group's latest financial results, governance, press releases, annual reports and other corporate information via its website www.gunung.com.my.

Any queries or concerns regarding the Group may be directed to Investor Relations via its dedicated email address at office@gunung.com.my

8. STRENGTHENING RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

8.1 Shareholders Participation at General Meetings

General meetings are the key platform for the Board to meet the shareholders and for the Board to provide an overview of the Group's progress to-date and respond to questions from shareholders concerning the Group's business, operations and prospects.

The Board regards the Annual General Meeting (AGM) and other general meetings as an opportunity to communicate directly with shareholders and encourages attendance and participation in dialogue.

Shareholders may also obtain the Group's latest announcements through its corporate website at www.gunung.com.my or Bursa Securities' website at www.bursamalaysia.com.

8.2 Encourage Poll Voting

In line with Recommendation 8.2 of the Code, the Board would encourage and facilitate poll voting at general meetings in the case of substantive resolutions which require shareholders' approval. At the last AGM of the Company held on 16 June 2015, there were no substantive resolutions put forth for shareholders' approval other than resolutions pertaining to the payment of Directors' fees, re-election of directors, re-appointment of director, re-appointment of external auditors, authority to issue & allot shares and retention of Independent Non-Executive Director. As such, the resolutions at the last AGM were voted on by a show of hands instead of a poll.

8.3 Effective Communication and Proactive Engagement

The Board acknowledges the need for shareholders to be kept informed of all material business matters affecting the Group. Shareholders are provided with an overview of the Group's performance and operations through timely release of financial results on yearly and quarterly basis as well as various other announcements.

The general meetings also provide a useful forum for shareholders to engage directly with the Board and senior management. The shareholders are at liberty to raise questions or seek clarification on the agenda of the meeting from the Board and the senior management.

COMPLIANCE STATEMENT

The Company is committed to achieving high standards of corporate governance throughout the Group and to the highest level of integrity and ethical standards in all its business dealings.

In this regard, the Board considers that the Group has complied substantially with the principles and recommendations as stipulated in the MCCG 2012 throughout the financial year ended 31 December 2015.

This Statement was made in accordance with a resolution of the Board of Directors at a meeting held on 21 April 2016.

DIRECTORS' RESPONSIBILITIES STATEMENT IN RESPECT OF THE ANNUAL AUDITED **FINANCIAL STATEMENTS**

The Directors are responsible for the preparation of the Group's and of the Company's financial statements each financial year in accordance with the requirements of the applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards, Companies Act, 1965 and Bursa Malaysia Securities Berhad's Main Market Listing Requirements.

Central to these requirements is the need to ensure that the audited financial statements present a true and fair view of the state of affairs of the Group and of the Company, the results, cash flows and statement of changes in equity.

In the preparation of these financial statements for the period under review, the Directors have:-

- applied the appropriate and relevant accounting policies in a consistent manner;
- made judgements and estimates that are prudent and reasonable;
- prepared the annual audited financial statements on a going concern basis.

The Directors are also responsible for taking reasonable steps to prevent and detect fraud and other irregularities, in order to safeguard the assets of the Group and Company.

This Statement was made in accordance with a resolution of the Board of Directors at a meeting held on 21 April 2016.

ADDITIONAL **COMPLIANCE INFORMATION**

The following information is provided in accordance with Paragraph 9.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad as set out in Appendix 9C thereto.

1. Utilisation of Proceeds

During the financial year ended 31 December 2015, the Company did not raise any funds through any corporate proposals/ shareholders' mandate under Section 132D of the Companies Act, 1965.

2. Options, Warrants and Convertible Securities

No options, warrants or convertible securities were exercised during the financial year.

3. Non-Audit Fees

The non-audit fees paid to the external auditors for the financial period ended 31 December 2015 amounted to RM32,120.00.

4. Material Contracts Involving Directors and Major Shareholders

There were no material contracts subsisting as at 31 December 2015 or entered into since the end of the previous financial year, by the Company and its subsidiaries involving Directors' and major shareholders' interest.

5. Contract Relating to Loans

During the financial year, there were no contracts relating to loans entered into by the Company involving the interests of directors and/or major shareholders.

6. Shares Buy-Back

The Company does not have a shares buy-back programme in place for the financial period ended 31 December 2015.

7. Depository Receipt ("DR") Programme

The Company did not sponsor any DR programme for the financial period ended 31 December 2015.

8. Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the regulatory bodies except tax penalties on subsidiaries amounting to RM22,394.00 for the financial period ended 31 December 2015 due to underestimation of tax.

9. Profit Estimate, Forecast or Projection

The Company and its subsidiaries did not release any profit estimate, forecast or projection and there was no variation in results by 10% or more between the audited and the unaudited results announced during the financial year ended 31 December 2015.

10. Profit Guarantees

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

11. Revaluation Policy on Landed Properties

There is no revaluation policy on landed properties.

STATEMENT ON **RISK MANAGEMENT AND INTERNAL CONTROL**

RESPONSIBILITY OF THE BOARD

The Board of the Directors ("Board") is responsible for Gunung Capital Berhad ("GCB") and its subsidiary companies ("Gunung Group") system of internal control to safeguard stakeholders' interests and Gunung Group's assets as prescribed by the Malaysian Code on Corporate Governance.

The Board acknowledges that the system of internal controls is designed to help manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement, loss and fraud.

INTERNAL CONTROL ENVIRONMENT ELEMENTS

The Board recognizes the importance of key internal control environment elements that set the tone of Gunung Group. It is the foundation of all other components of internal control, providing the discipline and structure. It influences the control consciousness of the employees in Gunung Group. In recognising the importance of control environment in the overall governance process, the Board of GCB has instituted the following:

Board and Board Committees

- Appointment of 3 Independent Non-Executive Directors who are to ensure that strategies proposed are fully discussed and evaluated.

- Appointment of Board Committees, including Audit Committee to assist the Board in overseeing the overall management of principal areas of risk and evaluate the adequacy and effectiveness of the Risk Management and internal control systems. Whilst the Nomination and Remuneration Committee have been delegated with specific responsibilities with terms of reference, these Committees have the authority to examine all matters within their scope of responsibility and report back to the Board with their recommendations for the Board's decision.

Organisational Structure

- The organisational structure of Gunung Group is clear and detailed, defining the roles and responsibilities of the various Committees of the Board, Management of the Corporate Office and subsidiary companies.

- Appointment of Chief Executive Officer ("CEO") on the Board of the operating subsidiary companies within Gunung Group. The MD/CEO's appointment, roles and responsibilities, and authority limits are set by the respective Boards.

Risk Management

Risk Management is regarded as an integral part of the management process and the process of continual improvement. The key objectives of Gunung Group's risk management are as follows:

- Optimise return to shareholders and protect the interests of other stakeholders.
- Safeguard Gunung Group's assets.
- Improve Gunung Group's operating performance.

STATEMENT ON **RISK MANAGEMENT AND INTERNAL CONTROL** (Cont'd)

Risk Management (cont'd)

- Fulfill Gunung Group's strategic objectives.
- Ensure appropriate and timely responses to changes in the environment that affect Gunung Group's ability to achieve its objectives.
- Reduce risks of material misstatement in official announcements and financial statements.
- Comply with the Malaysian Code of Corporate Governance , the relevant laws and requirements

Strategic Planning and Performance Monitoring

- Establishment of a clear Gunung Group's vision, mission, short and long-term strategic and action plan.

- Establishment of performance monitoring as tool for Management to monitor performance and measure against the corporate objectives approved by the Board, covering all key financial, customer, operational, people, systems and organizational indicators.

Insurance on Assets

- Gunung Group purchase insurance on all its assets and liability coverage for accidents, bodily injury or property damage;

- Insurance coverage is reviewed regularly to ensure comprehensive coverage in view of the changing business environment or assets.

Business Continuity Management

- Gunung Group has identified the potential events that threaten its organization and established a framework for building resilience and the capability for effective response which safeguards the interests of its key stakeholders, reputation, brand and value creating activities in the event of disaster.

Internal Audit

- Reviews of the internal control system are carried out on a regular basis by the Internal Audit Department. The result of such reviews are reported once every quarter to the Audit Committee and then via the Chairman to the Board of Directors.

- Internal control weaknesses identified during the financial period under review have been or are being addressed by Management. None of the weakness has resulted in any material loss that would require disclosure in Gunung Group statements.

The Board remains committed towards the establishment of a sound system of internal control and therefore recognizes that the system must continuously evolve to support growth. In striving for continuous improvement, the Group will put in place appropriate action plans, when necessary, to enhance the Group's system of internal control.

AUDIT **COMMITTEE REPORT**

The Audit Committee Report provides insights into the manner in which the Audit Committee discharged its functions for the Group in 2015.

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee of the Company comprises the following members:

- Dato' Shaiful Annuar bin Ahmad Shaffie (Chairman)
  Independent Non-Executive Director

- Peter Wong Hoy Kim
  Senior Independent Non-Executive Director

- Malik Parvez Ahmad bin Nazir Ahmad
  Independent Non-Executive Director

The composition of the Audit Committee is in accordance with Paragraph 15.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, whereby the Audit Committee must be composed of no fewer than 3 members and all Audit Committee members must be non-executive directors, with a majority of them being independent directors.

MEETINGS AND ATTENDANCE

The Audit Committee meets periodically to carry out its functions and duties in accordance with its Terms of Reference. During the financial year ended 31 December 2015, the Audit Committee held five (5) meetings. The record of attendance of these meetings during the year is as follows:-

Audit Committee Members	No of Meetings Attended	Percentage of Attendance
Dato' Shaiful Annuar bin Ahmad Shaffie	4/5	80
Peter Wong Hoy Kim	5/5	100
Malik Parvez Ahmad bin Nazir Ahmad	4/5	80

FUNCTIONS/DUTIES AND RESPONSIBILITIES

In fulfilling its primary objectives, the Audit Committee shall, amongst others, discharge the following functions/duties and responsibilities and report the same to the Board of Directors:-

(i) To review and discuss with the external auditor, the audit plan and the scope of the audit;
(ii) To review and discuss with the external auditor, their evaluation of the system of internal controls and their audit report;
(iii) To review the assistance given by the employees of the Company to the external auditors;
(iv) To review the external auditor's management letter and the management's response.
(v) To report to the Board if there is reason (supported by grounds) to believe that the external auditor is not suitable for reappointment;
(vi) To review the quarterly and year-end financial statements, prior to the approval by the Board of Directors, focusing particularly on:

- Changes in or implementation of major accounting policies and practices;
- Significant adjustments arising from the audit;
- The going concern assumption;
- Significant and unusual events; and
- Compliance with accounting standards and other legal requirements.

FUNCTIONS/DUTIES AND RESPONSIBILITIES (Cont'd)

(vii) To review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;

(viii) To review the internal audit programme and the results of the internal audit programme, processes investigation undertaken and whether or not that appropriate action is taken on the recommendations of the internal audit function;

(ix) To review any related party transactions and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity;

(x) To consider the appointment, the audit fee and resignation or dismissal of the external auditors; and

(xi) To recommend the nomination of a person as external auditors.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The activities of the Audit Committee during the financial year ended 31 December 2015 include the followings:-

- Reviewed and recommended for Board's approval on the unaudited quarterly financial results and audited financial statements;
- Assessed the Group's financial performance;
- Reviewed the Audit Planning Memorandum and discussed with the External Auditors on their findings and issues arising from the audits;
- Made recommendations to the Board for re-appointment of External Auditors;
- Reviewed the status of the internal control system of the Group;
- Reviewed the internal audit reports on findings and recommendations and ensuring that material findings are adequately addressed by the Management;
- Assessed the adequacy of competency of the internal auditing function;
- Reviewed the Audit Committee Report and Statement on Internal Control for inclusion into the Annual Report.

INTERNAL AUDIT FUNCTION

The Audit Committee, in particular, is assisted by the in-house Internal Audit Department who undertake the audit and compliance functions of the Group. Internal audit focuses on determining whether the controls provide reasonable assurance of effective and efficient operations, as to reliability and integrity of financial data and reports, and compliance with laws, regulations and contracts.

The internal auditor has progressively conducted independent and regular reviews to assess the adequacy and effectiveness of the Group's internal control systems and ensure that the Group's policies and operating procedures are complied with. Audits were carried out on key processes or strategic business units of the Group. The internal auditor also monitored the effectiveness of administration and financial controls applied and the reliability and integrity of data that was produced within the Group. Audit findings were presented to the Audit Committee and recommendations were highlighted for improvements on a quarterly basis.

The total cost incurred for the Group's internal audit function for the financial year ended 31 December 2015 amounted to approximately RM143,998.85.

Financial Statements

DIRECTORS' **REPORT**
FOR THE YEAR ENDED 31 DECEMBER 2015

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31st December 2015.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and the principal activities of its subsidiaries are as disclosed in Note 13 to the Financial Statements. There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

The results of the operations of the Group and of the Company for the financial year are as follows:

	GROUP RM	COMPANY RM
Loss before tax	(3,433,050)	(1,478,779)
Income tax credit	22,705	-
Loss for the financial year	(3,410,345)	(1,478,779)
Loss attributable to:		
Owners of the Company	(2,796,998)	(1,478,779)
Non-controlling interests	(613,347)	-
	(3,410,345)	(1,478,779)

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

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors also do not recommend the payment of any dividend in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those as disclosed in the Financial Statements.

ISSUE OF SHARES AND DEBENTURES

As approved by the shareholders at the Extraordinary General Meeting held on 29th May 2015, the authorised share capital of the Company was increased from RM100,000,000 to RM300,000,000 by the creation of additional 500,000,000 new ordinary shares of RM0.40 each. Also, the issued and paid-up share capital of the Company was increased from RM56,664,530 to RM94,440,883 during the financial year by way of bonus issue of 94,440,883 new ordinary shares of RM0.40 each credited as fully paid-up to the shareholders of the Company on the basis of two (2) new ordinary shares for every three (3) existing ordinary shares held through capitalisation of RM7,180,181 and RM30,596,172 from the share premium and retained earnings respectively of the Company.

The Company has not issued any debentures during the financial year.

WARRANTS 2010/2020

Pursuant to a deed poll dated 3rd September 2010, the Company issued 25,177,000 detachable warrants on 11th October 2010 in conjuction with a rights issue of 50,354,000 new ordinary shares of RM0.40 each in the Company. Each warrant entitles the registered holder at any time during the exercise period from 11th October 2010 to 11th October 2020 to subscribe for one (1) new ordinary share of RM0.40 each in the Company at an exercise price of RM0.50 per share.

During the financial year, the exercise price of the warrant was adjusted from RM0.50 to RM0.40 and additional 37,765,500 warrants were issued arising from the adjustments pursuant to the bonus issue exercise. As at 31st December 2015, none of the aforesaid warrants have been exercised.

SHARE OPTIONS

A new Gunung Capital Berhad's Employees' Share Option Scheme ("ESOS") was approved by shareholders at an Extraordinary General Meeting held on 29th May 2015 and became effective on 5th June 2015 for a period of five (5) years.

The salient features of the ESOS are as follows:

a) the maximum number of new shares that may be issued and alloted under the scheme shall not, in aggregate, exceed ten percent (10%) of the Company's total issued and paid-up share capital (excluding treasury shares, if any) at any one time during the duration of the ESOS;

b) eligible person are confirmed employees including executive and non-executive directors of the Group. The employees must be employed on a full-time basis and are on the payroll of at least one (1) company in the Group which is not dormant. The directors must be appointed as a director of a company within the Group (excluding dormant subsidiaries). However, where the employee/director is serving under an employment contract, the contract should be for a duration of at least one (1) year;

c) not more than fifty percent (50%) and five percent (5%) of the shares under the ESOS will be granted to the executive directors and non-executive directors respectively. In addition, not more than fifteen percent (15%) of the shares under the ESOS will be granted to the senior management;

d) the option price may be at a discount of not exceeding ten percent (10%) from the five (5)-day volume weighted average market price of the underlying shares preceeding the date of offer or at par value of the ordinary shares of the Company, whichever is higher;

e) the ESOS shall be in force for a period of five (5) years and extendable for another five (5) years from the effective date; and

f) the options granted may be exercised in full immediately or in parts within the duration of the scheme.

During the financial year, no options under the Scheme were granted by the Company.

DIRECTORS' **REPORT**

FOR THE YEAR ENDED 31 DECEMBER 2015 (Cont'd)

DIRECTORS

The following directors served on the Board of the Company since the date of the last report:

Dato' Syed Abu Hussin Bin Hafiz Syed Abdul Fasal
Peter Wong Hoy Kim
Malik Parvez Ahmad Bin Nazir Ahmad
Dato' Shaiful Annuar Bin Ahmad Shaffie
Iskandar Ibrahim
Beroz Nikmal Bin Mirdin

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by directors as disclosed in the financial statements or the fixed salary of full-time employees of the Company or its related corporation) 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 benefit which may be deemed to have arisen by virtue of the transactions as disclosed in Note 29 to the Financial Statements.

Neither during nor at the end of the financial year, was 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.

DIRECTORS' INTERESTS

The shareholdings in the Company of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

	Number of ordinary shares of RM0.40 each			
	Balance as at 1.1.2015	Bought	Sold	Balance as at 31.12.2015
Shares in the Company				
Direct interest				
Dato' Syed Abu Hussin Bin Hafiz Syed Abdul Fasal	23,877,170	20,319,780	-	44,196,950
Beroz Nikmal Bin Mirdin	4,368,000	2,878,666	(50,000)	7,196,666
Indirect interest				
Iskandar Ibrahim	5,849,500	4,967,666	-	10,817,166

	Number of Warrants 2010/2020			
Direct interest	**Balance as at 1.1.2015**	**Bought**	**Exercised/ Sold**	**Balance as at 31.12.2015**
Dato' Syed Abu Hussin Bin Hafiz Syed Abdul Fasal	1,944,235	2,916,366	-	4,860,601
Indirect interest				
Iskandar Ibrahim	1,177,300	2,411,700	-	3,589,000

By virtue of the directors' interests in the shares of the Company, the directors are deemed to have an interest in the shares of the subsidiaries as disclosed in Note 13 to the Financial Statements.

None of the other directors in office at the end of the financial year held shares or have any beneficial interest in the shares of the Company during or at the beginning and end of the financial year.

OTHER STATUTORY INFORMATION

a) Before the statements of profit or loss and other comprehensive income and the statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

   (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that no known bad debts need to be written off and that adequate allowance had been made for doubtful debts; and

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

b) At the date of this report, the directors are not aware of any circumstances:

   (i) which would require the writing off of bad debts or render the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

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

   (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

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

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

OTHER STATUTORY INFORMATION (Cont'd)

d) No contingent liability 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 as and when they fall due.

e) 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.

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

EVENTS AFTER THE FINANCIAL YEAR

Significant events subsequent to the financial year are disclosed in Note 31 to the Financial Statements.

AUDITORS

The auditors, STYL Associates, have indicated their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors,

DATO' SYED ABU HUSSIN BIN HAFIZ SYED ABDUL FASAL
Director

ISKANDAR IBRAHIM
Director

Petaling Jaya

Date: 21st April 2016

STATEMENT BY **DIRECTORS**

We, Dato' Syed Abu Hussin Bin Hafiz Syed Abdul Fasal and Iskandar Ibrahim, being two of the directors of Gunung Capital Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31st December 2015 and of the financial performance and cash flows of the Group and of the Company for the year ended on that date.

The supplementary information set out in Note 33 to the Financial Statements has been 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, and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the directors,

DATO' SYED ABU HUSSIN BIN HAFIZ SYED ABDUL FASAL
Director

ISKANDAR IBRAHIM
Director

Petaling Jaya

Date: 21st April 2016

STATUTORY **DECLARATION**

I, Iskandar Ibrahim, being the director primarily responsible for the financial management of Gunung Capital Berhad, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, 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 the
abovenamed Iskandar Ibrahim,
at Petaling Jaya, on 21st April 2016

ISKANDAR IBRAHIM

Before me,

S. Arokiadass A.M.N
No. B 460

INDEPENDENT AUDITORS' **REPORT**

TO THE MEMBERS OF GUNUNG CAPITAL BERHAD

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Gunung Capital Berhad, which comprise the statements of financial position as at 31st December 2015 of the Group and of the Company, and the 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 year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 44 to 95.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with 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 mistatement, 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.

Opinion

In our opinion, the financial statements give a true and fair view of its financial position of the Group and of the Company as at 31st December 2015 and of their financial performance and cash flows for the 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 by the subsidiaries of which we have acted as auditors, have been properly kept in accordance with the provisions of the Act;

b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 13 to the Financial Statements;

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS (Cont'd)

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

d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 33 to the Financial Statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

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

STYL ASSOCIATES
Firm No. AF 1929
Chartered Accountants

TAN CHIN HUAT
Approval No: 2037/06/16(J)
Chartered Accountant

Date: 21st April 2016
Petaling Jaya

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE **INCOME**

FOR THE YEAR ENDED 31 DECEMBER 2015

		GROUP		COMPANY	
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
Revenue	6	35,627,501	84,780,702	-	36,750,000
Other operating income	7	2,038,709	1,949,013	292,034	637,577
Other direct costs		(23,726,370)	(32,989,352)	-	-
Depreciation of property, plant and equipment		(7,802,107)	(18,757,694)	(2,189)	-
Directors' remuneration	8	(1,393,910)	(1,421,160)	(1,018,890)	(1,046,140)
Staff costs	9	(5,196,018)	(9,961,134)	-	-
Other operating expenses	7	(2,858,284)	(3,740,666)	(749,734)	(913,152)
Profit/(Loss) from operations		(3,310,479)	19,859,709	(1,478,779)	35,428,285
Finance cost - Interest on finance lease and hire purchase		(122,571)	(1,148,260)	-	-
Profit/(Loss) before tax		(3,433,050)	18,711,449	(1,478,779)	35,428,285
Income tax credit/(expense)	10	22,705	(5,257,061)	-	-
Total comprehensive income/(loss) for the financial year		(3,410,345)	13,454,388	(1,478,779)	35,428,285
Attributable to:					
Owners of the Company		(2,796,998)	14,109,891	(1,478,779)	35,428,285
Non-controlling interests		(613,347)	(655,503)	-	-
Total comprehensive income/(loss) for the financial year		(3,410,345)	13,454,388	(1,478,779)	35,428,285
Earnings/(Loss) per share attributable to Owners of the Company:					
Basic (RM)	11	(0.01)	0.06		
Diluted (RM)	11	(0.01)	0.06		

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF FINANCIAL **POSITION**
AS AT 31 DECEMBER 2015

		GROUP		COMPANY	
	Note	2015 RM	2014 RM (Restated)	2015 RM	2014 RM
ASSETS					
Non-current Assets					
Property, plant and equipment	12	32,039,140	32,107,725	12,403	-
Investments in subsidiaries	13	-	-	58,393,166	56,393,166
Investments in associates	14	-	-	-	-
Other financial assets	15	30,128	15,924	-	-
Development expenditures	16	-	-	-	-
Goodwill on consolidation	17	20,883,170	20,883,170	-	-
Deferred tax assets	18	2,045,371	8,922	-	-
Total Non-current Assets		54,997,809	53,015,741	58,405,569	56,393,166
Current Assets					
Inventories	19	607,520	740,734	-	-
Trade receivables	20	1,002,755	7,637,940	-	-
Other receivables and prepaid expenses	20	5,504,594	14,856,792	83,019	34,308,792
Amount owing by subsidiaries	13	-	-	31,247,000	3,212,825
Cash and cash equivalents	21	44,816,073	39,181,345	11,695,645	9,297,325
Total Current Assets		51,930,942	62,416,811	43,025,664	46,818,942
TOTAL ASSETS		106,928,751	115,432,552	101,431,233	103,212,108
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	22	94,440,883	56,664,530	94,440,883	56,664,530
Reserves	23	8,348,962	49,217,264	6,936,778	46,480,562
Equity Attributable to Owners of the Company		102,789,845	105,881,794	101,377,661	103,145,092
Non-controlling interests		(1,350,710)	(743,662)	-	-
Total Equity		101,439,135	105,138,132	101,377,661	103,145,092
Non-current Liabilities					
Finance lease and hire purchase creditors	24	75,633	643,838	-	-
Deferred tax liabilities	18	3,076,705	1,101,589	-	-
Total Non-current Liabilities		3,152,338	1,745,427	-	-

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF FINANCIAL **POSITION**

AS AT 31 DECEMBER 2015 (Cont'd)

		GROUP		COMPANY	
		2015	2014	2015	2014
	Note	RM	RM (Restated)	RM	RM
Current Liabilities					
Trade payables	25	-	1,747,559	-	-
Other payables and accrued expenses	25	2,179,147	2,048,239	53,572	67,016
Amount owing to director	26	-	113,561	-	-
Finance lease and hire purchase creditors	24	66,855	2,791,178	-	-
Tax liabilities		91,276	1,848,456	-	-
Total Current Liabilities		2,337,278	8,548,993	53,572	67,016
Total Liabilities		5,489,616	10,294,420	53,572	67,016
TOTAL EQUITY AND LIABILITIES		106,928,751	115,432,552	101,431,233	103,212,108

The accompanying Notes form an integral part of the Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	<——Attributable to Owners of the Company				——>			
		<——Non distributable reserve		——>	Distributable			
	Share capital RM	Share premium RM	Warrant reserve RM	Equity transaction reserve RM	reserve- Retained earnings RM	Total RM	Non-Controlling interests RM	Total RM
Balance as at 1st January 2014	56,664,530	7,468,833	1,007,080	(5,394,704)	33,222,754	92,968,493	131,863	93,100,356
Total comprehensive income/(loss) for the financial year	-	-	-	-	14,109,891	14,109,891	(655,503)	13,454,388
Transactions with Owners of the Company:								
Issuance of shares by subsidiary to non-controlling interests	-	-	-	-	-	-	1	1
Increase in equity interest in subsidiary	-	-	-	220,023	-	220,023	(220,023)	-
Dividends paid (Note 27)	-	-	-	-	(1,416,613)	(1,416,613)	-	(1,416,613)
Balance as at 31st December 2014	56,664,530	7,468,833	1,007,080	(5,174,681)	45,916,032	105,881,794	(743,662)	105,138,132
Total comprehensive loss for the financial year	-	-	-	-	(2,796,998)	(2,796,998)	(613,347)	(3,410,345)
Transactions with Owners of the Company:								
Issuance of bonus shares during the financial year	37,776,353	(7,180,181)	-	-	(30,596,172)	-	-	-
Increase in equity interest in subsidiary	-	-	-	(6,299)	-	(6,299)	6,299	-
Share issuance expenses	-	(288,652)	-	-	-	(288,652)	-	(288,652)
Balance as at 31st December 2015	94,440,883	-	1,007,080	(5,180,980)	12,522,862	102,789,845	(1,350,710)	101,439,135

The accompanying Notes form an integral part of the Financial Statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Share capital RM	Share premium RM	Warrant reserve RM	Retained earnings RM	Total RM
Balance as at 1st January 2014	56,664,530	7,468,833	1,007,080	3,992,977	69,133,420
Total comprehensive income for the financial year	-	-	-	35,428,285	35,428,285
Transaction with Owners of the Company: Dividends paid (Note 27)	-	-	-	(1,416,613)	(1,416,613)
Balance as at 31st December 2014	56,664,530	7,468,833	1,007,080	38,004,649	103,145,092
Total comprehensive loss for the financial year	-	-	-	(1,478,779)	(1,478,779)
Transaction with Owners of the Company: Issuance of shares during the financial year	37,776,353	(7,180,181)	-	(30,596,172)	-
Share issuance expenses	-	(288,652)	-	-	(288,652)
Balance as at 31st December 2015	94,440,883	-	1,007,080	5,929,698	101,377,661

The accompanying Notes form an integral part of the Financial Statements.

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

	GROUP		COMPANY	
	2015 RM	2014 RM (Restated)	2015 RM	2014 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before tax	(3,433,050)	18,711,449	(1,478,779)	35,428,285
Adjustments for:				
Depreciation of property, plant and equipment	7,802,107	18,757,694	2,189	-
Impairment of goodwill on consolidation	-	657,486	-	-
Impairment loss on trade receivables	182,577	7,100	-	-
Loss on disposal of property, plant and equipment	-	13,041	-	-
Property, plant and equipment written off	252,434	315,088	-	-
Dividend income	-	-	-	(36,750,000)
Gain on disposal of investment in subsidiary	-	(571,558)	-	(83,467)
Gain on disposal of other investment	-	(3,120)	-	-
Reversal of impairment loss on investment	(14,204)	-	-	-
Finance costs	122,571	1,148,260	-	-
Interest income	(753,272)	(436,527)	(213,234)	(160,110)
Operating profit/(loss) before working capital changes	4,159,163	38,598,913	(1,689,824)	(1,565,292)
Changes in working capital:				
(Increase)/Decrease in inventories	133,214	(29,553)	-	-
(Increase)/Decrease in trade receivables	6,452,608	(5,586,848)	-	-
(Increase)/Decrease in other receivables and prepaid expenses	9,352,198	(6,249,840)	34,225,773	(33,002,500)
Increase in amount owing by subsidiaries	-	-	(28,034,175)	(2,562,925)
Increase/(Decrease) in trade payables	(1,747,559)	1,580,755	-	-
Increase/(Decrease) in other payables and accrued expenses	130,908	590,538	(13,444)	15,632
Decrease in amount owing to director	(113,561)	(410,847)	-	-
Decrease in amount owing to subdiaries	-	-	-	(32,876)
Cash Generated From/(Used In) Operations	18,366,971	28,493,118	4,488,330	(37,147,961)
Tax paid	(1,795,808)	(4,914,482)	-	-
Tax refund	-	830	-	-
Net Cash From/(Used In) Operating Activities	16,571,163	23,579,466	4,488,330	(37,147,961)

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF **CASH FLOWS**
FOR THE YEAR ENDED 31 DECEMBER 2015 (Cont'd)

	GROUP		COMPANY	
	2015 RM	2014 RM (Restated)	2015 RM	2014 RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of investment in subsidiaries	-	-	-	1,769,200
Proceeds from disposal of other investment	-	3,120	-	-
Proceeds from disposal of property, plant and equipment	-	2,832,200	-	-
Dividend received	-	-	-	36,750,000
Acquisition of property, plant and equipment	(7,985,956)	(712,542)	(14,592)	-
Acquisition of investment in subsidiary, net of cash acquired (Note 13)	-	1	-	-
Disposal of subsidiary, net of cash disposed off (Note 13)	-	1,696,822	-	-
Acquisition of additional shares in subsidiary	-	-	(2,000,000)	-
Interest received	753,272	436,527	213,234	160,110
Net Cash From/(Used In) Investing Activities	(7,232,684)	4,256,128	(1,801,358)	38,679,310
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	-	(1,416,613)	-	(1,416,613)
Share issuance expenses	(288,652)	-	(288,652)	-
Repayment of finance lease and hire purchase creditors	(3,292,528)	(18,868,193)	-	-
Finance costs paid	(122,571)	(1,148,260)	-	-
Net Cash Used In Financing Activities	(3,703,751)	(21,433,066)	(288,652)	(1,416,613)
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,634,728	6,402,528	2,398,320	114,736
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	39,181,345	32,778,817	9,297,325	9,182,589
CASH AND CASH EQUIVALENTS CARRIED FORWARD (Note 21)	44,816,073	39,181,345	11,695,645	9,297,325

The accompanying Notes form an integral part of the Financial Statements.

1) GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The Company is an investment holding company and the principal activities of its subsidiaries are as disclosed in Note 13 to the Financial Statements. There have been no significant changes in the nature of these activities during the financial year.

The registered office of the Company is located at 11B, Level 2, Persiaran Greentown 9, Pusat Perdagangan Greentown, 30450 Ipoh, Perak Darul Ridzuan.

The principal place of business of the Company is located at D-3-3, Ayer@8, Jalan P8G, Presint 8, 62250 Putrajaya.

The financial statements are presented in Ringgit Malaysia (RM).

The financial statements have been authorised by the Board of Directors for issuance on 21st April 2016.

2) BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

Adoption of Amendments to MFRSs and Annual Improvements

The accounting policies adopted by the Group and by the Company are consistent with those adopted in the previous year, except as follows:

Amendments to MFRS 119	Employee Benefits - Defined Benefit Plans: Employee Contributions
Annual Improvements to MFRSs 2010 - 2012 Cycle	
Annual Improvements to MFRSs 2011 - 2013 Cycle	

The adoption of the above pronouncements did not have any impact on the financial statements of the Group and of the Company.

Standards Issued but not yet Effective

As at the date of authorisation of these financial statements, the following Standards, Amendments and Annual Improvements have been issued by Malaysian Accounting Standards Board (""MASB"") but are not yet effective and have not been adopted by the Group and the Company:

Effective for financial period beginning on or after 1st January 2016

MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 11	Accounting for Acquisition of Interests in Joint Operations
Amendments to MFRS 127	Equity Method in Separate Financial Statements
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception

2) BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Cont'd)

Effective for financial period beginning on or after 1st January 2016 (Cont'd)

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
Amendments to MFRS 101	Disclosure Initiative
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants

Annual improvements to MFRSs 2012 - 2014 Cycle

Effective for financial period beginning on or after 1st January 2017

Amendments to MFRS 107	Disclosure Initiative
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses

Effective for financial period beginning on or after 1st January 2018

MFRS 15	Revenue from Contracts with Customers
MFRS 9	Financial Instruments (IFRS 9 as issued by International Accounting Standards Board ("IASB") in July 2014)

Effective for financial period beginning on or after 1st January 2019

MFRS 16	Leases

* The effective date of these Standards have been deferred, and yet to be announced by MASB.

The Group and the Company will adopt the above pronouncements where applicable when they become effective in the respective financial periods. These pronouncements are not expected to have any material effect to the financial statements of the Group and of the Company upon their initial application other than the two standards described below, for which the effects of adoption are still being assessed.

(a) MFRS 15 Revenue from Contracts with Customers

MFRS 15 Revenue from Contracts with Customers was issued in September 2014 and established a five-step model that will apply to revenue recognition arising from contracts with customers as follows:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under this Standard, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principle of this Standard is to provide a more structured approach to measuring and recognising revenue.

(b) MFRS 9 Financial Instruments

In November 2014, the MASB issued the final version of MFRS 9 Financial Instruments, replacing MFRS 139. This Standard makes changes to the requirements for classification and measurement, impairment and hedge accounting. There is now a new expected credit losses model on impairment for all financial assets that replaces the incurred loss impairment model used in MFRS 139. The expected credit losses model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in MFRS 139. Under MFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about any entity's risk management activities have also been introduced.

This Standard will come into effect on or after 1st January 2018 with early adoption permitted. Retrospective application is required, but comparative information is not compulsory.

3) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The operations of the Group are subject to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The Group has formulated a financial risk management framework whose principal objective is to minimise the Group's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group. The Group also ensures that the above risks are managed in order to minimise the effects of the unpredictability of the financial markets on the performance of the Group.

Market risk

Market risk is the risk that changes in market prices, such as foreign currency exchange risk, and other prices will affect the Group's financial position and cash flows.

The Group has in place policies to manage its competitive risks from its competitors in providing better alternatives in terms of better services.

Foreign currency risk management

As at 31st December 2015, the Group and the Company are not exposed to any material foreign currency risk as the transactions and balances are mainly denominated in Ringgit Malaysia.

Interest rate risk management

The Group is exposed to interest rate risk because entities in the Group borrow funds at fixed interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed rate borrowings.

Changes in interest rates are not expected to have a significant impact on the Group's profit or loss.

3) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from loans and advances to subsidiary.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. As at the end of the reporting period, the maximum exposure to credit risk arising from receivables and amount owing by subsidiaries are represented by the carrying amounts in the statements of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 120 days, which are deemed to have higher credit risk, are monitored individually.

The ageing analysis of trade receivables as at the end of the reporting period are as follows:

	GROUP	
	2015	**2014**
	RM	**RM**
Neither past due nor impaired	266,362	288,469
Past due 0 - 30 days not impaired	215,665	6,193,648
Past due 31 - 120 days not impaired	113,883	318,377
Past due more than 120 days not impaired	406,845	837,446
	736,393	7,349,471
Impaired	203,123	20,546
	1,205,878	7,658,486

i) *Receivables that are neither past due nor impaired*

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

None of the Group's trade receivables that is neither past due nor impaired have been renegotiated during the financial year.

3) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

ii) *Receivables that are past due but not impaired*

The Group has trade receivables amounting to RM736,393 (2014: RM7,349,471) that is past due at the reporting date but not impaired.

These receivables are unsecured. Management is confident that these receivables are recoverable as these accounts are still active.

iii) *Receivables that are impaired*

The Group's trade receivables and the movement of the allowance accounts used to record the impairment are as follows:

	GROUP	
	2015	**2014**
	RM	**RM**
Trade receivables		
- nominal amounts	203,123	20,546
Less: Allowance for impairment	(203,123)	(20,546)
	-	-

The movements in the allowance for impairment losses of receivables during the financial year were:

	GROUP	
	2015	**2014**
	RM	**RM**
As at beginning of year	20,546	13,446
Impairment loss recognised	182,577	7,100
As at end of year	203,123	20,546

Trade receivables that are individually determined to be impaired at the reporting date relate to receivables that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Liquidity risk

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

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient funds for contingent funding requirement of working capital.

3) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

Liquidity risk *(Cont'd)*

The table below the maturity summarises profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations:

	Carrying amount RM	Contractual undiscounted cash flows RM	On demand or within one year RM	Two to five years RM
GROUP				
2015				
Financial liabilities				
Other payables	2,064,531	2,064,531	2,064,531	-
Finance lease and hire purchase creditors	142,488	149,222	71,592	77,630
	2,207,019	2,213,753	2,136,123	77,630
2014				
Financial liabilities				
Trade payables	1,747,559	1,747,559	1,747,559	-
Other payables	1,801,475	1,801,475	1,801,475	-
Amount owing to director	113,561	113,561	113,561	-
Finance lease and hire purchase creditors	3,435,016	3,587,710	2,812,045	775,665
	7,097,611	7,250,305	6,474,640	775,665
COMPANY				
2015				
Financial liabilities				
Other payables	7,525	7,525	7,525	-
2014				
Financial liabilities				
Other payables	13,382	13,382	13,382	-

Capital Risk Management Policies and Procedures

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. No changes were made in the Group's approach to capital management during the financial year.

3) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

Capital Risk Management Policies and Procedures (Cont'd)

The gearing ratio at the end of the reporting period is as follows:

	GROUP	
	2015	2014
	RM	RM
Debts (i)	142,488	3,435,016
Cash and bank balances	(41,090,591)	(30,330,630)
Net debt/(cash) position	(40,948,103)	(26,895,614)
Total equity (ii)	101,439,135	105,138,132
Debt to equity ratio	-	-

(i) Debt is defined as finance lease and hire purchase creditors as disclosed in Notes 24.

(ii) Equity includes issued capital, reserves and non-controlling interests.

(iii) The Group is not subject to any externally imposed capital requirement as at the reporting date.

(iv) The debt to equity ratio of the Group is nil in 2015 and 2014 as the Group is in a net cash position of RM40,948,103 and RM26,895,614 respectively.

4) SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

The financial statements are prepared under the historical cost convention unless otherwise indicated in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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 another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristic into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

4) SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

a) Basis of Accounting (Cont'd)

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

(iii) Level 3 inputs are unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as at the date of the event or change in circumstances that caused the transfers.

b) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable, net of returns, allowances and trade discounts.

Revenue from services are recognised when services are rendered. Revenue represents the invoiced value of services rendered net of discounts and allowances. Interest income is recognised on accrual basis.

c) Employee Benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contributions plans

The Group and its eligible employees are required by law to make monthly contributions to Employees Provident Fund ("EPF"), a statutory defined contribution plan, at certain prescribed rates based on the employees' salaries. The Group's and the Company's contributions to EPF are charged to profit or loss. Once the contributions have been paid, there are no further payment obligations.

d) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

4) SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

e) Government Grants

Governments grants are recognised when there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. Government grants related to assets are recognised as deferred revenue that is recognised in profit or loss on a systematic basic over the useful lives of the assets. Government grants related to income are presented as a credit in the profit or loss separately.

f) Income Tax

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the financial year end.

Current taxes are recognised in profit or loss, except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The tax effects of unutilised reinvestment allowances are only recognised upon actual realisation.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and the Company expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

4) SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

f) Income Tax (Cont'd)

(ii) Deferred tax (Cont'd)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group and the Company intend to settle its current tax assets and liabilities on a net basis.

g) Subsidiaries and Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

- Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);

- Exposure, or rights, to variable returns from its investment with the investee; and

- The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- Potential voting rights held by the Company, other vote holders or other parties;

- Rights arising from other contractual arrangements; and

- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meeting.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company losses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses of subsidiaries are attributable to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

4) SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

g) Subsidiaries and Basis of Consolidation (Cont'd)

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

h) Business Combinations

Acquisition of subsidiaries are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of asset transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their fair values, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 Income Taxes and MFRS 119 Employee Benefits respectively;

- liabilities or equity instruments related to the share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with MFRS 2 Share-based Payment at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Standard.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

4) SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

h) Business Combinations (Cont'd)

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with MFRS 139 or MFRS 137 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held equity interests in the acquiree are remeasured to its acquisition date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised at that date.

The policy described above is applied to all business combinations that take place on or after 1st January 2011.

i) Non-controlling Interests

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

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

j) Property, Plant and Equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

4) SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

j) Property, Plant and Equipment (Cont'd)

Freehold land and building are stated at valuation based on the valuation reports of independent professional valuers using the "fair market value" basis.

An increase in the carrying amount arising from revaluation of property, plant and equipment is credited to the revaluation reserve account as revaluation surplus. Any deficit arising from revaluation is charged against the revaluation reserve account to the extent of a previous surplus held in the revaluation reserve account for the same asset. In all other cases, a decrease in carrying amount is charged to profit or loss. An increase in revaluation directly related to a previous decrease in carrying amount for that same asset that was recognised as an expense, is credited to profit or loss to the extent that it offsets the previously recorded decrease.

Freehold land is not depreciated as it has an infinite life. Depreciation of property, plant and equipment, other than capital work-in-progress which is not depreciated, is calculated to write off the cost of the property, plant and equipment on a straight-line basis over the expected useful lives of the property, plant and equipment concerned. The annual depreciation rates used are:

	%
Buildings	2
Long leasehold land	99 years
Plant and machinery	10
Motor vehicles	11 - 20
Furniture, fittings and equipment	10 - 15

The carrying values of property, plant and equipment are reviewed for impairment when events or change in circumstances indicate that the carrying value may not be recoverable. The residual values, useful lives and depreciation methods are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gain or loss arising from the disposal of an asset is determined as the difference between the estimated net disposal proceed and the carrying amount of the asset, and is recognised in profit or loss.

k) Investment in Subsidiaries

In the Company's separate financial statements, investments in subsidiary are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

l) Investment in Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

4) SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

l) Investment in Associates (Cont'd)

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with MFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost and adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

When a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Investment in associated company is stated at cost less accumulated impairment losses.

m) Intangible Assets

i) Goodwill on Consolidation

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

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

4) SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

m) Intangible Assets (Cont'd)

ii) Research and Development Costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

(i) the technical feasibility of completing the intangible asset so that it will be available for use or sale;

(ii) the intention to complete the intangible asset and use or sell it;

(iii) the ability to use or sell the intangible asset;

(iv) how the intangible asset will generate probable future economic benefits;

(v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

(vi) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses. The average expected life of the development projects is five (5) years.

iii) Other Intangible Assets

Intangible assets, which comprise intellectual property and licence rights, are measured on initial recognition at cost. The useful lives of the intangible assets are assessed to be finite or indefinite. Intangible assets with indefinite useful lives are not amortised but are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The useful lives of intangible assets with indefinite lives are also reviewed annually to determine whether the useful life assessment continues to be supportable.

n) Inventories

Inventories are valued at the lower of cost (determined principally on the first-in, first-out method) and net realisable value. Cost of work-in-progress consists of raw materials, direct labour and an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

4) SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

o) Financial Instruments

i) Initial recognition and measurement

A financial instrument is recognised in the financial statements when, and only when, the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

ii) Financial instrument categories and subsequent measurement

The Group categories financial instruments as follows:

Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification at initial recognition.

a) *Financial assets at fair value through profit or loss*

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

Investment in quoted securities are designated as fair value through profit or loss on initial recognition.

4) SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

o) Financial Instruments (Cont'd)

ii) Financial instrument categories and subsequent measurement (Cont'd)

Financial assets (Cont'd)

b) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

c) *Loans and receivables*

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

d) *Available-for-sale (AFS) financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

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

Available-for-sale financial assets are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

4) SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

o) Financial Instruments (Cont'd)

ii) Financial instrument categories and subsequent measurement (Cont'd)

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

a) *Financial liabilities at fair value through profit or loss*

Financial liabilities are classified as financial liabilities at fair value through profit or loss when the financial liability is either held for trading or it is designated as financial liabilities at fair value through profit or loss.

A financial liability is classified as held for trading if:

a) it has been acquired principally for the purpose of repurchasing it in the near term; or

b) on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

c) it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as financial liabilities at fair value through profit or loss upon initial recognition if:

a) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

b) the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

c) it forms part of a contract containing one or more embedded derivatives, and MFRS 139 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as financial liabilities at fair value through profit or loss.

Financial liabilities 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. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statements of profit or loss and other comprehensive income.

4) SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

o) Financial Instruments (Cont'd)

ii) Financial instrument categories and subsequent measurement (Cont'd)

Financial liabilities (Cont'd)

b) *Other financial liabilities*

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

iii) Impairment of Financial Assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occured after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, including redeemable bonds classified as available-for-sale and finance lease receivables, objective evidence of impairment could include:

i) significant financial difficulty of the issuer or counterparty; or

ii) default or delinquency in interest or principal payments; or

iii) it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is 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.

4) SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

o) Financial Instruments (Cont'd)

iii) Impairment of Financial Assets (Cont'd)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

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

In respect of available-for-sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

p) Impairment of Non-Financial Assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any unutilised previously recognised revaluation surplus for the same asset.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

4) SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

q) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

r) Cash and Cash Equivalents

Cash and cash equivalents comprise cash and bank balances, term deposits and other short term, highly liquid investments that are readily convertible into cash with insignificant risk of changes in value against which bank overdraft, if any, are deducted.

s) Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

t) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

u) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statement of financial position of the Group.

4) SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

v) Operating Segments

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

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

w) Warrant Reserve

Proceeds from the issuance of warrant, net of issue costs, are credited to warrant reserve which is non-distributable. Warrant reserve is transferred to the share premium account upon the exercise of warrant and the warrant reserve in relation to the unexercised warrant at the expiry of the warrant will be transferred to retained earnings.

5) CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported results during the reported period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the director's best knowledge of current events and actions, actual results may differ.

Critical Judgements in Applying the Group's and the Company's Accounting Policies

In the process of applying the Group's and the Company's accounting policies, the directors are of the opinion that there are no instances of application of judgement which are expected to have significant effect on the amounts recognised in the financial statements.

Key Sources of Estimation Uncertainty

The key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is discussed below:

i) Impairment of Goodwill

The Group and the Company determine whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the CGUs to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at the financial year end is disclosed in Note 17.

5) CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)

Key Sources of Estimation Uncertainty (Cont'd)

ii) Impairment on Receivables

The Group makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses historical bad debts, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the difference will impact the carrying amount of receivables.

iii) Impairment of Investment in Subsidiaries

The Company reviews the carrying amount of investment in subsidiaries. The recoverable amount of the investment in subsidiaries has been determined on the basis of its value in use.

iv) Depreciation of Property, Plant and Equipment

The depreciable costs of property, plant and equipment are allocated on the straight line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 5 to 10 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and residual value of these assets.

6) REVENUE

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Transportation services and related activities	34,611,573	80,723,519	-	-
Lease rental income	-	2,880,000	-	-
Sales of sparepart and services	151,928	285,781	-	-
Contract fees received	864,000	864,000	-	-
Consultancy services	-	27,402	-	-
Dividend income	-	-	-	36,750,000
	35,627,501	84,780,702	-	36,750,000

7) OTHER OPERATING EXPENSES/(INCOME)

Included in other operating expenses/(income) are the following charges/(credits):

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Audit fee				
- Auditors of the Company				
- current year	79,680	101,056	40,000	45,000
- underprovision in prior year	2,800	3,712	-	2,800
(Gain)/Loss on disposal of property, plant and equipment	-	13,041	-	-
Impairment of goodwill on consolidation	-	657,486	-	-
Impairment loss on trade receivables	182,577	7,100	-	-
Property, plant and equipment written off	252,434	315,088	-	-
Rental of boat	1,200	-	-	-
Rental of carpark	-	170	-	-
Rental of equipment	61,431	2,880	980	-
Rental of garage	-	14,400	-	-
Rental of motor vehicle	-	50,003	-	-
Rental of premises	317,434	118,650	144,000	-
Gain on disposal of investment in subsidiary	-	(571,558)	-	(83,467)
Gain on disposal of other investment	-	(3,120)	-	-
Government grant received	(1,014,189)	(892,626)	-	-
Interest income	(753,272)	(436,527)	(213,234)	(160,110)
Management fee	-	-	(78,800)	(394,000)
Reversal of impairment loss on investment	(14,204)	-	-	-

8) DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Executive directors:				
Salaries, bonus, overtime and allowances	853,500	901,250	733,500	781,250
Fees	330,000	303,750	90,000	63,750
Defined contribution plan - EPF	100,800	106,800	86,400	92,400
SOCSO contribution	1,860	1,860	1,240	1,240
	1,286,160	1,313,660	911,140	938,640
Non-executive directors:				
Fees	90,000	90,000	90,000	90,000
Other emoluments	17,750	17,500	17,750	17,500
	107,750	107,500	107,750	107,500
	1,393,910	1,421,160	1,018,890	1,046,140

8) DIRECTORS' REMUNERATION (Cont'd)

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

	Number of directors	
	2015	**2014**
Executive directors:		
Below RM50,000	1	1
RM100,001 - RM150,000	1	1
Above RM750,000	1	1
Non-executive directors:		
Below RM50,000	3	3

9) STAFF COSTS

	GROUP	
	2015	**2014**
	RM	**RM**
Salaries, bonus, overtime and allowances	4,632,773	8,814,143
Defined contribution plan - EPF	459,684	1,016,510
SOCSO contribution	103,561	130,481
	5,196,018	9,961,134

10) INCOME TAX EXPENSE/(CREDIT)

	GROUP		COMPANY	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Income tax payable				
- current year	55,366	5,193,796	-	-
- overprovision in prior year	(16,738)	(11,472)	-	-
	38,628	5,182,324	-	-
Real property gain tax	-	54,660	-	-
Deferred tax in respect of:				
Tax assets (Note 18)				
- current year	(2,036,449)	860,564	(2,977)	-
Tax liabilities (Note 18)				
- current year	1,916,389	(839,726)	2,977	-
- under/(over) provision in prior years	58,727	(761)	-	-
	1,975,116	(840,487)	2,977	-
	(22,705)	5,257,061	-	-

10) INCOME TAX EXPENSE/(CREDIT) (Cont'd)

Malaysia income tax is calculated at the statutoty tax rate of 25% (2014: 25%) of the estimated taxable profit for the year. The Malaysian statutory tax rate will be reduced to 24% from the current year's statutory tax rate of 25%, effective year of assessment 2016.

A numerical reconciliation between the income tax expense and the product of accounting profit/(loss) multiplied by the applicable statutory income tax rate, is as follows:

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Accounting profit/(loss)	(3,433,050)	18,711,449	(1,478,779)	35,428,285
Tax at the applicable statutory income tax rate of 25%	(858,263)	4,677,862	(369,695)	8,857,071
Tax effects in respect of:				
Income not subject to tax	(407,825)	(141,262)	(53,309)	(9,248,394)
Expenses that are not deductible for tax purposes	414,892	937,521	42,096	161,820
Deferred tax assets not recognised	715,637	527,319	359,541	229,503
Utilisation of deferred tax assets not recognised previously	-	(786,806)	-	-
Overprovision of income tax in prior years	(16,738)	(11,472)	-	-
Under/(Over)provision of deferred taxation in prior years	58,727	(761)	-	-
Real property gain on tax	-	54,660	-	-
Change in tax rate	70,865	-	21,367	-
Income tax expense/(credit)	(22,705)	5,257,061	-	-

Details of unutilised tax losses and unabsorbed capital allowances which have not been recognised in the financial statements due to uncertainty of realisation are as follows.

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Unutilised business losses	6,712,000	1,500,000	2,115,000	594,000
Unabsorbed capital allowances	257,000	23,000	21,000	19,000
	6,969,000	1,523,000	2,136,000	613,000

The unutilised tax losses and unabsorbed capital allowances are available for offset against future taxable profits, subject to the agreement by the tax authorities.

11) EARNINGS/(LOSS) PER SHARE

Basic

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	GROUP	
	2015	**2014**
Profit/(Loss) attributable to Owners of the Company (RM)	(2,796,998)	14,109,891
	2015 Units	**2014 Unit**
Weighted average number of ordinary shares in issue	236,102,208	141,661,325
Adjusted for bonus issue	-	94,440,883
Adjusted weighted average number of shares in issue (restated)	236,102,208	236,102,208
Basic earnings/(loss) per share (RM) (Restated)	(0.01)	0.06

Diluted

Diluted earnings/(loss) per share is calculated by dividing the profit/(loss) for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of the unexercised warrants and ungranted options issued by the Company.

	GROUP	
	2015 RM	**2014 RM**
Profit/(Loss) attributable to Owners of the Company (RM)	(2,796,998)	14,109,891
	2015 Units	**2014 Units**
Weighted average number of ordinary shares in issue	236,102,208	141,661,325
Adjusted for bonus issue	-	94,440,883
Adjusted weighted average number of ordinary shares in issue for basic EPS (restated)	236,102,208	236,102,208
Adjusted for potential ordinary shares on conversion of warrants	4,391,337	13,575,833
Adjusted weighted average number of ordinary shares in issue (restated)	240,493,545	249,678,041
Diluted earnings/(loss) per share (RM)	(0.01)	0.06

12) PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery RM	Motor vehicles RM	Furniture, fittings and equipment RM	Capital work-in-progress RM	Total RM
GROUP					
2015					
Cost					
At cost:					
As at 1st January 2015	6,219	106,099,437	646,992	1,433,577	108,186,225
Additions	-	6,658,686	476,177	851,093	7,985,956
Disposals	-	(500,591)	-	-	(500,591)
Written off	-	(3,029,210)	(60,224)	-	(3,089,434)
As at 31st December 2015	6,219	109,228,322	1,062,945	2,284,670	112,582,156
Accumulated depreciation					
As at 1st January 2015	2,589	75,679,702	396,209	-	76,078,500
Charge for the year	622	7,718,154	83,331	-	7,802,107
Disposals	-	(500,591)	-	-	(500,591)
Written off	-	(2,776,776)	(60,224)	-	(2,837,000)
As at 31st December 2015	3,211	80,120,489	419,316	-	80,543,016
Net carrying amount					
At cost					
As at 31st December 2015	3,008	29,107,833	643,629	2,284,670	32,039,140

12) PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	Buildings RM	Long leasehold land RM	Plant and machinery RM	Motor vehicles RM	Furniture, fittings and equipment RM	Capital work-in-progress RM (Restated)	Total RM
GROUP							
2014							
Cost/Valuation							
As at 1st January 2014	6,583,132	5,127,301	231,219	116,459,049	2,465,857	742,136	131,608,694
Additions	-	-	-	-	21,101	691,441	712,542
Disposals	-	-	-	(10,152,487)	-	-	(10,152,487)
Written off	-	-	(225,000)	(207,125)	(1,839,966)	-	(2,272,091)
Assets of subsidiary disposed	(6,583,132)	(5,127,301)	-	-	-	-	(11,710,433)
As at 31st December 2014	-	-	6,219	106,099,437	646,992	1,433,577	108,186,225
Accumulated depreciation							
As at 1st January 2014	1,971,083	1,152,592	98,259	64,656,199	1,919,750	-	69,797,883
Charge for the year	65,330	23,823	7,122	18,537,871	123,548	-	18,757,694
Disposals	-	-	-	(7,307,246)	-	-	(7,307,246)
Written off	-	-	(102,792)	(207,122)	(1,647,089)	-	(1,957,003)
Assets of subsidiary disposed	(2,036,413)	(1,176,415)	-	-	-	-	(3,212,828)
As at 31st December 2014	-	-	2,589	75,679,702	396,209	-	76,078,500
Net carrying amount							
At cost							
As at 31st December 2014	-	-	3,630	30,419,735	250,783	1,433,577	32,107,725

12) PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	Furniture, fittings and equipment RM	Total RM
COMPANY		
2015		
Cost		
As at 1st January 2015	26,129	26,129
Additions	14,592	14,592
As at 31st December 2015	40,721	40,721
Accumulated depreciation		
As at 1st January 2015	26,129	26,129
Charge for the year	2,189	2,189
As at 31st December 2015	28,318	28,318
Net book value as at 31st December 2015	12,403	12,403
2014		
Cost		
As at 1st January 2014	26,129	26,129
Additions	-	-
As at 31st December 2014	26,129	26,129
Accumulated depreciation		
As at 1st January 2014	26,129	26,129
Charge for the year	-	-
As at 31st December 2014	26,129	26,129
Net book value as at 31st December 2014	-	-

Included in property, plant and equipment are motor vehicles with carrying amount of RM160,415 (2014: RM30,355,380) held under finance lease and hire purchase arrangements.

13) INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2015 RM	2014 RM
Unquoted shares - At cost	58,393,166	56,393,166

13) INVESTMENT IN SUBSIDIARIES (Cont'd)

The details of the subsidiaries are as follows:

Name of Company	Country of Incorporation	Effective Equity Interest 2015 %	Effective Equity Interest 2014 %	Principal Activities
Subsidiary of the Company				
Gunung Resources Sdn. Bhd.	Malaysia	100	100	Chartering of specialty vehicles
Gunung Hydropower Sdn. Bhd.	Malaysia	95	85	Dealing in hydropower and hydroelectric activities
GPB Corporation Sdn. Bhd. ("GPB")*	Malaysia	100	100	Chartering of land-based passenger transportation assets and specialty vehicles
Pusaka Hijau Sdn. Bhd. ("PHSB")	Malaysia	85	85	Investment holding company
Subsidiary of GPB100				
Bas Rakyat Sdn. Bhd. *	Malaysia	100	100	Public transportation services
Subsidiary of PHSB				
Perak Hydro Renewable Energy Corporation Sdn. Bhd. ("PHREC")	Malaysia	51	51	Developing, maintaining and operating of hydropower and hydroelectric activities
Subsidiary of PHREC				
Kundur Hydro R E Sdn. Bhd. ("KHRE")	Malaysia	50	50	Dealing in hydropower and hydroelectric activities

* Audited by firms of auditors other than the auditors of the Company.

During the financial year, the Company increased its investment in GHSB by subscribing additional 2,000,000 new ordinary shares of RM1 each for a total consideration of RM2,000,000 and hence, its equity interest increased to 95% from 85%.

In 2014, the Company disposed off its 100% equity interest in Gunung Land Sdn. Bhd. and EV Bus Sdn. Bhd. for a total cash consideration of RM609,200 and RM1,160,000 respectively.

13) INVESTMENT IN SUBSIDIARIES (Cont'd)

The effects of the disposal of subsidiaries on the financial results of the Group in 2014 are as follows:

	2014 GROUP RM
Other operating income	6,025
Other operating expenses	(45,255)
Loss before tax	(39,230)
Income tax expense	(2,500)
Decrease in Group's profit attributable to Owners	(41,730)

The effect of the disposal on the financial position of the Group in 2014 is as follows:

	2014 GROUP RM
Net assets disposed off:	
Property, plant and equipment	8,497,605
Development expenditure	44,060
Fixed deposit	600,000
Cash and bank balances	8,827
Other payables and accrued expenses	(7,413,946)
Tax liabilities	(2,455)
Net assets	1,734,091
Gain on disposal to the Group	571,558
Net proceeds from disposal of subsidiary	2,305,649
Less: Cash and cash equivalents	(608,827)
Cash flow on disposal, net of cash and cash equivalents disposed off	1,696,822

In 2014, the Group acquired 50% equity interest in Kundur Hydro R E Sdn. Bhd. (KHRE), a company incorporated in Malaysia, for a total consideration of RM1.

The effects of the acquisition on the financial results of the Group in 2014 are as follows:

Post-acquisition results of the subsidiary acquired:

	2014 GROUP RM
Net loss	(3,792)
Non-controlling interests	1,896
Decrease in Group's profit attributable to Owners	(1,896)

13) INVESTMENT IN SUBSIDIARIES (Cont'd)

The effect of the acquisition on cash flows is as follows:

	2014 GROUP RM
Cash and bank balances	2
Non-controlling interests	(1)
Net assets acquired	1
Less: Cash and bank balances	(2)
Cash flow on acquisition, net of cash acquired	(1)

KHRE's financial results are consolidated with those of the Group as its subsidiary notwithstanding PHREC's shareholding of 50% in KHRE as the Group has control over KHRE by virtue of its ability to manage the financial and operating policies of KHRE.

The fair value of the identifiable assets and liabilities of PHSB as at the date of acquisition, and the goodwill arising therefrom, are as follow:

	Carrying amount RM	Fair value RM
Property, plant and equipment	451,570	451,570
Trade and other receivables	381,379	381,379
Cash and bank balances	18,488	18,488
Trade and Other payables	(750,336)	(750,336)
Finance lease payables	(281,640)	(281,640)
Non-controlling interests	191,252	191,252
Net identifiable assets	10,713	10,713
Less: Non-controlling interests		(1,607)
Group's interest in fair value of net identifiable assets		9,106
Goodwill on acquisition		9,090,894
Purchase consideration		9,100,000
Less: Purchase consideration satisfied by issuance of new ordinary shares		(9,100,000)
Purchase consideration satisfied by cash		-
Add: Cash and cash equivalents acquired		18,488
Net cash inflow on acquisition		18,488

The amount owing by subsidiaries, which arose mainly from expenses paid on behalf and advance given, is unsecured, interest-free and repayable on demand.

14) INVESTMENT IN ASSOCIATES

	GROUP 2015 RM	GROUP 2014 RM
Unquoted shares, at cost	-	-

The details of the associates are as follows:

Name of Company	Country of Incorporation	Effective Equity Interest 2015 %	Effective Equity Interest 2014 %	Principal Activities
Kerian Energy Sdn. Bhd.	Malaysia	15	15	Dealing in hydropower and hydroelectric activities
Selama Hidro Sdn. Bhd.	Malaysia	15	15	Dealing in hydropower and hydroelectric activities
Zeqna Corporation Sdn. Bhd.	Malaysia	15	15	Dealing in hydropower and hydroelectric activities
Koridor Mentari Sdn. Bhd.	Malaysia	15	15	Dealing in hydropower and hydroelectric activities
Sumber Sejahteraan Sdn. Bhd. .	Malaysia	15	15	Dealing in hydropower and hydroelectric activities
Kuasa Sezaman Sdn. Bhd.	Malaysia	15	15	Dealing in hydropower and hydroelectric activities
WGC PHREC Hydro Sdn. Bhd.	Malaysia	15	15	Dealing in hydropower and hydroelectric activities
Maju Renewable Energy Sdn. Bhd.	Malaysia	15	15	Dealing in hydropower and hydroelectric activities
Gelinting Hydro Sdn. Bhd.	Malaysia	15	15	Dealing in hydropower and hydroelectric activities
AVA Hidro Sdn. Bhd.	Malaysia	15	15	Dealing in hydropower and hydroelectric activities
Pelus Hidro Sdn. Bhd.	Malaysia	15	15	Dealing in hydropower and hydroelectric activities
Manifest Frontier Sdn. Bhd	Malaysia	15	15	Dealing in hydropower and hydroelectric activities

The investments in associates are held under PHREC, a subsidiary of the Company. On 17th December 2012, PHREC had signed a Water Rights Agreement ("WRA") with the State Government of Perak Darul Ridzuan. The WRA is an essential component in the associates' business activities in hydropower and hydroelectric activities in the state of Perak. Shares were allotted to PHREC by virtue of the WRA.

The costs associated with the acquisition of the WRA could not be specifically identified and all expenses if any, related to this acquisition, had been charged to profit and loss of PHREC during the previous financial years as they were incurred.

14) INVESTMENT IN ASSOCIATES (Cont'd)

The results of some associates have not been consolidated in this set of financial statements due to the unavailability of audited financial statements of the certain associates. The directors are of the opinion that the omission of these results would have no impact to the overall results of the Group as certain of the associates' business activities are still in the early development stages of constructing hydropower plants.

The Company has not recognised losses relating to the associates, where its share of losses exceeds the Company's interest in these associates as the Company has no obligation in respect of these losses.

The summarised financial information of the certain associates, not adjusted for the proportion of ownership interest held by the Group as at 31st December 2015, is as follow

	GROUP RM
Assets and Liabilities	
Non-current Assets	136,442,787
Current Assets	9,582,777
Total Assets	146,025,564
Total Liabilities	140,442,479
Results	
Loss for the year	(96,659)

15) OTHER FINANCIAL ASSETS

	GROUP	
	2015 RM	2014 RM
Available for sale financial assets		
Unquoted shares, at cost	253,678	253,678
Less: Impairment losses	(223,550)	(237,754)
Net carrying amount	30,128	15,924

16) DEVELOPMENT EXPENDITURES

	GROUP	
	2015 RM	2014 RM (Restated)
Balance as at beginning of the year	-	44,060
Assets of subsidiary disposed off	-	44,060
Balance as at end of the year	-	-

17) GOODWILL ON CONSOLIDATION

	GROUP	
	2015	2014
	RM	RM
Balance as at beginning of the year	21,540,656	21,540,656
Less: Impairment loss	(657,486)	(657,486)
Balance as at end of the year	20,883,170	20,883,170

Goodwill in respect of acquisition of the subsidiary by the Group has been allocated to its cash-generating unit (CGU) where the recoverable amount of CGU has been based on value-in-use calculations using five year financial projections. No revenue and expenses growth were projected from sixth year to perpetuity.

The discount rate based on the Group's weighted average cost of capital was applied in determining the recoverable amount of the respective CGU.

Sensitivity to changes in assumptions

Management believes that no reasonable possible changes in any of the key assumptions above would cause the carrying values of the CGUs to materially exceed their recoverable amounts.

18) DEFERRED TAXATION

	GROUP		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Deferred tax assets				
Balance as at beginning of the year	8,922	869,486	-	-
Recognised in profit or loss (Note 10)	2,036,449	(860,564)	2,977	-
Balance as at end of the year	2,045,371	8,922	2,977	-
Deferred tax liabilities				
Balance as at beginning of the year	1,101,589	1,942,076	-	-
Recognised in profit or loss (Note 10)	1,916,389	(839,726)	2,977	-
Under/(Over) provision in prior years	58,727	(761)	-	-
Balance as at end of the year	3,076,705	1,101,589	2,977	-

Presented after appropriate offsetting as follows:

	GROUP		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Deferred tax assets	2,045,371	8,922	-	-
Deffered tax liabilities	(3,076,705)	(1,101,589)	-	-

18) DEFERRED TAXATION

	GROUP		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Deferred tax assets				
Tax effects of:				
Unabsorbed capital allowances	2,045,371	8,922	2,977	-
Deferred tax liabilities				
Tax effects of:				
Temporary differences between tax capital allowance and book depreciation of property, plant and equipment	3,076,705	1,101,589	2,977	-

19) INVENTORIES

	GROUP	
	2015 RM	2014 RM
At cost:		
Spare parts for motor vehicles	607,520	740,734

20) TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAID EXPENSES

	GROUP	
	2015 RM	2014 RM
Trade receivables	1,205,878	7,658,486
Less: Allowance for doubtful debts	(203,123)	(20,546)
Net	1,002,755	7,637,940

Trade receivables comprise amounts receivable for sales of goods and services rendered. The normal credit period granted on sales of goods and services rendered ranges from 45 to 60 days. Other credit terms are assessed and approved on a case by case basis.

Included in trade receivables of the Group are debts arising from government agency customer.

20) TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAID EXPENSES (Cont'd)

Other receivables and prepaid expenses consist of:

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Other receivables	4,582,913	10,227,449	2,500	2,500
Refundable deposits	141,945	30,945	25,000	1,000
Prepaid expenses	779,736	4,407,976	55,519	55,292
Dividend receivable	-	-	-	34,250,000
Deferred expenditure	-	90,422	-	-
	5,504,594	14,856,792	83,019	34,308,792

The trade and other receivables are all denominated in Ringgit Malaysia

21) CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Cash and cash equivalents consist of:				
Deposits with licensed banks	3,725,482	8,850,715	-	-
Cash and bank balances	41,090,591	30,330,630	11,695,645	9,297,325
	44,816,073	39,181,345	11,695,645	9,297,325

The deposits of the Group earn effective interest rate ranging from 3.1% to 3.6% (2014: 3.1% to 3.6%) per annum and have maturity ranging from 1 to 12 (2014: 1 to 12) months.

22) SHARE CAPITAL

	GROUP AND COMPANY No. of ordinary shares of RM0.40 each		GROUP AND COMPANY Amount	
	2015	2014	2015 RM	2014 RM
Authorised				
Balance as at beginning of year	250,000,000	250,000,000	100,000,000	100,000,000
Created during the year	500,000,000	-	200,000,000	-
Balance as at end of the year	750,000,000	250,000,000	300,000,000	100,000,000
Issued and fully paid				
Balance as at beginning of year	141,661,325	141,661,325	56,664,530	56,664,530
Issued during the year	94,440,883	-	37,776,353	-
Balance as at end of the year	236,102,208	141,661,325	94,440,883	56,664,530

22) SHARE CAPITAL (Cont'd)

As approved by the shareholders at the Extraordinary General Meeting held on 29th May 2015, the authorised share capital of the Company was increased from RM100,000,000 to RM300,000,000 by the creation of additional 500,000,000 new ordinary shares of RM0.40 each. Also, the issued and paid-up share capital of the Company was increased from RM56,664,530 to RM94,440,883 during the financial year by way of bonus issue of 94,440,883 new ordinary shares of RM0.40 each credited as fully paid-up to the shareholders of the Company on the basis of two (2) new ordinary shares for every three (3) existing ordinary shares held through capitalisation of RM7,180,181 and RM30,596,172 from the share premium and retained earnings respectively of the Company.

WARRANTS 2010/2020

Pursuant to a deed poll dated 3rd September 2010, the Company issued 25,177,000 detachable warrants on 11th October 2010 in conjuction with a rights issue of 50,354,000 new ordinary shares of RM0.40 each in the Company. Each warrant entitles the registered holder at any time during the exercise period from 11th October 2010 to 11th October 2020 to subscribe for one (1) new ordinary share of RM0.40 each in the Company at an exercise price of RM0.50 per share.

During the financial year, the exercise price of the warrant was adjusted from RM0.50 to RM0.40 and additional 37,765,500 warrants were issued arising from the adjustments pursuant to the bonus issue exercise. As at 31st December 2015, none of the aforesaid warrants have been exercised.

SHARE OPTIONS

A new Gunung Capital Berhad's Employees' Share Option Scheme ("ESOS") was approved by shareholders at an Extraordinary General Meeting held on 29th May 2015 and became effective on 5th June 2015 for a period of five (5) years.

The salient features of the ESOS are as follows:

a) he maximum number of new shares that may be issued and alloted under the scheme shall not, in aggregate, exceed ten percent (10%) of the Company's total issued and paid-up share capital (excluding treasury shares, if any) at any one time during the duration of the ESOS;

b) eligible person are confirmed employees including executive and non-executive directors of the Group. The employees must be employed on a full-time basis and are on the payroll of at lease one (1) company in the Group which is not dormant. The directors must be appointed as a director of a company within the Group (excluding dormant subsidiaries). However, where the employee/director is serving under an employment contract, the contract should be for a duration of at least one (1) year;

c) not more than fifty percent (50%) and five percent (5%) of the shares under the ESOS will be granted to the executive directors and non-executive directors respectively. In addition, not more than fifteen percent (15%) of the shares under the ESOS will be granted to the senior management;

d) the option price may be at a discount of not exceeding ten percent (10%) from the five (5)-day volume weighted average market price of the underlying shares preceeding the date of offer or at par value of the ordinary shares of the Company, whichever is higher;

e) the ESOS shall be in force for a period of five (5) years and extendable for another five (5) years from the effective date; and

f) the options granted may be exercised in full immediately or in parts within the duration of the scheme.

During the financial year, no options under the Scheme were granted by the Company.

23) RESERVES

	GROUP		COMPANY	
	2015	2014	2015	2014
	RM	RM	RM	RM
Distributable reserve:				
Retained earnings	12,522,862	45,916,032	5,929,698	38,004,649
Non-Distributable reserves:				
Share premium	-	7,468,833	-	7,468,833
Warrant reserve	1,007,080	1,007,080	1,007,080	1,007,080
Equity transaction reserve	(5,180,980)	(5,174,681)	-	-
	(4,173,900)	3,301,232	1,007,080	8,475,913
	8,348,962	49,217,264	6,936,778	46,480,562

Retained earnings

The Company is able to distribute dividends out of its entire retained earnings under the single-tier system.

Share premium reserve

The share premium reserve comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

Warrant reserve

Warrants reserve represents the proceeds from the issuance of warrants which is non-distributable. The warrants reserve is transferred to the share premium account upon the exercise of warrants and the warrants reserve in relation to the unexercised warrants at the expiry of the warrants will be transferred to retained earnings.

Equity transaction reserve

The equity transaction reserve comprises the differences between the share of non-controlling interests in subsidiaries acquired, disposed and the consideration paid or received.

24) FINANCE LEASE AND HIRE PURCHASE CREDITORS

	GROUP	
	2015	2014
	RM	RM
Gross balance	149,222	3,587,710
Less:		
Finance lease and hire purchase interest in suspense	(6,734)	(152,694)
Principal outstanding	142,488	3,435,016
Portion payable within the next 12 months (included in current liabilities)	66,855	2,791,178
Portion payable after the next 12 months:		
Payable between 1 and 2 years	75,633	637,933
Payable between 2 and 5 years	-	5,905
	75,633	643,838
	142,488	3,435,016

24) FINANCE LEASE AND HIRE PURCHASE CREDITORS (Cont'd)

The interest rates on finance lease range from 6.76% to 15% per annum in 2014 and are secured by the following:

i) Joint and several guarantee by directors of the subsidiary;
ii) Leasing facility agreements;
iii) Deed of assignment on the project account;
iv) Pledge of fixed deposits; and
v) Corporate guarantee by the Company.

The interest rate on the hire purchase is at 3.3% (2014: 3.3%) per annum.

25) TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

Trade and other payables comprise amounts outstanding for trade and ongoing costs. The average credit period granted to the Group and the Company for trade purchases is 30 days.

Other payables and accrued expenses consist of:

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Other payables	2,064,531	1,801,475	7,525	13,382
Accrued expenses	114,616	246,764	46,047	53,634
	2,179,147	2,048,239	53,572	67,016

The trade and other payables are all denominated in Ringgit Malaysia.

26) AMOUNT OWING TO DIRECTOR

The amount owing to director in 2014, which arose mainly from expenses paid on behalf and advances given, is unsecured, interest-free and repayable on demand.

27) DIVIDENDS

	GROUP AND COMPANY	
	2015 RM	2014 RM
Interim dividend - 1 sen per ordinary share in 2014, under the single-tier system	-	1,416,613

In 2014, the directors declared a first interim dividend under the single-tier system of 1 sen per ordinary share of RM0.40 each for the financial year ended 31st December 2014 amounting to RM1,416,613.

28) SEGMENTAL INFORMATION

BUSINESS SEGMENTS

	Transportation services RM	Hydropower activities RM	Investment holding and others RM	Eliminations RM	Consolidated RM
2015					
REVENUE					
Sales	35,627,501	-	-		35,627,501
RESULTS					
Loss before tax	(698,102)	(1,256,169)	(1,478,779)		(3,433,050)
Income tax credit					22,705
Loss for the year					(3,410,345)
OTHER INFORMATION					
Segment assets	68,687,778	3,523,880	101,431,233	(68,759,511)	104,883,380
Segment liabilities	30,170,382	3,435,957	53,572	(31,247,000)	2,412,911
Capital expenditure	7,118,469	852,895	14,592		7,985,956
Depreciation	7,689,541	110,377	2,189		7,802,107
Non cash expenses other than depreciation	435,011	-	-		435,011
2014					
REVENUE					
Sales	84,753,300	27,402	36,750,000	(36,750,000)	84,780,702
RESULTS					
Profit/(Loss) before tax	22,084,202	(1,345,194)	35,428,285	(37,455,844)	18,711,449
Income tax expense					(5,257,061)
Net profit after tax					13,454,388
OTHER INFORMATION					
Segment assets	85,683,709	2,303,149	103,212,108	(75,775,336)	115,423,630
Segment liabilities	46,429,583	2,959,057	67,016	(40,262,825)	9,192,831
Capital expenditure	10,099	702,443	-		712,542
Depreciation	18,644,367	113,327	-		18,757,694
Non cash expenses other than depreciation	335,229	-	-	657,486	992,715

GEOGRAPHICAL SEGMENTS

The Group's operations are entirely located in Malaysia. Therefore, information on geographical segments is not presented.

INFORMATION ABOUT A MAJOR CUSTOMER

Revenue from one major customer, being a group of government agencies, amounted to RM16,660,735 (2014: RM68,660,670) arising from transportation services.

29) SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the directors of the Group.

In the normal course of business, the Group and the Company undertake on agreed terms and prices, transactions with its related companies and other related parties.

a) In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions. The related party transactions listed below were carried out on terms and conditions obtainable in transactions with unrelated parties unless otherwise stated.

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
i) Professional fees paid to a related party, AAsia-East Capital Sdn.	360,000	390,000	360,000	390,000
ii) Management fees charged to a subsidiary, GPB Corporation Sdn. Bhd.	-	-	78,800	394,600
iii) Dividends received and receivable from subsidiaries				
- GPB Corporation Sdn. Bhd.	-	-	-	36,000,000
- Gunung Resources Sdn. Bhd.	-	-	-	750,000
iv) Leasing of motor vehicles to a related party, Korakan Corporation Sdn. Bhd. **	-	2,520,000	-	-
v) Chartering of vehicles to a related party, Korakan Corporation Sdn. Bhd.	-	410,004	-	-
vi) Rental of premises paid to a director, Dato' Syed Abu Hussin Bin Hafiz Syed Abdul Fasal	144,000	-	-	-

** The lease of 252 units of motor vehicles by Gunung Resources Sdn. Bhd. to Korakan Corporation Sdn. Bhd. for period of 36 months from 1st January 2011 to 31st December 2013 at an annual sum of RM5,040,000, payable in instalments of RM420,000 per month. The monthly lease sum was derived on the prevailing market lease rentals. On 10th January 2014, the lease agreement was extended for another 6 months from 1st January 2014 to 30th June 2014 with the same terms and conditions.

29) SIGNIFICANT RELATED PARTY TRANSACTIONS (Cont'd)

b) Government related entities

On 3rd November 2010, Bas Rakyat Sdn. Bhd., a wholly-owned subsidiary of GPB Corporation Sdn. Bhd. has entered into an agreement with Perak State Government (State Government) for the provision of public transportation services in Manjung district in the state of Perak Darul Ridzuan. In 2013, Bas Rakyat Sdn. Bhd. is a government related entity as its remaining 25% equity interest is related to the State Government. However, the 25% equity interest was transferred to GPB Corporation Sdn. Bhd. during the financial year.

The duration of the agreement is 84 months. Under the agreement, the State Government will reimburse Bas Rakyat Sdn. Bhd. for a period of 60 months and no subsequent payment will be made for the remaining period of 24 months.

	2015 RM	2014 RM
Income from public transportation services	864,000	864,000

30) FINANCIAL GUARANTEE

	GROUP AND COMPANY	
	2015 RM	2014 RM
Corporate guarantee given to bank in respect of banking facilities granted to certain subsidiaries	-	30,720,00

The directors consider that the fair value of this guarantee on initial recognition was not material. Therefore, no financial liabilities have been accounted for in the financial statements for this guarantee.

31) SUBSEQUENT EVENTS

i) GPB Corporation Sdn Bhd, a wholly-owned subsidiary of the Company, had on 26th December 2014, received a 'Letter of Award and Acceptance' from the Ministry of Defence for a Service-Contract with a value of RM164,951,886 for the provision of transportation service for the National Service Program. The tenure of the Service-Contract award is from 26th December 2014 to 25th December 2017.

During the financial year, the Government announced that the National Service Program will be deferred for year 2015, which will affect certain batches of the program. The deferment of the program will affect the revenue from the Service-Contract for these batches in 2015.

As for the remaining tenure of the ongoing Service-Contract, namely 2016 and 2017, the Government has indicated that the National Service Program will commence again in 2016. However, the management are conservatively anticipating that the National Service Program may be scaled-down during financial year ending 2016, on the back of the recent news that the Government has committed to cut its overall operating and development budgets/expenditures in year 2016.

31) SUBSEQUENT EVENT (Cont'd)

ii) GPB Corporation Sdn. Bhd., a wholly owned subsidiary of the Company, had on 26th January 2016, received a 'Letter of Award and Acceptance' from the Ministry of Defence for a Service-Contract for "Provision of School Transportation (Bus) Service for Children of the Armed Forces Personnel Throughout Malaysia", with the value of up to RM14,657,500. The scope of services under the above-mentioned ServiceContract, is to provide transportation to, and from nominated schools, for the children of the armed forces personnel nationwide ("pick-up and drop-off services"). The tenure of the Service-Contract awarded is from 1st February 2016 to 30th November 2016 for the duration of 10 months.

iii) Gunung Hydropower Sdn. Bhd., 95% owned subsidiary of the Company had on 13th January 2016 entered into a share sale and purchase agreement for the acquisition of 1,500,000 ordinary shares of RM1 each in Conso Hydro RE Sdn. Bhd. ("CHRE") representing 50% of the total issued and paid-up share capital in CHRE, a company incorporated in Malaysia, for a purchase consideration of RM2.5million.

32) COMPARATIVE FIGURES

The following comparative amounts of the Group as at 31st December 2014 has been reclassified to conform with current year's presentation:

	As previously stated	Reclassification	As restated
Development expenditure	1,433,577	(1,433,577)	-
Property, plant and equipment	-	1,433,577	1,433,577

33) SUPPLEMENTARY INFORMATION

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 are as follow

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Retained earnings carried forward are analysed as follows:				
- Realised	36,070,747	46,404,401	5,929,698	38,004,649
- Unrealised	(1,031,334)	(1,072,590)	-	-
	35,039,413	45,331,811	5,929,698	38,004,649
Add: Consolidation adjustments	(22,516,551)	584,221	-	-
Total retained earnings	12,522,862	45,916,032	5,929,698	38,004,649

NOTICE OF ANNUAL GENERAL **MEETING**

NOTICE IS HEREBY GIVEN that the 21st Annual General Meeting of the Company will be held at the Meeting Room, D-1-6, Ayer@8, Jalan P8G, Presint 8, 62250 Putrajaya on Thursday, 26 May 2016 at 11.30 a.m. for the following purposes:-

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2015 together with the Directors' Reports and Auditors' Report thereon.

   (Please refer to Explanatory Note A)

2. To approve the payment of Directors' Fees of RM180,000 for the financial year ended 31 December 2015. **(Resolution 1)**

3. To re-elect the following Directors who retiring in accordance with Article 101 of the Company's Articles of Association:-

   a) Encik Malik Parvez Ahmad bin Nazir Ahmad **(Resolution 2)**
   b) Dato' Syed Abu Hussin bin Hafiz Syed Abdul Fasal **(Resolution 3)**

4. To re-appoint Mr. Peter Wong Hoy Kim who retires pursuant to Section 129 (6) of the Companies Act, 1965 to hold office until the conclusion of the next Annual General Meeting of the Company. **(Resolution 4)**

5. To re-appoint Messrs STYL Associates as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

Special Business
To consider and if thought fit, to pass the following ordinary resolutions:-

Ordinary Resolutions

6. **Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965** **(Resolution 6)**

   "That subject always to the Companies Act, 1965, Articles of Association of the Company and the approvals of the relevant government and/or regulatory authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965 to issue new shares in the Company from time to time 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 new shares to be issued does not exceed 10% of the total issued share capital of the Company for the time being, and such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

   (Please refer to Explanatory Note B)

7. **Retention as Independent Non-Executive Director** **(Resolution 7)**

   "THAT, subject to the passing of Ordinary Resolution 4, approval be and is hereby given to Mr. Peter Wong Hoy Kim, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to be retained as an Independent Director of the Company until the conclusion of the next Annual General Meeting in accordance with the Malaysian Code of Corporate Governance 2012."

   (Please refer to Explanatory Note C)

By Order of the Board

Jesslyn Ong Bee Fang (MAICSA 7020672)
Eric Toh Chee Seong (MAICSA 7016178)

29 April 2016
Perak Darul Ridzuan

Notes:

1. A member of the Company, eligible to attend and vote at the meeting, is entitled to appoint a proxy or proxies to vote in his/her stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act 1965 shall not apply to the Company.
2. Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.
3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of the Central Depositories Act.
4. The Form of Proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
5. All Forms of Proxy must be deposited at the Company's Registered Office at No. 11B, Level 2, Greentown Business Centre, Persiarn Greentown 9, 30450 Ipoh, Perak Darul Ridzuan not less than 48 hours before the time set for holding the meeting or at any adjournment thereof.

Explanatory Notes :

(A) To receive the Audited Financial Statements.

This Agenda is meant for discussion only as as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

(B) Special Business

Ordinary Resolution 6- Authority to Issue Shares Pursuant To Section 132D of the Companies Act, 1965

The existing general mandate for the authority to issue shares pursuant to Section 132D of the Companies Act, 1965 was approved by the shareholders of the Company at the 20th Annual General Meeting held on 16 June 2015. As at the date of this Notice, the Company did not issue ny new shares pursuant to this mandate obtained.

The proposed Ordinary Resolution 6, if passed, will empower the Directors to allot and issue shres in the Company up to a maximum of 10% of the issued share capital of the Company at the time of issue for such purposes as they consider would be in the best interest of the Company. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority unless revoked or varied at a general meeting will expire at the next Annual General Meeting of the Company.

The renewal of this mandate will provide flexibility to the Company for any potential fund raising activities, including but not limited to placement of shares, for purpose of funding future investments, working capital and/or any acquisition. At this juncture there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is ught, the Company will makes an announcement in respect thereof.

(C) Ordinary Resolution 7 – Retention as an Independent Non-Executive Director

Mr. Wong Hoy Kim was appointed as Senior Independent Non-Executive Director on 7 November 2003 and has served for more than nine (9) years. However he has met the independence guidelines as set out in Chapter 1 of Bursa Securities Main Market Listing Requirements. Therefore, the Board considers him to be independent and believes that he should be retained as Senior Independent Non-Executive Director.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. Details of Director who is standing for election

No individual is seeking election as a Director at the forthcoming 21st Annual General Meeting of the Company.

2. Statement relating to general mandate for issue of securities in accordance with Paragraph 6.03 (3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

Details of the general mandate for the authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965 are set out in Explanatory Note C of the Notice of 21st Annual General Meeting.

ANALYSIS OF **SHAREHOLDINGS**

AS AT 31 MARCH 2016

Authorised Share Capital	:	RM300,000,000 divided into 750,000,000 Ordinary Shares of RM0.40 each
Issued and Paid-up Share Capital	:	RM94,440,883.20 divided into 236,102,208 Ordinary Shares of RM0.40 each
Class of Securities	:	Ordinary Shares of RM0.40 each
Voting Rights	:	One vote for every Ordinary Share
No. of Shareholders	:	2,812

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholding	No. of Shareholders	%	No. of Shares	%
Less than 100	328	11.67	15,479	0.01
100 to 1,000	95	3.38	30,467	0.02
1,001 to 10,000	1,423	50.60	6,003,370	2.54
10,001 to 100,000	809	28.77	25,556,313	10.82
100,001 to less than 5% of issued shares	155	5.51	147,090,756	62.30
5% and above of issued shares	2	0.07	57,405,823	24.31
Total	2,812	100.00	236,102,208	100.00

LIST OF THIRTY LARGEST SHAREHOLDERS

	Name of Shareholders	No. of Shares	%
1.	SYED ABU HUSSIN BIN HAFIZ SYED ABDUL FASAL	29,578,727	12.53
2.	ERAYEAR EQUITY SDN BHD	27,827,096	11.79
3.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR AASIA-EAST CAPITAL SDN BHD	9,271,566	3.93
4.	OOI CHIN HEAN	9,166,666	3.88
5.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OOI HOCK LAI (E-SPG)	9,045,633	3.83
6.	SJ SEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NASRI BINTI KHAMIS (SMT)	8,324,911	3.53
7.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR TEONG LIAN AIK	7,292,333	3.09
8.	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SYED ABU HUSSIN BIN HAFIZ SYED ABDUL FASAL	7,287,833	3.09
9.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN PLEDGED SECURITIES ACCOUNT FOR OOI HOCK LAI	6,666,666	2.82

LIST OF THIRTY LARGEST SHAREHOLDERS (Cont'd)

	Name of Shareholders	No. of Shares	%
10.	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BEROZ NIKMAL BIN MIRDIN	6,666,666	2.82
11.	TAN CHAI CHEK	5,455,166	2.31
12.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIESACCOUNT FOR OOI HOCK LAI	5,333,333	2.26
13.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIEW KON SING @ LIEW KONG	5,016,800	2.12
14.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SYED ABU HUSSIN BIN HAFIZ SYED ABDUL FASAL	5,000,000	2.12
15.	ZAINORAZUA BINTI ZAINUN	3,676,220	1.56
16.	ROHAYU BINTI YAACOB	3,325,521	1.41
17.	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT IBRAHIM BIN HAMZAH	3,083,000	1.31
18.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OOI CHIN HEAN	2,333,333	0.99
19.	SYED ABU HUSSIN BIN HAFIZ SYED ABDUL FASAL	2,301,000	0.97
20.	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NASRI BINTI HASHIM	2,000,000	0.85
21.	CATURAN GAMA SDN BHD	1,856,666	0.79
22.	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WAN MOHAMMAD KHAIR-IL ANUAR (CCTS)	1,753,333	0.74
23.	AASIA-EAST CAPITAL SDN BHD	1,666,666	0.71
24.	OOI HOCK LAI	1,443,333	0.61
25.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOW BOK SANG	1,380,000	0.58
26.	CITIGROUP NOMINEES (ASING) SDN BHD PERSHING LLC FOR KENNETH RAININ FOUNDATION	1,250,500	0.53
27.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OOI HOCK LAI	1,208,333	0.51
28.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN SIEW SIONG	1,000,000	0.42
29.	BEROZ NIKMAL BIN MIRDIN	992,000	0.42
30.	LOH DE KIANG	968,333	0.41

ANALYSIS OF **SHAREHOLDINGS**
AS AT 31 MARCH 2016 (Cont'd)

SUBSTANTIAL SHAREHOLDERS AS AT 31 MARCH 2016

Name of Shareholders	Direct No. of Shares	%	Indirect No. of Shares	%
Dato' Syed Abu Hussin bin Hafiz Syed Abdul Fasal	44,196,950	18.72	-	-
Erayear Equity Sdn Bhd	27,827,096	11.79	-	-
Low Bok Tek	-	-	27,827,096	11.79
Ooi Hock Lai	23,656,298	10.02		

** Deemed to have an interest in the shares by virtue of Section 6A of the Companies Act, 1965*

DIRECTORS' SHAREHOLDING AS AT 31 MARCH 2016

Name	Direct No. of Shares	%	Indirect No. of Shares	%
Dato' Syed Abu Hussin bin Hafiz Syed Abdul Fasal	44,196,950	18.72	-	-
Iskandar Ibrahim	-	-	10,938,266	4.63
Beroz Nikmal bin Mirdin	7,710,866	3.27	-	-
Peter Wong Hoy Kim	-	-	-	-
Dato' Shaiful Annuar bin Ahmad Shaffie	-	-	-	-
Malik Parvez Ahmad bin Nazir Ahmad	-	-	-	-

 # Deemed to have an interest in the shares by virtue of Section 6A of the Companies Act, 1965

By virtue of his interest in the shares of the Company, Dato' Syed Abu Hussin bin Hafiz Syed Abdul Fasal is deemed interested in the shares of all the subsidiaries of the Company to the extent that the Company has an interest.

ANALYSIS OF **WARRANTHOLDINGS 2010/2020**

AS AT 31 MARCH 2016

Class of Securities	:	Warrants 2010/2020
No. of Warrants	:	62,942,500
Exercise Price of Warrants	:	RM0.50
Exercise Period of Warrants	:	From 5 October 2010 to 4 October 2020
Expiry Date of Warrants	:	4 October 2020
Voting Rights	:	One vote for every Warrant in respect of a meeting of Warrantholders
No. of Warrantholders	:	522

DISTRIBUTION OF WARRANTHOLDINGS 2010/2020

Size of Warrant Holdings	No. of Warrant holders	%	No. of Warrant	%
Less than 100	12	2.30	537	0.00
100 to 1,000	29	5.56	5,532	0.01
1,001 to 10,000	187	35.82	828,507	1.32
10,001 to 100,000	217	41.57	8,685,336	13.80
100,001 to less than 5% of issued warrants	75	14.37	32,638,075	51.85
5% and above of issued warrants	2	0.38	20,784,513	33.02
Total	522	100.00	62,942,500	100.00

LIST OF THIRTY LARGEST REGISTERED WARRANTHOLDERS 2010/2020

	Name of Warrant Holders	No. of Warrants	%
1.	ERAYEAR EQUITY SDN. BHD.	16,998,912	27.01
2.	SYED ABU HUSSIN BIN HAFIZ SYED ABDUL FASAL	3,785,601	6.01
3.	ROHAYU BINTI YAACOB	2,627,625	4.17
4.	AASIA-EAST CAPITAL SDN BHD	2,568,250	4.08
5.	SJ SEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR NASRI BINTI HASHIM	2,382,000	3.78
6.	TAN CHAI CHEK	2,299,125	3.65
7.	OOI CHIN AIK	1,568,000	2.49
8.	GEORGE LEE SANG KIAN	1,326,500	2.11
9.	GEORGE LEE SANG KIAN	1,302,600	2.07
10.	SJ SEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR SYED ABU HUSSIN BIN HAFIZ SYED ABDUL FASAL (SMT)	1,075,000	1.71

ANALYSIS OF **WARRANTHOLDINGS 2010/2020**

AS AT 31 MARCH 2016 (Cont'd)

LIST OF THIRTY LARGEST REGISTERED WARRANTHOLDERS 2010/2020 (Cont'd)

	Name of Warrant Holders	No. of Warrants	%
11.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR AASIA-EAST CAPITAL SDN BHD	1,020,750	1.62
12.	SHUM THIN SOON	794,800	1.26
13.	ROSLAN BIN HUSSIN	775,000	1.23
14.	CHOY CHAK HO	760,000	1.21
15.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KONG KOK CHOY	700,000	1.11
16.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OOI HOCK LAI	657,500	1.04
17.	WONG HEN SANG	575,000	0.91
18.	TA NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR HARBAJAN KAUR A/P SADHU SINGH	425,000	0.68
19.	CHIAM GUANG SOON	400,000	0.64
20.	TAN SEE EAN	365,000	0.58
21.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUNG SENG KONG	360,100	0.57
22.	OOI GENE HOCK	351,250	0.56
23.	LEE YEN WEI	305,900	0.49
24.	LIM ZI YANG	300,000	0.48
25.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG JONG HAN	300,000	0.48
26.	TAN WEI YEN	300,000	0.48
27.	LAM SANG	255,625	0.41
28.	CHEW CHUON GHEE	250,000	0.40
29.	CHONG BOON CHEONG	250,000	0.40
30.	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NASRI BINTI HASHIM	250,000	0.40

DIRECTORS' WARRANTHOLDING 2010/2020 AS AT 31 MARCH 2016

Name	Direct No. of Shares	%	Indirect No. of Shares	%
Dato' Syed Abu Hussin bin Hafiz Syed Abdul Fasal	4,860,601	7.72	-	-
Iskandar Ibrahim	-	-	3,589,000	5.70
Beroz Nikmal bin Mirdin	-	-	-	-
Peter Wong Hoy Kim	-	-	-	-
Dato' Shaiful Annuar bin Ahmad Shaffie	-	-	-	-
Malik Parvez Ahmad bin Nazir Ahmad	-	-	-	-

 # Deemed to have an interest in the warrants by virtue of Section 6A of the Companies Act, 1965

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FORM OF PROXY

GUNUNG CAPITAL BERHAD
330171-P

I/We, ____
(Full Name In Block Letters)

of ____
(Address)

being a member of **GUNUNG CAPITAL BERHAD** hereby appoint ____

____
(Full Name In Block Letters)

of ____
(Address)

or failing him/her ____
(Full Name In Block Letters)

of ____
(Address)

or failing him/her, the Chairman of the meeting, as my/our proxy, to vote for me/us on my/our behalf at the 21st Annual General Meeting of the Company to be held at the Meeting Room, D-1-6, Ayer@8, Jalan P8G, Presint 8, 62250 Putrajaya on Thursday, 26 May 2016 at 11.30 a.m and at any adjournment thereof in the manner indicated below.

		For	Against
Resolution 1	To approve the payment of Directors' Fees of RM180,000 for the financial year ended 31 December 2015		
Resolution 2	To re-elect Malik Parvez Ahmad bin Nazir Ahmad		
Resolution 3	To re-elect Dato' Syed Abu Hussin bin Hafiz Syed Abdul Fasal		
Resolution 4	To re-appoint Peter Wong Hoy Kim		
Resolution 5	To re-appoint Messrs STYL Associates as Auditors of the Company		
Resolution 6	Authority to issue shares pursuant to Section 132D of the Companies Act, 1965		
Resolution 7	To retain Peter Wong Hoy Kim as Independent Non-Executive Director		

(Please indicate with an 'X' in the spaces provided how you wish your vote to be cast. In the absence of specific directions, your proxy may vote or abstain from voting at his/her discretion)

Signed this______________day of________________2016

No. of Shares held	

____
Signature of Shareholder

Notes:-

1. A member of the Company, eligible to attend and vote at the meeting, is entitled to appoint a proxy or proxies to vote in his/her stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act 1965 shall not apply to the Company.
2. Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.
3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of the Central Depositories Act.
4. The Form of Proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
5. All Forms of Proxy must be deposited at the Company's Registered Office at No. 11B, Level 2, Greentown Business Centre, Persiaran Greentown 9, 30450 Ipoh, Perak Darul Ridzuan not less than 48 hours before the time set for holding the meeting or at any adjournment thereof.

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Affix
Stamp
Here

The Company Secretary
GUNUNG CAPITAL BERHAD (330171-P)
No. 11B, Level 2, Greentown Business Centre
Persiaran Greentown 9, 30450 Ipoh
Perak Darul Ridzuan

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GUNUNG CAPITAL BERHAD (330171-P)

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62250 Putrajaya
Tel : +60 (3) 8861 8271
Fax : +60 (3) 8861 8274
Email : office@gunung.com.my

Registered Office
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Persiaran Greentown 9, 30450 Ipoh, Perak
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Fax : +60 (5) 243 8318

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