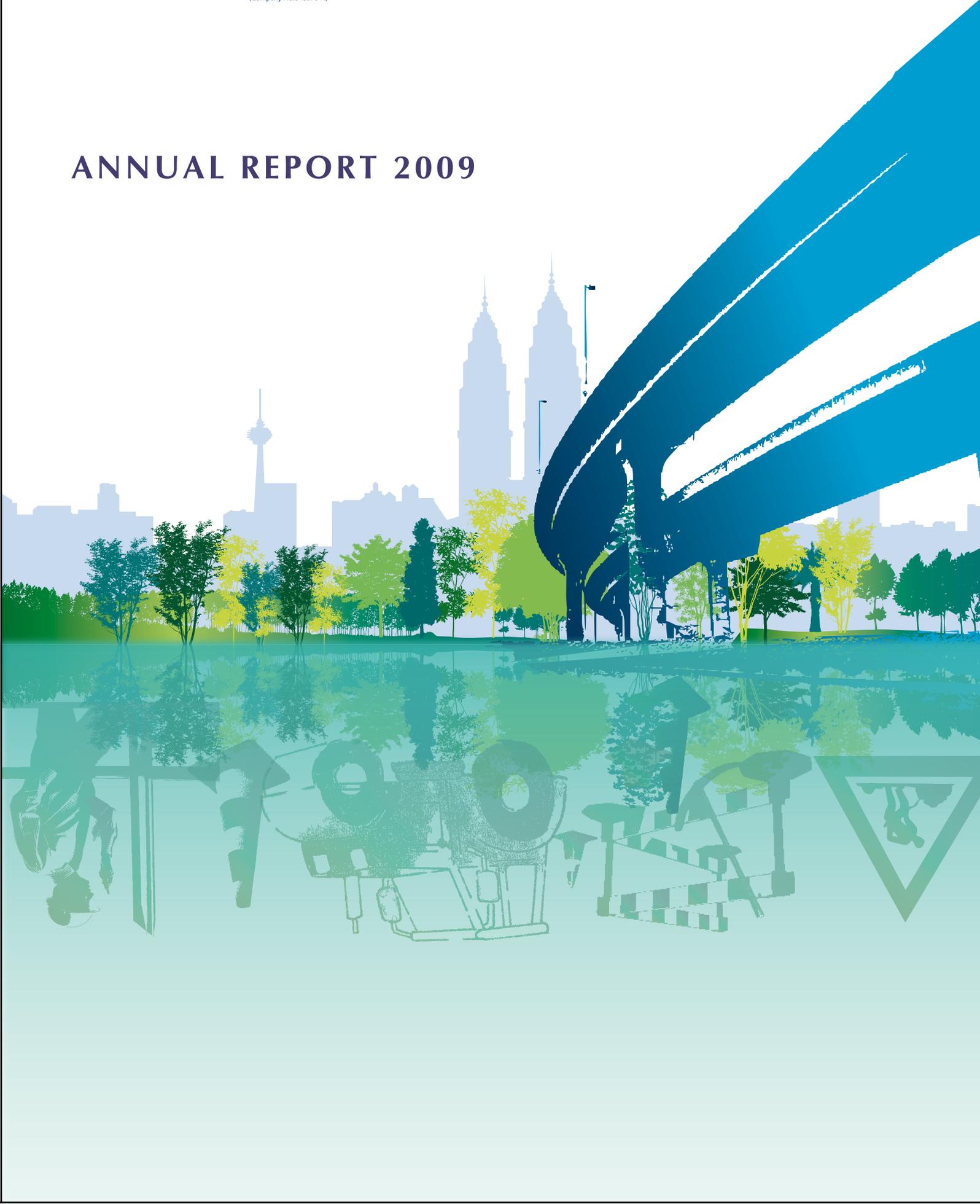


ANNUAL REPORT 2009



VISION

Engineering infrastructure solutions for a better quality of life

CORE VALUES

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





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CORPORATE Information

BOARD OF DIRECTORS

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

Dato' Ir Hasnur Rabiain Bin Ismail
Deputy Chairman
Executive Director

Dato' Ir Chong Ket Pen
Executive Director

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

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

Datin Normah Binti Kassim
Independent Non-Executive Director

Datin Azliza Binti Ahmad Tajuddin
Independent Non-Executive Director

Benny Soh Seow Leng
Independent Non-Executive Director

COMPANY SECRETARIES

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

REGISTERED OFFICE

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

PRINCIPAL OFFICES

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

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

REGISTRAR

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

PRINCIPAL BANKERS

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

AUDITORS

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

STOCK EXCHANGE LISTING

Main Board
Bursa Malaysia Securities Berhad

Listed Since : 8 August 2003
Stock Name : Protasco
Stock Code : 5070

CORPORATE Structure



100% HCM ENGINEERING SDN BHD

HCM (L) Bhd	100%	—	HCM Engineering (PNG) Ltd	100%
HCM-TH Technologies Sdn Bhd	70%		Global Traders Ltd	100%
KPS-HCM Sdn Bhd	70%			
Permint Granite-HCM Sdn Bhd	70%			
HCM Arabia Sdn Bhd	60%			
HCM-Ikhtisas Sdn Bhd	60%	—	Libyan Malaysian Company for Roads & Construction	49%
HCM-Molek JV Sdn Bhd	60%			
Roadcare (M) Sdn Bhd	51%			
THT-HCM JV Sdn Bhd	40%			

100% KUMPULAN IKRAM SDN BHD

Ikram Education Sdn Bhd	100%	—	Ikram Centre for Research & Development	
Ikram Engineering Services Sdn Bhd	100%			Kuala Lumpur Infrastructure University College
Ikram Structure Assessment Sdn Bhd	100%			
Ikram QA Services Sdn Bhd	100%			
Ikram Latihan Sdn Bhd	100%	—	Ikram Training and Infrastructure Development Institute	
Ikram Paves Sdn Bhd	100%			
Ikram Greentech Sdn Bhd	100%			
Ikram Libyana Sdn Bhd	60%			
Kumpulan Ikram (Sarawak) Sdn Bhd	60%			
Kumpulan Ikram (Sabah) Sdn Bhd	60%			
				 IKRAM SKILLS AND RETRAINING ACADEMY 100%

100% PROTASCO TRADING SDN BHD

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

100% PROTASCO INFRA SDN BHD

Infra Builders Sdn Bhd	100%		
Hainan Protasco Engineering Co Ltd	100%	—	Hainan Rifu Resources Co Ltd 82%
Ximax Communications Sdn Bhd	100%	—	Ximax Communications Co Ltd 50%
Infra Water Sdn Bhd	55%		

100% PROTASCO LAND SDN BHD

Protasco Land SA (Pty) Ltd	70%
----------------------------	-----

* This structure depicts main operating subsidiaries only

CORE BUSINESS

Divisions

ROAD CONSTRUCTION AND MAINTENANCE



Road related activities involve road construction, rehabilitation, upgrading, operations and maintenance. More than USD600 million worth of project works have been completed since 1993. In addition, we have maintained more than 12,000km of roads in Malaysia.

BUILDINGS AND SPECIALISED CONSTRUCTION

Building and specialised construction activities include bridge and building construction as well as project management. The Group's personnel has managed projects worth more than USD1 billion.



TRADING OF CONSTRUCTION RELATED MATERIALS



Our trading arm market products such as bitumen, petroleum products, building materials, bridge joints and MAXON paving machine. We also market our own R&D products ie. Q-Mix and QS3E emulsion. We continuously look for new innovative products to market.

CORE BUSINESS

Divisions

ENGINEERING SERVICES AND CONSULTANCY



The Group provides engineering and consultancy services ranging from site investigations to laboratory testing, slope studies, pavement evaluation and data collection, traffic studies, geotechnical and structural forensic engineering services, design works, materials certification, product listing, research and development, quality control and assurance.

EDUCATION & TRAINING



Kuala Lumpur Infrastructure University College (KLIUC) sits on a 100 acre green campus and offers a range of foundation, diploma, degree and post-graduate programmes. About 40% of KLIUC student population are international students.

Ikram Training & Infrastructure Development Institute (ITiDi) has since 1997, trained more than 73,000 participants, including those from Africa, Middle East, Asia and South East Asia. ITiDi provides a wide range of technical, professional and management courses.

Skills training has been conducted by ITiDi since 2001 and Ikram Skills & Retraining Academy (ISRA) was formed in 2008 to solely deliver these programmes. Currently ISRA is offering skills programmes in Electrical (Levels 1-4), Automotive (Levels 1-4), Air-Conditioning (Levels 1-4), Computer System (Levels 2-3) and Information System (Levels 2-3).

GROUP FINANCIAL Highlights

2009 KEY FIGURES



YEAR ENDED 31 DECEMBER

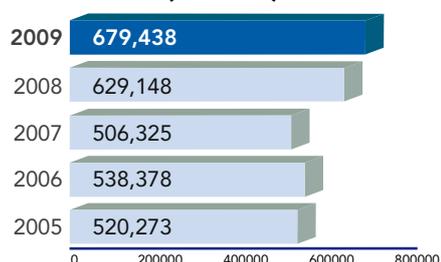
	2005	2006	2007	2008	2009
Turnover (RM'000)	520,273	538,378	506,325	629,148	679,438
Profit After Taxation and Minority Interests (PATAMI) (RM'000)	41,132	26,543 [@]	33,701	28,816	43,196
Earnings Per Share (sen)	13.73	8.87 [@]	11.29	9.71	14.56
Total Net Dividend Per Share (sen)	6.3	7.0	8.0	7.0	9.0*
Net Tangible Assets Per Share (RM)	1.03	1.05	1.08	1.11	1.18

Remarks

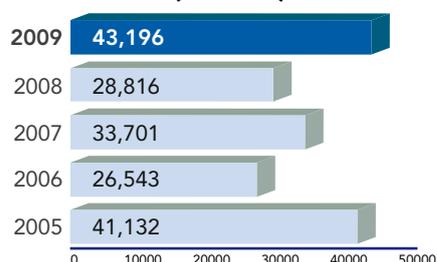
[@] Earnings were lower due to the adoption of FRS 3 (Business Combination), which has resulted in the Group ceasing the amortisation of Reserve on Consolidation of RM12.524 million per annum.

* Including a final net dividend in respect of the financial year ended 31 December 2009 of 5 sen per ordinary share which will be proposed for the shareholders' approval at the forthcoming Annual General Meeting.

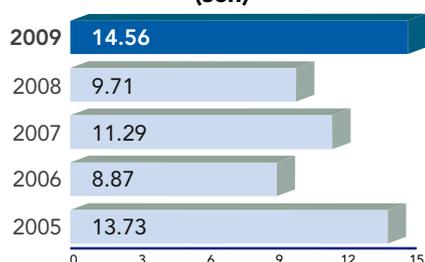
TURNOVER (RM '000)



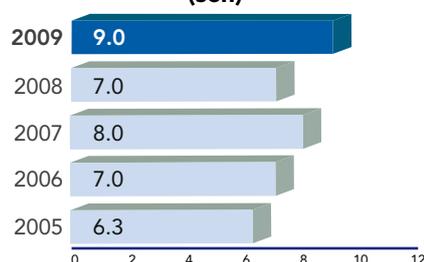
PROFIT AFTER TAXATION AND MINORITY INTERESTS (RM '000)



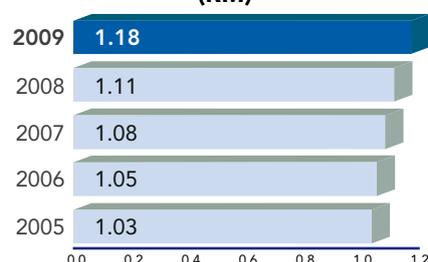
EARNINGS PER SHARE (sen)



TOTAL NET DIVIDEND PER SHARE (sen)



NET TANGIBLE ASSETS PER SHARE (RM)



DIRECTORS' Profile

TAN SRI DATUK DR. HADENAN BIN A. JALIL

Chairman
Independent Non-Executive Director
Malaysian, Age 64

Tan Sri Datuk Dr. Hadenan bin A. Jalil, was appointed to the Board on 28 April 2010.

He received his tertiary education from the University of Malaya in 1970 and graduated with a Bachelor of Economics (Honours) degree. He later obtained a Master in Business Management from the Asian Institute of Management, Philippines in 1975. In 1986, he obtained a Doctor of Philosophy from Henley Management College, United Kingdom.

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

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

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

DATO' IR HASNUR RABIAIN BIN ISMAIL

Deputy Chairman
Executive Director
Malaysian, Age 53

Dato' Ir Hasnur Rabiain Bin Ismail is the Deputy Chairman of Protasco Berhad. He was appointed as a board member on 15 May 2001.

He obtained his BSc (Hons) degree in 1980 and his MPhil (Civil Engineering) in 1990 from United Kingdom's Middlesex Polytechnic and the University of Birmingham respectively. The co-founder of Protasco Group has been a member of the Malaysian Institute of Engineers for almost 18 years. Since 1994, he has been a Professional Engineer registered with the Board of Engineers, Malaysia.

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

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

DIRECTORS' Profile (cont'd)

DATO' IR CHONG KET PEN

*Executive Director
Malaysian, Age 55*

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

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

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

DATO' MOHD IBRAHIM BIN MOHD NOR

*Non-Independent Non-Executive Director
Malaysian, Age 51*

Dato' Mohd Ibrahim Bin Mohd Nor was first appointed as an Independent Non Executive Director of Protasco Berhad on 23 November 2009. Subsequently after becoming a substantial shareholder in January 2010, he was redesignated as Non-Independent Non-Executive Director.

He is currently holding directorship in Super Enterprise Holdings Berhad where he has been the Chairman since July 2008. Dato' Ibrahim is also the Executive Chairman of Blu Inc Group of Companies.

He has an MBA from Drake University, Iowa as well as a Degree in Mathematics from Knox College, Illinois, USA. He worked initially in the Asian International Merchant Bank Berhad (now part of Public Investment

Bank) and Utama Wardley Berhad. He then held various positions in The New Straits Times Press Group.

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

DATO' DR NORRAESAH BINTI HAJI MOHAMAD

*Independent Non-Executive Director
Malaysian, Age 62*

Dato' Dr Norraesah Binti Haji Mohamad has been an Independent Non-Executive Director of Protasco Berhad since 18 January 2005. She has a PhD in Economics Science (International Economics and Finance) from University of Paris-Pantheon Sorbonne, France. She has more than 38 years of experience in banking, consultancy, international trade and commerce.

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

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

DIRECTORS' Profile (cont'd)

DATIN NORMAH BINTI KASSIM

Independent Non-Executive Director
Malaysian, Age 53

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

She is an Associate Member of the Institute of Chartered Secretaries and Administrators, United Kingdom as well as the Malaysian Association of the Institute of Chartered Secretaries and Administrators.

In 1978 she began her career as the Company Secretary cum Head, Secretarial Services for Malaysia Building Society Berhad. For 10 years, until 2000, she held the position as Group Company Secretary and Head, Secretarial and Legal for HICOM Holdings Berhad and subsequently DRB-HICOM Berhad and its group of companies.

DATIN AZLIZA BINTI AHMAD TAJUDDIN

Independent Non-Executive Director
Malaysian, Age 43

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

She graduated from Australian National University with a Degree in Commerce (Accounting), and began her career in 1990 at Coopers & Lybrand as an auditor. Until 2004, she held various positions in companies such as Amanah Merchant Bank Berhad, Padiberas Nasional Berhad, Sistem Televisyen Malaysia Berhad (TV3) and Simpletech Sdn Bhd. She became Chief Executive Officer of Blu Inc Group of Companies, a magazine publishing company in January 2005.

BENNY SOH SEOW LENG

Independent Non-Executive Director
Malaysian, Age 39

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

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

NOTES:

- (i) None of the Directors has any family relationship with each other and with any substantial shareholders of the Company.
- (ii) None of the Directors has any conviction for offences, other than traffic offences, within the past 10 years.
- (iii) Other than the related party transactions disclosed in Note 47 of the Financial Statements and the Circular to Shareholders dated 31 May 2010, none of the Directors has conflict of interest with the Company.
- (iv) Except for Dato' Dr Norraesah Binti Haji Mohamad who had attended four (4) out of five (5) Board meetings and Dato' Mohd Ibrahim Bin Mohd Nor who was appointed on 23 November 2009 and Tan Sri Datuk Dr Hadenan Bin A. Jalil who was appointed on 28 April 2010, the other Directors had attended all the Board Meetings held during the financial year ended 31 December 2009.
- (v) With the exception of Tan Sri Datuk Dr Hadenan Bin A. Jalil, Dato' Dr Norraesah Binti Haji Mohamad, and Dato' Mohd Ibrahim Bin Mohd Nor, none of the Directors holds any directorship in other public companies.
- (vi) The Directors' holdings in shares of the Company are disclosed in the Analysis of Shareholdings section of the Annual Report. The Directors do not hold any shares in the subsidiaries of the Company.

CHAIRMAN'S Statement

*Dear Valued
Shareholders,*



It has been a good year for the Group in 2009. Group net profit attributable to equity holders of the Company rose by about 50% to RM43.2 million from RM28.8 million posted in the previous year. We were certainly busier with improved performance on the back of stronger growth of 5.7% in 2009 for the Malaysian construction sector owing primarily to construction related activities under the 9MP and fiscal stimulus packages.



TAN SRI DATUK DR. HADENAN BIN A. JALIL
CHAIRMAN

CHAIRMAN'S Statement (cont'd)

“ Group net profit attributable to equity holders of the Company rose by about 50% to RM43.2 million from RM28.8 million posted in the previous year. ”

REVIEW OF OPERATIONS

During the year, the Group secured another long-term 7-year state roads maintenance contract from the Terengganu State Government. This is in addition to our existing long-term 7-year contract to maintain State roads in Selangor, two (2) 15-year concessions to maintain roads for the Federal Government and another 15-year Government concession to provide mainly engineering and consultancy services. These concessions and long-term contracts which have been providing recurring income and cash flows to the Group with an estimated remaining value of about RM1.7 billion in future billings are :

- Federal road maintenance concession of about 6,200km ending February 2016 in Kelantan, Terengganu, Pahang and Selangor. It covers routine and periodic maintenance as well as emergency works.
- Federal road maintenance concession of about 420km ending September 2018 in Sibul, Bintulu and Mukah divisions, Sarawak. It also covers routine and periodic maintenance as well as emergency works.

- State road maintenance contract of about 3,500km ending September 2015 in Selangor. Maintenance works include routine and periodic works.
- State road maintenance contract of about 2,500km ending August 2016 in Terengganu. Maintenance works include routine and periodic works.
- A RM348.3 million fee-based engineering services concession from the Federal Government ending December 2011. The range of services provided includes geotechnical and structural forensic engineering services, material testing, site investigation and soil testing, pavement evaluation, materials certification, product listing, training and research & development activities.

With the concessions and long-term contracts on road maintenance, the Group has emerged as a major road maintenance player in Malaysia with more than 12,000km of roads under its care.



CHAIRMAN'S Statement (cont'd)

In addition, the Group undertakes local and overseas projects which include the following:

	AMOUNT RM (MILLION)
• Design, construction, rehabilitation and upgrading of Jalan Alor Setar – Durian Burong road in Kedah.	246.2
• Tripoli – Gharian road maintenance works in Libya.	113.2
• Tarhuna Ben Waled road maintenance works in Libya.	78.0
• Construction of teachers' training college in Penang – Phase 1 & 2.	48.5

The Group is also involved in property development with the completion of the construction of a 20-storey 160 units condominium block (Block A) at Unipark Suria, Kajang, Selangor. As all the units of Block A have been sold, another similar condominium block (Block B) has been launched with more than 65% of the units sold. Block B construction is scheduled to be completed by June 2012.

DIVIDENDS

For the financial year ended 31 December 2009, the Company had paid a single tier interim net dividend of 4 sen per share on 12 January 2010. Subject to shareholders' approval at the forthcoming Annual General Meeting, the Directors are recommending a single tier final net dividend of 5 sen per ordinary share for the financial year ended 31 December 2009. This would bring the total net dividend for the year under review to 9 sen per share.



CHAIRMAN'S Statement (cont'd)

“ The Group is also involved in property development with the completion of the construction of a 20-storey 160 units condominium block (Block A) at Unipark Suria, Kajang, Selangor. As all the units of Block A have been sold, another similar condominium block (Block B) has been launched with more than 65% of the units sold. Block B construction is scheduled to be completed by June 2012. ”

OUTLOOK

With a robust growth of 10.1% for the Malaysian economy in the first quarter of 2010, the Malaysian economy is projected to expand in 2010 by 6% supported by strengthening domestic demand and an improving external environment. The construction sector, in particular, is expected to sustain its growth after expanding 8.5% in the first quarter and this should augur well for the Group in 2010.

APPRECIATION

Though we may have started the year on a cautious note due to the global financial crisis, we have managed to perform better during the year as compared to 2008. Thus, I wish to congratulate the management team led by Y. Bhg. Dato' Ir. Hasnur Rabiain Bin Ismail and Y. Bhg. Dato' Ir. Chong Ket Pen and to thank all our staff for their unwavering dedication over the past year. To our clients, shareholders and business associates, thank you for your trust and confidence in us over the years. We look forward to another year of continued support.

Thank you.

TAN SRI DATUK DR. HADENAN BIN A. JALIL
Chairman



STATEMENT ON

Corporate Social Responsibility

Protasco Berhad views the Corporate Social Responsibility (CSR) as conducting business in ways that produce social, environmental and economic benefits for the communities in which we operate. We believe our strong commitment to CSR benefits both Protasco Berhad and its stakeholders. We seek to instill sustainable practices as we address and monitor identified aspects of the CSR with our drive to create shareholder value. These aspects include care for the environment, concern for employee welfare, as well as community involvement.

CARE FOR THE ENVIRONMENT

Our global environment has seen deterioration over the past few decades. Unsustainable development has led to depletion of resources, scarcity of power and water, pollution, global warming and natural disasters on a large scale. The Group believes in sharing responsibility and hence has taken actions into adopting new environmental measures as part of business. We reviewed the options, considered the environmental impacts and costs and then determined the methods.

The process has taken a more serious approach with a conscious effort by the company in reducing its total carbon footprint. A study on the company's usage of energy is being carried out upon which a wholesome transformation exercise will take place once the study is completed. More immediate efforts that had been carried out include banning of water bottles for all corporate events or meetings as well as recycling of all paper products.

The Protasco Berhad group envisions to turning its 100-acre land in Kajang where the Kumpulan Ikram's headquarters is based into an environment friendly area. The plan will see the area a lower carbon emission centre when positive steps are taken to reduce energy consumption and increase workflow efficiency which ultimately reduces energy wastage within the group.

Over the years our commitment to contribute positively to the environment through our practice evolved. Some of the first few green contributions were derived from the very nature of our business as an engineering solutions provider, particularly in road construction and geotechnical services. These include:

- **Recycling Technology in Road Construction**

We maintained an environmentally sustainable practice by utilising the Hot-In-Place-Recycling Technology (HIPR) and the Cold-In-Place-Recycling Technology (CIPR) in road rehabilitation, upgrading and maintenance work.

Good environmental practice and the impact that our operations have on the environment are of great importance to Protasco Berhad. Provision of these services is our way of contributing to the environment, by ensuring respect for the earth, as the Nation progresses.

STATEMENT ON Corporate Social Responsibility (cont'd)



OUR EMPLOYEES

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

The HCM Group's Knowledge Management (KM) initiatives continues in its journey to turn HCM Group into a Knowledge Based Organisation by the year 2011. This is to be achieved by developing knowledge workers through k-sharing habits.

THE COMMUNITY

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

1. Spreading the wings of knowledge

- With our expertise in infrastructure, we have pledged a strong commitment towards providing education to the community via the establishment of Kuala Lumpur Infrastructure University College (KLIUC). Knowledge is vital to the progress of the Nation. Excellent students are granted scholarships and rebates on their tuition fees.
- Student activities conducted under KLIUC were also used as vehicles by the Group to collect charitable funds to help the disadvantaged.

2. Compassion and humanity

- The Group has implemented a ringgit to ringgit contribution by the company to its Sports and Welfare Club subscription fee. This allows for better club initiatives and encourages higher membership. The Sports Clubs undertakes sporting, recreational and charitable activities targeted towards staff. Contributions are also extended to the less fortunate throughout the year.

CALENDAR Of Events



August 2009 KLIUC Charity Run

KLIUC Charity Run was held on August 15, 2009 with the support from the Jabatan Perpaduan Negara & Integrasi Nasional and Ministry of Higher Education. The run was organised to promote a healthy lifestyle, and to cultivate national unity in conjunction with the Malaysia's National Day. About 900 participants were involved in the run.



September 2009 Iftar Perdana

In observing the holy month of Ramadhan, Protasco Berhad and KLIUC held their annual *Buka Puasa* gathering with a group of orphans. This year, the orphans from Rumah Anak-Anak Yatim Dengkil were invited. They were also presented with a new suit of *Baju Melayu* each, completed with new *songkok* and shoes as well as some *duit raya*. The event that was held on the 13th day of Ramadhan received more than 200 guests including those from different religious beliefs.



November 2009 New Road Technology Briefing for Foreign Delegates

On November 6, 2009, both HCM Engineering Sdn Bhd and Roadcare (M) Sdn Bhd organised a briefing for the delegates under the Malaysian Technical Cooperation Programme (MTCP)-Professional Services Development Corporation (PSDC) 2009 Group D : Highways. The delegates comprised senior officials representing various government agencies from countries such as Algeria, Bangladesh, Cambodia, Kenya, Laos, Nigeria, Pakistan, Uganda and Vietnam. This event was hosted by Roadcare (M) Sdn Bhd with the presence of representatives from KPS-HCM Sdn Bhd.



November 2009 Core Values Appreciation Lunch

The Core Values Appreciation lunch was organised as an appreciation gesture by the company to the staff of Kumpulan Ikram and Protasco Trading Sdn Bhd, particularly those who had served the company for more than 10 years. The event was jointly coordinated by the Core Values Committee and the Kumpulan Ikram Sports Club (KSKKI).

CALENDAR Of Events (cont'd)



February 2010 Protasco Tenpin Bowling Masters 2010

On February 27 – 28, 2010, Protasco Berhad had its first Tenpin Bowling Masters 2010 in Kuala Lumpur. This recreational activity was organised by the Group's sports clubs. Participation from staff made the event one of the best showcase of organisation unity.



February 2010 The Ikram Green Campaign

On February, 1, 2010, Kumpulan Ikram's Centre for Sustainability and Green Technology unveiled the Group's initiative to become a more responsible corporate citizen via a green campaign which mapped the company's plans to become more environmental conscious. Some of the initial activities to be carried out immediately include recycling of all reusable products, the banning of plastic water bottles in all corporate events and increasing efforts to conserve energy and water.



February 2010 KLIUC's International Cultural Night

The international students of KLIUC organised a Cultural Night on 24 February 2010 to create a sense of unity amongst the multi-national students of the University. It was graced by the Deputy Minister of Higher Education, YBhg Dato' Saifuddin Abdullah and wife, as well as other foreign dignitaries. Among the performances showcased that night include those from Maldives, Yemen, China, Sudan, Fiji and Nigeria.

Audit Committee Report

MEMBERSHIP AND MEETINGS

The Audit Committee comprises the following members:

Datin Normah binti Kassim

Chairperson (Independent Non-Executive Director)

Datin Azliza binti Ahmad Tajuddin

Member (Independent Non-Executive Director)

Benny Soh Seow Leng

Member (Independent Non-Executive Director)

The Audit Committee held five (5) meetings during the financial year ended 31 December 2009. The meetings were attended by all members.

SUMMARY OF ACTIVITIES

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

- (i) Discuss the appointment of external auditors and their audit fees, the nature and scope of the audit, the audit plan and ensure co-ordination where more than one audit firm is involved;
- (ii) Review the adequacy of the scope, functions, competency and resources of the Internal Audit Department and that it has the necessary authority to carry out its work;
- (iii) Review and discuss the major issues raised in the internal audit reports, audit recommendations, management's response and actions taken to strengthen internal control system;
- (iv) Review the quarterly results and annual financial statements of the Group and its subsidiaries prior to approval by the Board of Directors, focusing particularly on unusual events and compliance with accounting standards and other regulatory requirements;
- (v) Review any related party transactions and conflict of interest situation that may arise within the Group and to ensure that such transactions are undertaken at arm's length, on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company; and
- (vi) Consider other issues as defined by the Board.

INTERNAL AUDIT FUNCTION

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

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

Audit Committee Report (cont'd)

The Internal Audit Department also conducts special audits and investigations on an ad-hoc basis as requested by either the Audit Committee or Senior Management. Total costs incurred by the Department for the financial year ended 31 December 2009 were approximately RM237,000.

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

TERMS OF REFERENCE

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

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

Audit Committee Report (cont'd)

AUDIT COMMITTEE CHARTER

1. Composition

- 1.1 The Audit Committee shall comprise at least three Directors, all the Audit Committee members must be Non-Executive Directors, with a majority of them being Independent Directors. There shall be at least one member who is:
- (a) a member of the Malaysian Institute of Accountants, or
 - (b) otherwise, he shall have at least 3 years' working experience and
 - (i) he shall have passed the examinations specified in Part 1 of the First Schedule of the Accountants Act 1967; or
 - (ii) he shall be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
 - (c)
 - (i) a degree/masters/doctorate in accounting or finance and at least 3 years' post qualification experience in accounting or finance; or
 - (ii) at least 7 years' experience being a Chief Financial Officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.
 - (d) fulfils such other requirements as prescribed or approved by the Exchange.
- 1.2 The members of the Audit Committee shall elect a Chairman from among their numbers who shall be an Independent Director.
- 1.3 No alternate Director shall be appointed as a member of the Audit Committee.
- 1.4 Any vacancy in the Audit Committee resulting in the non-compliance of the above shall be filled within three months.

2. Authority

The Audit Committee shall:

- 2.1 have the authority to investigate any activity of the Group within its terms of reference;
- 2.2 have resources which are required to perform its duties;
- 2.3 have full and unrestricted access to the Group's information;
- 2.4 have direct communication channels with the external auditors, internal auditors and all employees of the Group;
- 2.5 be able to obtain independent professional advice; and
- 2.6 be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

Audit Committee Report (cont'd)

3. Responsibility

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

4. Meetings

4.1 Frequency

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

4.2 Quorum and Attendance

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

4.3 Secretary

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

4.4 Minutes

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

4.5 Specific Duties

The Audit Committee is to:

- 4.5.1 Review with the Company's management, external auditors and the internal auditor, the Company's general policies and procedures to reasonably assure the adequacy of internal accounting and financial reporting controls.
- 4.5.2 Make all necessary enquiries of management and the external auditors concerning established standards of corporate conduct and performance, and deviations therefrom.
- 4.5.3 Review the scope of audit and general extent of the external auditors' examination, including their engagement letter.
- 4.5.4 Review with management and the external auditors upon completion of their audit, financial results for the year prior to the release to the public. This review is to encompass:
 - (i) significant transactions not forming a normal part of the Company's operations;
 - (ii) changes, if any, during the year in the Company's accounting principles or their application; and
 - (iii) significant adjustments proposed by the external auditors.

Audit Committee Report (cont'd)

- 4.5.5 Evaluate the cooperation received by the external auditors during their examination, including their access to all requested records, data and information. Also, elicit the comments of management regarding the responsiveness of the external auditors to the Company's needs. Enquire the external auditors whether there have been any disagreements with management, which if not satisfactorily resolved would have caused them to issue a non-standard report on the Company's financial statements.
- 4.5.6 Discuss with the external auditors any relevant recommendations, which the external auditors may have, especially those in their letter of comments and recommendations. Topics to be considered during this discussion include improving internal financial controls, the selection of accounting principles, and management reporting systems. Review written responses of management to the letter of comments and recommendations from the external auditors.
- 4.5.7 Review the scope and results of the internal audit procedures and discuss with the Company's management the remedial actions taken on the areas that need improvement.
- 4.5.8 Apprise the Board of Directors, through minutes and special presentations as necessary, of significant developments in the course of performing the above duties.
- 4.5.9 Recommend to the Board of Directors the retention or non-retention of the external auditors.

4.6 Audit Committee Report

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

- 4.6.1 The composition of the Audit Committee, including the name, designation (indicating the chairman) and directorship of the members (indicating whether the Directors are independent or otherwise).
- 4.6.2 The terms of reference of the Audit Committee.
- 4.6.3 The number of Audit Committee meetings held during the financial year and details of attendance of each Audit Committee member.
- 4.6.4 A summary of the activities of the Audit Committee in the discharge of its functions and duties for that financial year of the Company.
- 4.6.5 A summary of the activities of the internal audit function or activity.

5. Review of the Audit Committee

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

Statement on Corporate Governance

COMPLIANCE WITH THE CODE

The Company's Board of Directors (Board) believes that it has complied with the principles, requirements, and best practices specified in the Malaysian Code on Corporate Governance. It regards corporate governance as a growing worldwide development which can be suitably adapted in the local context, bringing checks and balances with direct and indirect benefits to the Company, its investors and other stakeholders.

BOARD OF DIRECTORS

Roles and Responsibilities of the Board

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

The Board

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

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

Composition of the Board and Board Balance

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

There is a balance in the Board with the presence of five (5) Independent Directors in the eight (8) member Board with the necessary skills and experience. Please refer to their profiles on page 7 - 9 of this Annual Report. All the Independent Directors have neither business nor other relationships that could significantly interfere with the exercise of their independent judgments.

Training

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

Board Meetings

During the year under review, five (5) Board Meetings were held. Except for Dato' Dr Norraesah Binti Haji Mohamad who had attended four (4) out of five (5) meetings, and Dato' Mohd Ibrahim Bin Mohd Nor and Tan Sri Datuk Dr Hadenan Bin A. Jalil who were appointed on November 23, 2009 and April 28, 2010 respectively, the other Directors had attended all the Board Meetings held.

Statement on Corporate Governance (cont'd)

Supply of Access to Information and Advice

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

Appointments & Re-Election of Directors

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

Directors' Remuneration

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

Details of the Directors' Remuneration for the financial year ended 31 December 2009 are stipulated in the Financial Statements as set out on pages 83 and 84 of the Annual Report.

REACHING OUT TO SHAREHOLDERS AND INVESTORS

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

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

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

Contact person :

Marina Jaal, General Manager, Corporate Communications

Tel: 03-8738 3282 Fax : 03-8926 4008 Email : ccd@protasco.com.my

The Annual General Meeting (AGM)

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

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

Statement on Corporate Governance (cont'd)

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors are required by the Companies Act, 1965 to ensure that financial statements prepared for each financial year give a true and fair view of the state of affairs of the Company and the Group. The Directors deliberate on financial statements and ensure that the Group has used appropriate accounting policies, supported by reasonable and prudent judgment and estimates. The Audit Committee assists the Board by scrutinising the information to be disclosed. The Group's financial statements are presented in pages 38 - 96 of this Annual Report.

Relationship with the Auditors

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

Internal Control

The Board acknowledges their responsibility for the Group's system of internal controls and reviews its effectiveness regularly via the Internal Audit Department which provides support to the Audit Committee in dispensing its responsibilities with respect to the adequacy and integrity of the system of internal control within the Group. A statement on Internal Control outlining the internal controls within the Group is presented on page 26 of this Annual Report.

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

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

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

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

GOING CONCERN STATEMENT

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

Statement on Internal Control

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

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

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

- Well-defined lines of responsibilities for the Board, management and each operating unit within the Group. The authority limits and operational system are subject to periodic review to ensure reliability and consistency in the Group;
- Each operating unit undertakes business planning and budgeting process each year to establish goals and targets against which performance is monitored on an ongoing basis. The Group's quarterly financial performance against budget is also presented to the Board for review and approval;
- Internal Audit Department performs periodic audits based on the Audit Plan approved by the Audit Committee to ascertain the effectiveness of the internal control system, recommend any areas for further improvement and subsequently monitors the implementation of its recommendations; and
- Employees are regularly sent for training in areas relevant to their work to ensure that they are technically sound and competent to discharge their duties effectively.

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

Other Compliance Information

1. Share Buy-back

The Company had at its Eighth (8th) Annual General Meeting held on 25 June 2009 obtained approval of the shareholders in relation to the Share Buy-back authority, whereby the Directors are authorised to purchase and/or hold at any point in time up to ten percent (10%) of the issued and paid share capital of the Company for the time being quoted on the Bursa Malaysia Securities Berhad.

For the financial year ended 31 December 2009, the Company purchased a total of 2,000 shares, all of which are retained as treasury shares. None of the shares purchased has been sold or cancelled. Details of the shares repurchased are set out below:

Monthly Breakdown	No. of Ordinary Shares	Buy-back Price Per Share (RM)		Average Cost Per Share RM	Total Cost RM
		Lowest	Highest		
March	1,000	0.560	0.560	0.560	560.00
September	1,000	0.900	0.900	0.900	900.00
TOTAL	2,000				1,460.00

2. American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programmes

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

3. Imposition of Sanctions and/or Penalties

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

4. Non-audit Fees

The amount of non-audit fees paid to the external auditors by the Group for the financial year ended 31 December 2009 amounted to RM51,110.

5. Variation in Results for the Financial Year

There was no deviation of 10% or more between the profit after tax and minority interest (PATAMI) stated in the announced unaudited results and the audited financial statements accounts of the Group for the financial year ended 31 December 2009.

6. Profit Guarantees

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

7. Material Contracts

Other than as disclosed in Note 47 of the Financial Statements and the Circular to Shareholders dated 31 May 2010, there is no material contracts entered into by the Company or its subsidiaries involving Directors' and major shareholders' interests since the end of previous financial year.

Other Compliance Information (cont'd)

8. Options, Warrants or Convertible Securities

The Company did not issue any options, warrants or convertible securities during the financial year ended 31 December 2009.

9. Revaluation Policy of Landed Properties

Protasco Group does not adopt a policy of regular revaluation.

10. Recurrent Related Party Transactions of a Revenue Nature or Trading Nature

The Company will be seeking a mandate from the shareholders to enter into recurrent related party transactions of revenue or trading nature at the forthcoming AGM of the Company. Details of the Recurrent Related Party Transactions are set out below and in the Circular to Shareholders dated 31 May 2010.

Transaction Parties	Relationship	Nature of Transactions	Name of Companies	Amount Transacted during the Financial Year (RM'000)
C&H Engineering Consultants Sdn Bhd	Both Dato' Hasnur Rabiain Ismail and Dato' Chong Ket Pen are Directors and major shareholders of C&H Engineering Consultants Sdn Bhd	Provision of consultancy services for engineering work	Ikram Education Sdn Bhd	6
C&H Engineering Consultants Sdn Bhd	Both Dato' Hasnur Rabiain Ismail and Dato' Chong Ket Pen are Directors and major shareholders of C&H Engineering Consultants Sdn Bhd	Receipt of consultancy services	Ikram Structure Assessment Sdn Bhd	224
C&H Engineering Consultants Sdn Bhd	Both Dato' Hasnur Rabiain Ismail and Dato' Chong Ket Pen are Directors and major shareholders of C&H Engineering Consultants Sdn Bhd	Provision of site investigation and other related services	Ikram Engineering Services Sdn Bhd	168
C&H Engineering Consultants Sdn Bhd	Both Dato' Hasnur Rabiain Ismail and Dato' Chong Ket Pen are Directors and major shareholders of C&H Engineering Consultants Sdn Bhd	Provision of staff training	Ikram Latihan Sdn Bhd	4
Lee Lai Yin	Lee Lai Yin is the spouse of Tan Heng Kui, a Director of Kumpulan Ikram (Sabah) Sdn Bhd	Rental of office	Kumpulan Ikram (Sabah) Sdn Bhd	30



FINANCIAL STATEMENTS

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Directors' Report

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2009.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	The Group RM'000	The Company RM'000
Profit after taxation for the financial year	64,679	24,763
Attributable to:		
Equity holders of the Company	43,196	24,763
Minority interests	21,483	-
	64,679	24,763

DIVIDENDS

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

- (a) an interim dividend of 4.05 sen per ordinary share less 26% tax amounting to RM8,900,021 in respect of the financial year ended 31 December 2008; and
- (b) a final single tier dividend of 4 sen per ordinary share amounting to RM11,866,848 in respect of the previous financial year as proposed in the directors' report of that financial year.

The Company declared a single tier interim dividend of 4 sen per ordinary share amounting to RM11,866,768 in respect of the current financial year.

At the forthcoming Annual General Meeting, the directors recommend a final single tier dividend of 5 sen per ordinary share in respect of the financial year ended 31 December 2009 amounting to approximately RM14,833,460 computed based on the issued and paid-up capital as at 31 December 2009 of 296,669,200 ordinary shares of RM0.50 each to be paid to shareholders whose names appear in the Record of Depositors on 30 June 2010. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for as a liability in the next financial year ending 31 December 2010.

RESERVES AND PROVISIONS

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

Directors' Report (cont'd)

ISSUES OF SHARES AND DEBENTURES

During the financial year,

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

TREASURY SHARES

During the financial year, the Company purchased 2,000 (2008 - 1,787,800) of its issued ordinary shares from the open market at prices ranging from RM0.56 to RM0.90 (2008 - RM0.60 to RM0.98) per share. The total consideration paid for the purchase including transaction costs was RM1,460 (2008 - RM1,510,650). The shares purchased were retained as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965 and presented as a deduction from shareholders' equity.

As at 31 December 2009, the Company held as treasury shares a total of 3,330,800 (2008 - 3,328,800) of its 300,000,000 (2008 - 300,000,000) issued ordinary shares. The treasury shares are held at a carrying amount of RM2,829,356 (2008 - RM2,827,896) and further relevant details are disclosed in Note 25 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

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

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their values as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

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

VALUATION METHODS

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

Directors' Report (cont'd)

CONTINGENT AND OTHER LIABILITIES

The contingent liabilities are disclosed in Note 46 to the financial statements. At the date of this report, there does not exist:-

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

DIRECTORS

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

TAN SRI DATUK DR. HADENAN BIN A. JALIL (Appointed on 28.4.2010)
DATO' HASNUR RABIAIN BIN ISMAIL
DATO' CHONG KET PEN
DATO' MOHD IBRAHIM BIN MOHD NOR (Appointed on 23.11.2009)
DATO' DR. NORRAESAH BINTI HJ. MOHAMAD
DATIN NORMAH BINTI KASSIM
DATIN AZLIZA BINTI AHMAD TAJUDDIN
BENNY SOH SEOW LENG

Directors' Report (cont'd)

DIRECTORS' INTERESTS

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

	NUMBER OF ORDINARY SHARES OF RM0.50 EACH			
	AT 1.1.2009	BOUGHT	SOLD	AT 31.12.2009
<i>DIRECT INTERESTS</i>				
DATO' HASNUR RABIAIN BIN ISMAIL	39,139,193	5,484,949	-	44,624,142
DATO' CHONG KET PEN	39,724,693	5,465,449	-	45,190,142
DATIN AZLIZA BINTI AHMAD TAJUDDIN	149,500	-	-	149,500
DATIN NORMAH BINTI KASSIM	90,000	-	-	90,000
BENNY SOH SEOW LENG	150,000	-	(20,000)	130,000
<i>INDIRECT INTERESTS</i>				
DATO' HASNUR RABIAIN BIN ISMAIL	52,474,720	6,567,727	(22,964,074)	36,078,373
DATO' CHONG KET PEN	23,524,074	79,000	(22,964,074)	639,000

By virtue of their interests in the Company, Dato' Hasnur Rabiain Bin Ismail and Dato' Chong Ket Pen are deemed to have interests in shares in the subsidiaries to the extent of the Company's interest, in accordance with Section 6A of the Companies Act, 1965.

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 47 to the financial statements.

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events of the Group and of the Company during the financial year are disclosed in Note 48 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

The significant events of the Group and of the Company subsequent to the financial year are disclosed in Note 49 to the financial statements.

Directors' Report (cont'd)

AUDITORS

The auditors, Messrs. Crowe Horwath (formerly known as Messrs. Horwath), have expressed their willingness to continue in office.

**SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 28 APRIL 2010**

Dato' Hasnur Rabiain Bin Ismail

Dato' Chong Ket Pen

Statement By Directors

We, Dato' Hasnur Rabiain Bin Ismail and Dato' Chong Ket Pen, being two of the directors of Protasco Berhad, state that, in the opinion of the directors, the financial statements set out on pages 38 to 96 are drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2009 and of their results and cash flows for the financial year ended on that date.

**SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 28 APRIL 2010**

Dato' Hasnur Rabiain Bin Ismail

Dato' Chong Ket Pen

Statutory Declaration

I, Sofia Binti Zakaria, being the officer primarily responsible for the financial management of Protasco Berhad, do solemnly and sincerely declare that the financial statements set out on pages 38 to 96 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
Sofia Binti Zakaria,
at Kuala Lumpur in the Federal Territory on this 28 April 2010

Sofia Binti Zakaria

Before me
Mohd Radzi Bin Yasin (W-327)
No: 86, Tingkat Bawah
Jalan Putra
50350 Kuala Lumpur

Independent Auditors' Report To The Members Of Protasco Berhad

We have audited the financial statements of Protasco Berhad, which comprise the balance sheets as at 31 December 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 38 to 96.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

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 whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2009 and of their financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.

Independent Auditors' Report To The Members Of Protasco Berhad (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 those purposes.
- (d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

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

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

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

Kuala Lumpur

28 April 2010

Balance Sheets

At 31 December 2009

	NOTE	THE GROUP		THE COMPANY	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
ASSETS					
NON-CURRENT ASSETS					
Investment in subsidiaries	6	-	-	129,429	129,429
Investment in associates	7	4,856	3,370	-	-
Property, plant and equipment	8	192,562	186,073	-	-
Prepaid land lease payments	9	4,745	4,756	-	-
Land held for property development	10	3,078	2,456	-	-
Development costs	11	1,650	2,090	-	-
Long-term investments	12	2,629	2,483	-	-
Deferred tax asset	13	47	31	-	-
		209,567	201,259	129,429	129,429
CURRENT ASSETS					
Inventories	14	5,394	5,011	-	-
Property development costs	15	905	1,591	-	-
Amount owing by contract customers	16	28,206	25,828	-	-
Trade receivables	17	191,234	227,432	-	-
Other receivables	18	31,584	24,559	6	5
Amount owing by subsidiaries	19	-	-	73,448	68,848
Amount owing by associates	20	13,888	6,517	-	-
Tax recoverable		11,985	9,558	-	-
Short-term investments	21	21,407	20,442	-	-
Deposits with licensed banks	22	94,298	55,902	799	1,482
Cash and bank balances	23	70,489	35,593	71	61
		469,390	412,433	74,324	70,396
TOTAL ASSETS		678,957	613,692	203,753	199,825

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

Balance Sheets

At 31 December 2009 (cont'd)

	NOTE	THE GROUP		THE COMPANY	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	24	150,000	150,000	150,000	150,000
Treasury shares	25	(2,829)	(2,828)	(2,829)	(2,828)
Share premium		43,531	43,531	43,531	43,531
Foreign exchange translation reserve	26	285	396	-	-
Capital reserve	27	8,600	-	-	-
Retained profits/(Accumulated loss)	28	149,696	139,634	108	(121)
		<hr/>			
SHAREHOLDERS' EQUITY		349,283	330,733	190,810	190,582
MINORITY INTEREST		42,466	38,547	-	-
		<hr/>			
TOTAL EQUITY		391,749	369,280	190,810	190,582
		<hr/>			
NON-CURRENT LIABILITIES					
Deferred tax liabilities	29	10,123	6,845	-	-
Long-term borrowing	30	3,453	1,923	-	-
		13,576	8,768	-	-
CURRENT LIABILITIES					
Trade payables	32	184,436	154,292	-	-
Other payables	33	39,512	31,601	826	93
Amount owing to subsidiaries	19	-	-	250	250
Dividend payable		11,867	8,900	11,867	8,900
Provision for taxation		5,609	5,996	-	-
Short-term borrowings	34	31,112	33,132	-	-
Bank overdrafts	35	1,096	1,723	-	-
		273,632	235,644	12,943	9,243
		<hr/>			
TOTAL LIABILITIES		287,208	244,412	12,943	9,243
		<hr/>			
TOTAL EQUITY AND LIABILITIES		678,957	613,692	203,753	199,825
		<hr/>			

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

Income Statements

For The Financial Ended 31 December 2009

	NOTE	THE GROUP		THE COMPANY	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
REVENUE	36	679,438	629,148	36,384	30,466
COST OF SALES	37	(508,412)	(474,021)	-	-
<hr/>					
GROSS PROFIT		171,026	155,127	36,384	30,466
OTHER INCOME		3,753	8,970	22	64
ADMINISTRATIVE EXPENSES		(16,233)	(27,347)	(3,110)	(2,939)
OTHER EXPENSES		(69,115)	(62,510)	-	-
<hr/>					
PROFIT FROM OPERATIONS		89,431	74,240	33,296	27,591
FINANCE COSTS		(1,606)	(1,455)	-	-
SHARE OF PROFIT IN ASSOCIATES		1,580	83	-	-
<hr/>					
PROFIT BEFORE TAXATION	38	89,405	72,868	33,296	27,591
INCOME TAX EXPENSE	40	(24,726)	(24,165)	(8,533)	(7,217)
<hr/>					
PROFIT AFTER TAXATION		64,679	48,703	24,763	20,374
<hr/>					
ATTRIBUTABLE TO:					
Equity holders of the Company		43,196	28,816	24,763	20,374
Minority interests		21,483	19,887	-	-
<hr/>					
		64,679	48,703	24,763	20,374
<hr/>					
EARNINGS PER SHARE (Sen)					
- Basic	41	14.6	9.7		
- Diluted	41	N/A	N/A		
<hr/>					

Statements Of Changes In Equity

For The Financial Year Ended 31 December 2009

NOTE	ATTRIBUTABLE TO EQUITY HOLDERS				NON-DISTRIBUTABLE			FOREIGN EXCHANGE			MINORITY INTERESTS RM'000	TOTAL EQUITY RM'000
	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	TREASURY SHARES RM'000	RETAINED PROFITS RM'000	CAPITAL RESERVE RM'000	TRANSLATION RESERVE RM'000	RESERVE RM'000	TOTAL RM'000				
THE GROUP												
At 1.1.2008	150,000	43,531	(1,317)	131,608	-	(1,557)	-	322,265	29,668	351,933		
Currency translation difference recognised directly in equity	-	-	-	-	-	1,953	-	1,953	-	1,953		
Profit after taxation for the financial year	-	-	-	28,816	-	-	-	28,816	19,887	48,703		
Treasury shares acquired	-	-	(1,511)	-	-	-	-	(1,511)	-	(1,511)		
Dividends	-	-	-	(20,790)	-	-	-	(20,790)	-	(20,790)		
Dividends paid by subsidiaries to minority interests	-	-	-	-	-	-	-	-	(11,800)	(11,800)		
Net effects of the acquisition of subsidiaries	-	-	-	-	-	-	-	-	792	792		
At 31.12.2008/1.1.2009	150,000	43,531	(2,828)	139,634	396	(111)	-	330,733	38,547	369,280		
Currency translation difference recognised directly in equity	-	-	-	-	-	(111)	-	(111)	-	(111)		
Profit after taxation for the financial year	-	-	-	43,196	-	-	-	43,196	21,483	64,679		
Capitalisation for bonus issue in a subsidiary	-	-	-	(8,600)	8,600	-	-	-	-	-		
Treasury shares acquired	-	-	(1)	-	-	-	-	(1)	-	(1)		
Dividends	-	-	-	(24,534)	-	-	-	(24,534)	-	(24,534)		
Dividends paid by subsidiaries to minority interests	-	-	-	-	-	-	-	-	(17,901)	(17,901)		
Net effects of the acquisition of subsidiaries	-	-	-	-	-	-	-	-	337	337		
At 31.12.2009	150,000	43,531	(2,829)	149,696	285	8,600	8,600	349,283	42,466	391,749		

The annexed notes form an integral part of these financial statements

Statements Of Changes In Equity

For The Financial Year Ended 31 December 2009 (cont'd)

	← ATTRIBUTABLE TO EQUITY HOLDERS →		← NON-DISTRIBUTABLE →		
	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	TREASURY SHARES RM'000	(ACCUMULATED LOSS) / RETAINED PROFIT RM'000	
THE COMPANY					
At 1.1.2008	150,000	43,531	(1,317)	295	192,509
Profit after taxation for the financial year	-	-	-	20,374	20,374
Treasury shares acquired	-	-	(1,511)	-	(1,511)
Dividends	-	-	-	(20,790)	(20,790)
	150,000	43,531	(2,828)	(121)	190,582
At 31.12.2008/1.1.2009					
Profit after taxation for the financial year	-	-	-	24,763	24,763
Treasury shares acquired	-	-	(1)	-	(1)
Dividends	-	-	-	(24,534)	(24,534)
	150,000	43,531	(2,829)	108	190,810

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

Cash Flow Statements

For The Financial Year 31 December 2009

	NOTE	THE GROUP		THE COMPANY	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
Profit before taxation		89,405	72,868	33,296	27,591
Adjustments for:-					
Amortisation of development costs		440	110	-	-
Amortisation of prepaid land lease payments		217	114	-	-
Allowance for doubtful debts		12,410	495	-	-
Allowance for foreseeable losses		810	3,582	-	-
Bad debts written off		2,052	1,544	-	-
Depreciation of property, plant and equipment		16,879	17,124	-	-
Development cost written off		-	1,353	-	-
Goodwill written off		-	264	-	-
Impairment loss on investment in associates		70	-	-	-
Interest expense		1,606	1,449	-	-
Inventories written off		667	-	-	-
Property, plant and equipment written off		-	1,188	-	-
Gain on disposal of a subsidiary		(20)	-	-	-
Gain on disposal of property, plant and equipment		(326)	(890)	-	-
Gross dividends from subsidiaries		-	-	(34,134)	(28,216)
Interest income		(1,164)	(1,285)	(18)	(60)
Writeback of allowance for doubtful debts		(257)	(37)	-	-
Share of profit in associates		(1,580)	(83)	-	-
Tax-exempt dividends received from investment in unit trusts		(466)	(644)	-	-
Unrealised exchange loss/(gain)		6	(22)	-	-
Waiver of debts		-	(6)	-	-
Operating profit before working capital changes		120,749	97,124	(856)	(685)
Increase in inventories		(1,061)	(4,577)	-	-
Decrease in property development costs		686	2,593	-	-
Increase in amount owing by contract customers		(3,188)	(12,749)	-	-
Decrease/(Increase) in trade and other receivables		16,818	(22,322)	(1)	-
Increase/(Decrease) in trade and other payables		37,289	15,482	(67)	69
Increase in amount owing by associates		(9,221)	(1,771)	-	-
CASH FROM/(FOR) OPERATIONS		162,072	73,780	(924)	(616)
Interest paid		(1,606)	(1,449)	-	-
Tax paid		(24,270)	(25,588)	-	(1)
NET CASH FROM/(FOR) OPERATING ACTIVITIES CARRIED FORWARD		136,196	46,743	(924)	(617)

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

Cash Flow Statements

For The Financial Year Ended 31 December 2009 (cont'd)

	NOTE	THE GROUP		THE COMPANY	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
NET CASH FROM/(FOR) OPERATING ACTIVITIES BROUGHT FORWARD		136,196	46,743	(924)	(617)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Acquisition of associates		-	(1,033)	-	-
Repayment from associates		-	717	-	-
Interest received		1,164	1,285	18	60
Net dividends received from subsidiaries		-	-	21,000	21,000
Net cash outflow on disposal of a subsidiary		(3)	-	-	-
Proceeds from disposal of property, plant and equipment		3,089	3,882	-	-
Proceeds from issuance of share capital of a subsidiary to minority interest		337	792	-	-
Development costs incurred		-	(2,200)	-	-
Purchase of property, plant and equipment	43	(23,402)	(22,353)	-	-
Purchase of prepaid land lease payments		(219)	(1,380)	-	-
Purchase of treasury shares		(1)	(1,511)	-	(1,511)
Purchase of unquoted investments		(146)	(1,674)	-	-
Tax-exempt dividends received from investment in unit trusts		466	644	-	-
Acquisition of marketable unit trusts		(965)	(13,141)	-	-
Repayment from subsidiaries		-	-	-	3,020
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(19,680)	(35,972)	21,018	22,569
BALANCE CARRIED FORWARD		116,516	10,771	20,094	21,952

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

Cash Flow Statements

For The Financial Year Ended 31 December 2009 (cont'd)

	NOTE	THE GROUP		THE COMPANY	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
BALANCE BROUGHT FORWARD		116,516	10,771	20,094	21,952
NET CASH FLOWS FOR FINANCING ACTIVITIES					
Dividends paid		(20,767)	(23,830)	(20,767)	(23,830)
Dividends paid to minority shareholders		(17,901)	(11,800)	-	-
Repayment of hire purchase obligations		(1,241)	(761)	-	-
(Repayment of)/Net drawdown of short-term borrowings		(2,020)	19,625	-	-
NET CASH FOR FINANCING ACTIVITIES		(41,929)	(16,766)	(20,767)	(23,830)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		74,587	(5,995)	(673)	(1,878)
FOREIGN EXCHANGE TRANSLATION DIFFERENCES		(668)	1,789	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		89,772	93,978	1,543	3,421
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	44	163,691	89,772	870	1,543

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

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009

1. GENERAL INFORMATION

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

Registered office : 312, 3rd Floor, Block C, Kelana Square,
17, Jalan SS7/26, 47301 Petaling Jaya,
Selangor Darul Ehsan.

Principal place of business : 87, Jalan Kampong Pandan,
55100 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 28 April 2010.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. FINANCIAL RISK MANAGEMENT POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its market, credit, liquidity and cash flow risks. The policies in respect of the major areas of treasury activity are as follows:

(a) Market Risk

(i) Foreign Currency Risk

The Group's exposure to foreign currency risk arises mainly from its investment in overseas subsidiaries and joint ventures that are denominated in Euro, Chinese Renminbi, Libyan Dinar and South African Rand.

The Group's foreign exchange management policy is to minimise economic and significant transactional exposures arising from currency movements.

Foreign currency risk is monitored closely and managed to an acceptable level.

(ii) Interest Rate Risk

The Group obtains financing through bank borrowings and hire purchase facilities. Its policy is to obtain the most favourable interest rates available.

Surplus funds are placed with licensed financial institutions at the most favourable interest rates.

(iii) Price Risk

The Group's principal exposure to price risks arises mainly from changes in quoted securities prices. Price risk is monitored closely and managed to an acceptable level.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009 (cont'd)

3. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from receivables. The maximum exposure to credit risks is represented by the total carrying amount of these financial assets in the balance sheet reduced by the effects of any netting arrangements with counterparties.

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

The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis.

(c) Liquidity and Cash Flow Risks

The Group's exposure to liquidity and cash flow risks arises mainly from general funding and business activities.

It practises prudent liquidity risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

4. BASIS OF PREPARATION

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

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

FRSs/IC Interpretations	Effective date
Revised FRS 1 (2010) First-time Adoption of Financial Reporting Standards	1 July 2010
Revised FRS 3 (2010) Business Combinations	1 July 2010
FRS 4 Insurance Contracts	1 January 2010
FRS 7 Financial Instruments: Disclosures	1 January 2010
FRS 8 Operating Segments	1 July 2009
Revised FRS 101 (2009) Presentation of Financial Statements	1 January 2010
Revised FRS 123 (2009) Borrowing Costs	1 January 2010
Revised FRS 127 (2010) Consolidated and Separate Financial Statements	1 July 2010

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009 (cont'd)

4. BASIS OF PREPARATION (cont'd)

FRSs/IC Interpretations	Effective date
Revised FRS 139 (2010) Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1 and FRS 127: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2011
Amendment to FRS 1: Limited Exemption from Comparative FRS7 Disclosure for First-time Adopters	1 January 2010
Amendments to FRS 2: Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 2: Scope of FRS 2 and Revised FRS 3 (2010)	1 July 2010
Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary	1 July 2010
Amendments to FRS 7, FRS 139 and IC Interpretation 9	1 January 2010
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 132: Classification of Rights Issue and the Transitional Provision In Relation To Compound Instruments	1 January 2010 /1 March 2010
Amendments to FRS 138: Consequential Amendments Arising from Revised FRS 3 (2010)	1 July 2010
IC Interpretation 9 Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10 Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions	1 January 2010
IC Interpretation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 13 Customer Loyalty Programmes	1 January 2010
IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
IC Interpretation 15 Agreements for the Construction of Real Estate	1 July 2010
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and Revised FRS 3 (2010)	1 July 2010
Annual Improvements to FRSs (2009)	1 January 2010

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009 (cont'd)

4. BASIS OF PREPARATION (cont'd)

The above FRSs, IC Interpretations and amendments are not relevant to the Group's operations except as follows:-

- (i) The revised FRS 3 (2010) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred. This revised standard will be applied prospectively and therefore there will not have any financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.
- (ii) The Group considers financial guarantee contracts entered into to be insurance arrangements and accounts for them under FRS 4. In this respect, the Group treats the guarantee contract as a contingent liability until such a time as it becomes probable that the Group will be required to make a payment under the guarantee. The adoption of FRS 4 is expected to have no material impact on the financial statements of the Group.
- (iii) The possible impacts of FRS 7 (including the subsequent amendments) and the revised FRS 139 (2010) on the financial statements upon their initial applications are not disclosed by virtue of the exemptions given in these standards.
- (iv) FRS 8 replaces FRS 114²⁰⁰⁴ Segment Reporting and requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. The adoption of this standard only impacts the form and content of disclosures presented in the financial statements of the Group. This FRS is expected to have no material impact on the financial statements of the Group upon its initial application.
- (v) The revised FRS 101 (2009) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. The adoption of this revised standard will only impact the form and content of the presentation of the Group's financial statements in the next financial year.
- (vi) The revised FRS 127 (2010) requires accounting for changes in ownership interests by the group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the minority interest to be absorbed by the minority interest instead of by the parent. The Group will apply the major changes of the revised FRS 127 (2010) prospectively and therefore there will not have any financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.
- (vii) Amendments to FRS 1 and FRS 127 remove the definition of "cost method" currently set out in FRS 127, and instead require an investor to recognise all dividend from subsidiaries, jointly controlled entities or associates as income in its separate financial statements. In addition, FRS 127 has also been amended to deal with situations where a parent reorganises its group by establishing a new entity as its new parent. Under this circumstance, the new parent shall measure the cost of its investment in the original parent at the carrying amount of its share of the equity items shown in the separate financial statements of the original parent at the reorganisation date. The amendments will be applied prospectively and therefore there will not have any financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009 (cont'd)

4. BASIS OF PREPARATION (cont'd)

- (viii) IC Interpretation 9 requires embedded derivatives to be separated from the host contract and accounted for as a derivative on the basis of the conditions that existed at the later of the date the entity first became a party to the contract. The possible impacts of IC Interpretation 9 on the financial statements upon its initial application are not disclosed by virtue of the exemptions given under the revised FRS 139 (2010).
- (ix) Amendments to IC Interpretation 9 are a consequential amendment from the revised FRS 3 (2010). These amendments are expected to have no material impact on the financial statements of the Group upon its initial application.
- (x) IC Interpretation 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and financial assets carried at cost to be reversed at a subsequent balance sheet date. This interpretation is expected to have no material impact on the financial statements of the Group upon its initial application.
- (xi) IC Interpretation 15 supersedes FRS 201²⁰⁰⁴ Property Development Activities and addresses how entities should determine whether an agreement for the construction of real estate is within the scope of FRS 111 Construction Contracts or FRS 118 Revenue and when revenue from the construction of real estate should be recognised. Currently, the Group recognises revenue on property development activities using the percentage of completion method (see note 5 (ab)). Upon adoption of this Interpretation, the Group will be required to assess whether the sale and purchase agreements entered are construction service contracts or sale of goods and whether the percentage of completion method is appropriate for some agreements whilst for others, revenue is recognised only at the point the constructed goods are delivered to the customers. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed. In particular, the directors will be considering the extent to which information is available for retrospective application.
- (xii) Annual Improvements to FRSs (2009) contain amendments to 21 accounting standards that result in accounting changes for presentation, recognition or measurement purposes and terminology or editorial amendments. These amendments are expected to have no material impact on the financial statements of the Group upon their initial application except for leasehold land where in substance a finance lease will be reclassified from 'prepaid lease payments' to 'property, plant and equipment' and measured as such retrospectively.

5. SIGNIFICANT ACCOUNTING POLICIES

(a) Critical Accounting Estimates And Judgements

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

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009 (cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Critical Accounting Estimates And Judgements (Cont'd)

(i) Depreciation of Property, Plant and Equipment

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

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

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

(ii) Income Taxes

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

(iii) Impairment of Assets

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

(iv) Construction Contracts

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

(i) Contract Revenue

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

(ii) Contract Costs

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

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009 (cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(v) *Allowance for Doubtful Debts of Receivables*

The Group makes allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debt, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for doubtful debts of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

(vi) *Allowance for Inventories*

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

(b) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instruments.

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

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

Financial instruments recognised in the balance sheet are disclosed in the individual policy statement associated with each item.

(c) Functional and Foreign Currencies

(i) *Functional and Presentation Currency*

The functional currency of each of the Group's entity is the currency of the primary economic environment in which the entity operates.

The consolidated financial statements are presented in Ringgit Malaysia ("RM") which is the parent's functional and presentation currency.

(ii) *Transactions and Balances*

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009 (cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Functional and Foreign Currencies (cont'd)

denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair values was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in profit or loss for the period. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also directly in equity.

(iii) Foreign Operations

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:-

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
- income and expenses for income statement are translated at the average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- all resulting exchange differences are recognised as a separate component of equity, as a foreign currency translation reserve. On disposal, accumulated translation differences are recognised in the consolidated income statements as part of the gain or loss on sale.

(d) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the financial year up to 31 December 2009.

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

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009 (cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Basis of Consolidation (cont'd)

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

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

Minority interests in the consolidated balance sheets consist of the minorities' share of fair values of the identifiable assets and liabilities of the acquiree as at the date of acquisition and the minorities' share of movements in the acquiree's equity.

Minority interests are presented in the consolidated balance sheet of the Group within equity, separately from the Company's equity holders, and are separately disclosed in the consolidated income statement of the Group.

(e) Goodwill on Consolidation

Goodwill on consolidation represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable net assets of the subsidiaries at the date of acquisition.

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

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

(f) Investments

(i) *Investments in Subsidiaries and Associates*

Investments in subsidiaries and associates are stated at cost in the balance sheet of the Company, and are reviewed for impairment at the end of the financial year if events or changes in circumstances indicate that their carrying values may not be recoverable.

On the disposal of the investments in subsidiaries and associates, the difference between the net disposal proceeds and the carrying amount of the investments is taken to the income statement.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009 (cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Investments (cont'd)

(ii) *Other Investments*

Other investments held on a long-term basis are stated at cost less allowance for permanent diminution in value.

On the disposal of these investments, the difference between the net disposal proceeds and the carrying amount of the investments is taken to the income statement.

(iii) *Marketable Securities*

Marketable securities are carried at lower cost and market value, determined on an aggregate basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values. Increase or decreases in the carrying amount of marketable securities are recognised in the income statement. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is recognised in profit or loss.

(g) Associates

Associates are entities in 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 not in control or joint control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes.

In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associates, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009 (cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Associates (cont'd)

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses.

On the disposal of such investments, the difference between the net disposal proceeds and their carrying amounts is included in the income statement.

(h) Property, Plant and Equipment

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

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives.

Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are as follows:-

Buildings	2%
Renovation	10% - 33.33%
Reference books, office equipment, signboard, furniture and fittings	10% - 33.33%
Motor vehicles	12.50% - 20%
Laboratory equipment, plant and machinery	12.50% - 20%

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at each balance sheet date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

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

(i) Prepaid Land Lease Payments

Leases of land under which the lessor has not transferred all the risks and benefits of ownership are classified as operating leases. Lease prepayment for land use rights is stated at cost less accumulated amortisation and impairment losses, if any. Amortisation is charged to the income statement on a straight-line basis over the lease terms.

(j) Land Held for Property Development

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

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009 (cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Property Development Costs

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

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

Where the financial outcome of a development activity cannot be reliably estimated, the property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred. Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the income statement over billings to purchasers is classified as accrued billings within trade receivables whilst the excess of billings to purchasers over revenue recognised in the income statement is classified as progress billings within trade payables.

(l) Development Costs

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

(m) Impairment of Assets

The carrying values of assets, other than those to which FRS 136 - Impairment of Assets does not apply, are reviewed at each balance sheet date for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' net selling price and their value-in-use, which is measured by reference to discounted future cash flow.

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

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

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009 (cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Assets under Hire Purchase

Plant and equipment acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 5(h) above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are allocated to the income statement over the periods of the respective hire purchase agreements.

(o) Inventories

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

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

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

(p) Amounts Owing By/To Contract Customers

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

(q) Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the balance sheet date.

(r) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(s) Provisions

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

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009 (cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(t) Income Taxes

Income taxes on the profit or loss for the financial year comprises current and deferred tax.

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

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

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

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

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

Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

(u) Interest-bearing Borrowings

Interest-bearing borrowings are recorded at the amount of proceeds received, net of transaction costs.

All borrowing costs are charged to the income statement as expenses in the period in which they are incurred.

(v) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds. Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009 (cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(w) Cash and Cash Equivalents

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

(x) Employee Benefits

(i) Short-term Benefits

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

(ii) Defined Contribution Plans

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

(y) Related Parties

A party is related to an entity if:-

- (i) directly, or indirectly through one or more intermediaries, the party:-
 - controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
 - has an interest in the entity that gives it significant influence over the entity; or
 - has joint control over the entity;
- (ii) the party is an associate of the entity;
- (iii) the party is a joint venture in which the entity is a venturer;
- (iv) the party is a member of the key management personnel of the entity or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

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

(z) Segmental Information

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of property, plant and equipment (net of accumulated depreciation, where applicable), other investments, inventories, receivables, and cash and bank balances.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009 (cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(z) Segmental Information (cont'd)

Most segment assets can be directly attributed to the segments on a reasonable basis. Segment assets do not include income tax assets, whilst segment liabilities do not include income tax liabilities and borrowings from financial institutions.

Segment revenues, expenses and results include transfers between segments. The prices charged on intersegment transactions are based on normal commercial terms. These transfers are eliminated on consolidation.

(aa) Contingent Liabilities

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

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

(ab) Revenue Recognition

(i) *Sale of Goods*

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

(ii) *Services*

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

(iii) *Education and Training Fees*

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

(iv) *Construction Contracts*

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

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

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009 (cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(v) *Property Development*

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

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

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

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

(vi) *Dividend Income*

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

(vii) *Interest Income*

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

(viii) *Management Fees*

Management fees are recognised when services are rendered.

(ix) *Rental Income*

Rental income is recognised on an accrual basis.

6. INVESTMENT IN SUBSIDIARIES

	THE COMPANY	
	2009 RM'000	2008 RM'000
Unquoted shares, at cost	129,429	129,429

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

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2009 %	2008 %	
HCM Engineering Sdn. Bhd	Malaysia	100	100	Road construction, rehabilitation and maintenance.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009 (cont'd)

6. INVESTMENT IN SUBSIDIARIES (cont'd)

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2009 %	2008 %	
Kumpulan Ikram Sdn. Bhd	Malaysia	100	100	Training, geotechnical laboratory, structural and material testing, soil investigation, research and development, listing of building materials, engineering and technical related activities and services.
Protasco Trading Sdn. Bhd.	Malaysia	100	100	Trading of construction materials and petroleum products.
Protasco Land Sdn. Bhd. *	Malaysia	100	100	Property development.
Protasco Infra Sdn. Bhd. *	Malaysia	100	100	Infrastructure and related works.

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

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2009 %	2008 %	
Roadcare (M) Sdn. Bhd. *	Malaysia	51	51	Road maintenance and rehabilitation.
HCM-TH Technologies Sdn. Bhd. *	Malaysia	70	70	Road construction and rehabilitation.
HCM Engineering- Isyoda JV Sdn. Bhd.	Malaysia	100	100	Road construction and rehabilitation.
FRM Roadworks Sdn. Bhd. *	Malaysia	51	51	Dormant.
HCM-khtisas Sdn. Bhd. *	Malaysia	60	60	Investment holding.
HCM (L) Bhd. *	FT Labuan	100	100	Renting out machines.
HCM-Molek JV Sdn. Bhd. *	Malaysia	60	60	Road construction and rehabilitation.
HCM Arabia Sdn. Bhd. *	Malaysia	60	60	Road construction and rehabilitation.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009 (cont'd)

6. INVESTMENT IN SUBSIDIARIES (cont'd)

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

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2009 %	2008 %	
KPS-HCM Sdn. Bhd. *	Malaysia	70	70	Road maintenance and rehabilitation.
Permint Granite-HCM Sdn. Bhd. *	Malaysia	70	-	Road maintenance and rehabilitation.

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

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2009 %	2008 %	
HCM Engineering (PNG) Ltd. *	Papua New Guinea	100	100	Dormant.
Global Traders Ltd. *	FT Labuan	100	100	Dormant.

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

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2009 %	2008 %	
Ikram Engineering Services Sdn. Bhd.	Malaysia	100	100	Site investigation and soil testing services.
Kumpulan Ikram (Sabah) Sdn. Bhd. *	Malaysia	60	60	Site investigation and soil testing services.
Ikram Education Sdn. Bhd. *	Malaysia	100	100	Educational services.
Ikram Latihan Sdn. Bhd. *	Malaysia	100	100	Training courses.
Ikram Structure Assessment Sdn. Bhd. *	Malaysia	100	100	Provision of structural and material testing.
Ikram QA Services Sdn. Bhd. *	Malaysia	100	100	Certification and listing of products.
Kumpulan Ikram (Sarawak) Sdn. Bhd. *	Malaysia	60	60	Site investigation and soil testing services.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009 (cont'd)

6. INVESTMENT IN SUBSIDIARIES (cont'd)

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

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2009 %	2008 %	
Ikram Paves Sdn. Bhd.	Malaysia	100	100	Provision of evaluation and testing services for road pavement.
Ikram Libyana Sdn. Bhd. *	Malaysia	60	60	Provision of structural repair and rehabilitation.

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

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2009 %	2008 %	
Ikram Skills Academy Sdn. Bhd. *	Malaysia	100	51	Provision of skills training courses.

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

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2009 %	2008 %	
Protasco Infratech (M) Sdn. Bhd. *	Malaysia	-	100	Trading in road maintenance products.
QP Industries Sdn. Bhd. *	Malaysia	100	100	Production of pavement materials.
Protasco Enterprise SA (Pty) Ltd. *	South Africa	100	100	Investment holding.
Linktel Communication Sdn. Bhd. *	Malaysia	100	100	Distributor of mobile phone/digital products.

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

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2009 %	2008 %	
Protasco Trading (Pty) Ltd. *	South Africa	100	100	Trading in building products.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009 (cont'd)

6. INVESTMENT IN SUBSIDIARIES (cont'd)

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

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2009 %	2008 %	
Protasco Land SA (Pty) Ltd. *	South Africa	70	70	Property development.

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

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2009 %	2008 %	
Hainan Protasco Engineering Co. Ltd. *	China	100	100	Maintenance and rehabilitation of roads and other infrastructure works.
Infra Builders Sdn. Bhd. *	Malaysia	100	100	Building construction.
Infra Water Sdn. Bhd. *	Malaysia	55	55	Water and waste water works.
Ximax Communications Sdn. Bhd. *	Malaysia	100	100	Investment holding.

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

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2009 %	2008 %	
Hainan Rifu Resources Co. Ltd. *	China	82	82	Provide gravel and crushed rock for construction works.

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

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009 (cont'd)

7. INVESTMENT IN ASSOCIATES

	THE GROUP	
	2009 RM'000	2008 RM'000
Unquoted shares, at cost		
At 1 January	2,516	1,483
Addition during financial year	-	1,033
At 31 December	2,516	2,516
Share of post acquisition profits	1,700	120
Foreign exchange translation reserve	10	34
	4,226	2,670
Redeemable preference shares	1,400	1,400
	5,626	4,070
Accumulated impairment losses	(770)	(700)
	4,856	3,370

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

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2009 %	2008 %	
THT-HCM JV Sdn. Bhd.	Malaysia	40	40	Road construction.
Protasco Engineering International Ltd. *	South Africa	49	49	Dormant.

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

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2009 %	2008 %	
Libyan Malaysian Company for Roads and Construction	Libya	49	49	Construction and maintenance.

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

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2009 %	2008 %	
Ximax Communications Co. Ltd.	Hong Kong	50	50	Trading of mobile phones.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009 (cont'd)

7. INVESTMENT IN ASSOCIATES (cont'd)

Details of the associate held through Ximax Communications Co. Ltd. are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2009 %	2008 %	
Ximax Communications (Shenzhen) Co. Ltd. *	China	100	100	Distributor of telecommunication products, equipment and accessories.

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

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2009 %	2008 %	
Lotus Blinds & Flooring (Pty) Ltd. #	South Africa	-	40	Manufacturing of blinds and flooring products.

- The company was wound up on 12 August 2009.

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

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

	THE GROUP	
	2009 RM'000	2008 RM'000
ASSETS AND LIABILITY		
Current assets	35,935	26,665
Non-current assets	992	1,091
Total assets	<u>36,927</u>	<u>27,756</u>
Current Liabilities	28,451	22,410
Total Liability	<u>28,451</u>	<u>22,410</u>
RESULTS		
Revenue	30,066	27,496
Profit/(Loss) for the financial year	<u>2,975</u>	<u>(1)</u>

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009 (cont'd)

8. PROPERTY, PLANT AND EQUIPMENT

THE GROUP	FREEHOLD LAND RM'000	BUILDINGS RM'000	RENOVATION RM'000	REFERENCE BOOKS, OFFICE EQUIPMENT, SIGNBOARD, FURNITURE AND FITTINGS RM'000	LABORATORY EQUIPMENT, PLANT, AND MACHINERY RM'000	MOTOR VEHICLES RM'000	TOTAL RM'000
AT COST							
At 1 January 2009	69,878	53,424	12,062	39,962	126,140	32,205	333,671
Additions	-	1,862	1,063	3,298	15,219	4,731	26,173
Disposals	-	(269)	-	(23)	(5,902)	(1,126)	(7,320)
Written off	-	-	-	(3)	-	-	(3)
Reclassification	-	-	-	(2)	2	-	-
Exchange rate differences	-	-	-	(1)	(44)	(12)	(57)
At 31 December 2009	69,878	55,017	13,125	43,231	135,415	35,798	352,464
ACCUMULATED DEPRECIATION							
At 1 January 2009	-	5,149	8,170	32,325	78,150	23,804	147,598
Charge for the financial year	-	1,073	1,017	2,487	10,477	1,825	16,879
Disposals	-	-	-	(18)	(3,555)	(984)	(4,557)
Written off	-	-	-	(3)	-	-	(3)
Reclassification	-	-	-	(1)	1	-	-
Exchange rate differences	-	-	-	-	(12)	(3)	(15)
At 31 December 2009	-	6,222	9,187	34,790	85,061	24,642	159,902
NET BOOK VALUE	69,878	48,795	3,938	8,441	50,354	11,156	192,562

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009 (cont'd)

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

THE GROUP	FREEHOLD LAND RM'000	BUILDINGS RM'000	RENOVATION RM'000	REFERENCE BOOKS, OFFICE EQUIPMENT, SIGNBOARD, FURNITURE AND FITTINGS RM'000	LABORATORY EQUIPMENT, PLANT, AND MACHINERY RM'000	MOTOR VEHICLES RM'000	TOTAL RM'000
AT COST							
At 1 January 2008	72,000	49,316	11,040	37,398	116,874	29,906	316,534
Additions	-	4,584	1,169	2,916	12,324	3,897	24,890
Disposals	(2,122)	-	(21)	(237)	(1,199)	(1,677)	(5,256)
Written off	-	-	(140)	(134)	(3,370)	-	(3,644)
Reclassifications	-	(532)	-	6	532	(6)	-
Exchange rate differences	-	56	14	13	979	85	1,147
At 31 December 2008	69,878	53,424	12,062	39,962	126,140	32,205	333,671
ACCUMULATED DEPRECIATION							
At 1 January 2008	-	4,182	7,403	29,750	69,965	23,533	134,833
Charge for the financial year	-	967	839	2,899	10,683	1,736	17,124
Disposals	-	-	(7)	(234)	(525)	(1,498)	(2,264)
Written off	-	-	(73)	(101)	(2,282)	-	(2,456)
Exchange rate differences	-	-	8	11	309	33	361
At 31 December 2008	-	5,149	8,170	32,325	78,150	23,804	147,598
NET BOOK VALUE	69,878	48,275	3,892	7,637	47,990	8,401	186,073

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009 (cont'd)

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

Certain property, plant and equipment of the Group with a total net book value of RM6,135,310 (2008 - RM3,658,991) are held under hire purchase arrangements.

Certain property, plant and equipment of the Group with a total net book value of RM105,522,870 (2008 - RM105,790,869) were pledged to financial institutions as security for credit facilities disclosed in Note 34.

9. PREPAID LAND LEASE PAYMENTS

	THE GROUP	
	2009 RM'000	2008 RM'000
At Cost:-		
Long-term leasehold land	5,135	3,755
Addition during the financial year	219	1,380
	<hr/>	<hr/>
	5,354	5,135
Accumulated amortisation	(596)	(379)
Exchange rate differences	(13)	-
	<hr/>	<hr/>
	4,745	4,756
	<hr/>	<hr/>
Accumulated amortisation:-		
At 1 January	(379)	(265)
Amortisation for the financial year	(217)	(114)
	<hr/>	<hr/>
At 31 December	(596)	(379)
	<hr/>	<hr/>

10. LAND HELD FOR PROPERTY DEVELOPMENT

	THE GROUP	
	2009 RM'000	2008 RM'000
At Cost:-		
Development expenditure		
At 1 January	2,456	3,200
Exchange rate differences	622	(744)
	<hr/>	<hr/>
At 31 December	3,078	2,456
	<hr/>	<hr/>

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009 (cont'd)

11. DEVELOPMENT COSTS

	THE GROUP	
	2009 RM'000	2008 RM'000
At Cost:-		
At 1 January	2,200	2,532
Addition during the financial year	-	2,200
Written off during the financial year	-	(2,532)
At 31 December	2,200	2,200
Accumulated amortisation:-		
At 1 January	(110)	(1,179)
Amortisation for the financial year	(440)	(110)
Written off during the financial year	-	1,179
At 31 December	(550)	(110)
Net book value at 31 December	1,650	2,090

12. LONG-TERM INVESTMENTS

	THE GROUP	
	2009 RM'000	2008 RM'000
At Cost:		
Unquoted shares	2,243	2,097
Club membership	386	386
	2,629	2,483

13. DEFERRED TAX ASSET

	THE GROUP	
	2009 RM'000	2008 RM'000
At 1 January	31	-
Recognised in income statement	16	31
	47	31

The deferred tax asset comprises:-

	THE GROUP	
	2009 RM'000	2008 RM'000
Unutilised tax losses	47	31

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009 (cont'd)

14. INVENTORIES

	THE GROUP	
	2009 RM'000	2008 RM'000
At Cost:		
Handphones, stores and spares	1,675	2,265
Quarry products	3,719	2,746
	<hr/>	<hr/>
	5,394	5,011

15. PROPERTY DEVELOPMENT COSTS

	THE GROUP	
	2009 RM'000	2008 RM'000
At 1 January	17,895	4,369
Development costs incurred during the financial year	13,369	13,526
	<hr/>	<hr/>
	31,264	17,895
Accumulated costs charged to income statement	(30,359)	(16,304)
	<hr/>	<hr/>
At 31 December	905	1,591
	<hr/>	<hr/>
Represented by:		
Development costs	46,460	17,895
Accumulated costs charged to income statement	(45,555)	(16,304)
	<hr/>	<hr/>
At 31 December	905	1,591

16. AMOUNT OWING BY CONTRACT CUSTOMERS

	THE GROUP	
	2009 RM'000	2008 RM'000
Contract costs incurred to date	286,495	160,790
Attributable profits	11,645	5,717
	<hr/>	<hr/>
	298,140	166,507
Allowance for foreseeable losses	(4,392)	(3,582)
	<hr/>	<hr/>
	293,748	162,925
Progress billings	(265,542)	(137,097)
	<hr/>	<hr/>
Amount owing by contract customers	28,206	25,828
	<hr/>	<hr/>
Contract costs recognised as an expense	108,466	98,786

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009 (cont'd)

16. AMOUNT OWING BY CONTRACT CUSTOMERS (cont'd)

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

	THE GROUP	
	2009 RM'000	2008 RM'000
Depreciation of property, plant and equipment	1,172	1,017
Hire of motor vehicles	481	286
Hire of plant and machinery	3,770	2,377
Rental expense	619	632
Staff costs	9,968	7,093

17. TRADE RECEIVABLES

	THE GROUP	
	2009 RM'000	2008 RM'000
Trade receivables	201,324	227,965
Accrued billings	5,716	3,530
	207,040	231,495
Allowance for doubtful debts	(15,806)	(4,063)
	191,234	227,432
Allowance for doubtful debts:-		
At 1 January	(4,063)	(3,605)
Addition for the financial year	(12,410)	(495)
Writeback for the financial year	257	37
Written off during the financial year	410	-
At 31 December	(15,806)	(4,063)

The trade receivables include an amount of RM560,905 (2008 - RM608,386) owing by C & H Engineering Construction Sdn. Bhd., a company in which certain directors have substantial financial interests.

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

The foreign currency exposure profile of the trade receivables at the balance sheet date was as follows:-

	THE GROUP	
	2009 RM'000	2008 RM'000
Libyan Dinar	8,119	5,647
United States Dollar	-	408
Chinese Renminbi	-	672

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009 (cont'd)

18. OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Other receivables	32,302	25,277	6	5
Allowance for doubtful debts	(718)	(718)	-	-
	<u>31,584</u>	<u>24,559</u>	<u>6</u>	<u>5</u>

The foreign currency exposure profile of the other receivables at the balance sheet date was as follows:-

	THE GROUP	
	2009 RM'000	2008 RM'000
Chinese Renminbi	1,539	1,406
Euro	290	2,672
Libyan Dinar	325	599
South African Rand	6	4

19. AMOUNTS OWING BY/(TO) SUBSIDIARIES

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

20. AMOUNT OWING BY ASSOCIATES

	THE GROUP	
	2009 RM'000	2008 RM'000
Trade balances	13,552	4,712
Non-trade balances	336	1,805
	<u>13,888</u>	<u>6,517</u>

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

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

The foreign currency exposure profile of the amount owing by the associates at the balance sheet date was as follows:-

	THE GROUP	
	2009 RM'000	2008 RM'000
Libyan Dinar	13,888	5,048
South African Rand	-	1,469

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009 (cont'd)

21. SHORT-TERM INVESTMENTS

	THE GROUP	
	2009 RM'000	2008 RM'000
Unit trusts, quoted in Malaysia, at cost	21,407	20,442
Market value of quoted unit trusts	21,407	20,442

22. DEPOSITS WITH LICENSED BANKS

Deposits with licensed banks of the Group amounting to RM13,306,891 (2008 - RM10,379,673) are pledged to banks for credit facilities granted to the subsidiaries.

The effective interest rates of deposits at the balance sheet date were as follows:-

	THE GROUP		THE COMPANY	
	2009 %	2008 %	2009 %	2008 %
	1.30 to 3.02	2.40 to 3.70	1.74	3.10

The average maturity period of the deposits as at the balance sheet date were as follows:-

	THE GROUP		THE COMPANY	
	2009 %	2008 %	2009 %	2008 %
Licensed banks (days)	1 to 365	1 to 365	1	1

During the financial year, the foreign currency exposure profile of the deposits with licensed banks at the balance sheet date was as follows:-

	THE GROUP	
	2009 RM'000	2008 RM'000
Libyan Dinar	1,384	-

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009 (cont'd)

23. CASH AND BANK BALANCES

The foreign currency exposure profile of the cash and bank balances at the balance sheet date was as follows:-

	THE GROUP	
	2009 RM'000	2008 RM'000
Chinese Renminbi	1,113	2,317
Euro	74	251
Libyan Dinar	3,945	328
Papua New Guinea Kina	7	98
South African Rand	1,051	774
United States Dollar	9	170

24. SHARE CAPITAL

	THE GROUP/THE COMPANY			
	2009 NUMBER OF SHARES '000	2008 NUMBER OF SHARES '000	2009 RM'000	2008 RM'000
ORDINARY SHARES OF RM0.50 EACH:-				
AUTHORISED	600,000	600,000	300,000	300,000
ISSUED AND FULLY PAID-UP	300,000	300,000	150,000	150,000

Of the total 300,000,000 (2008 - 300,000,000) issued and fully paid ordinary shares as at 31 December 2009, 3,330,800 (2008 - 3,328,800) were held as treasury shares by the Company. As at 31 December 2009, the number of outstanding ordinary shares in issue and fully paid net of treasury shares amounted to 296,669,200 (2008 - 296,671,200).

25. TREASURY SHARES

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

At the annual general meeting held on 25 June 2009, the shareholders of the Company approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009 (cont'd)

25. TREASURY SHARES (cont'd)

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

DATE	LOWEST	PRICE PER SHARE HIGHEST	AVERAGE	NUMBER OF SHARES	TOTAL CONSIDERATION RM'000
Balance at 1 January 2009	-	-	-	3,328,800	2,828
March 2009	0.560	0.560	0.560	1,000	0.6
September 2009	0.900	0.900	0.900	1,000	0.9
At 31 December 2009				<u>3,330,800</u>	<u>2,829</u>

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

26. FOREIGN EXCHANGE TRANSLATION RESERVE

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

27. CAPITAL RESERVE

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

The reserve is not distributable as cash dividends.

28. RETAINED PROFITS

At the balance sheet date, the Company will be able to distribute dividends out of its entire retained profits under the single tier tax system.

29. DEFERRED TAX LIABILITIES

	THE GROUP	
	2009 RM'000	2008 RM'000
At 1 January	6,845	7,616
Recognised in income statement	3,278	(771)
At 31 December	<u>10,123</u>	<u>6,845</u>

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009 (cont'd)

29. DEFERRED TAX LIABILITIES (cont'd)

Presented after appropriate offsetting as follows:-

	THE GROUP	
	2009 RM'000	2008 RM'000
Deferred tax liabilities:-		
Accelerated capital allowances	5,727	5,171
Fair value adjustment	2,471	2,471
Others	2,760	-
	<hr/>	<hr/>
At 31 December	10,958	7,642
	<hr/>	<hr/>
	10,123	6,845
	<hr/>	<hr/>

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

	THE GROUP	
	2009 RM'000	2008 RM'000
Deferred tax assets:-		
Unutilised tax losses and unabsorbed capital allowances	(199)	-
Provisions	(636)	(797)
	<hr/>	<hr/>
	(835)	(797)
	<hr/>	<hr/>
Unutilised tax losses	4,514	2,461
Unabsorbed capital allowances	607	610
	<hr/>	<hr/>
	5,121	3,071
	<hr/>	<hr/>

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

30. LONG-TERM BORROWING

	THE GROUP	
	2009 RM'000	2008 RM'000
SECURED:		
Hire purchase payables (Note 31)	3,453	1,923
	<hr/>	<hr/>

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009 (cont'd)

31. HIRE PURCHASE PAYABLES

	THE GROUP	
	2009	2008
	RM'000	RM'000
Minimum lease payments:		
- not later than one year	1,350	950
- later than one year but not later than five years	3,943	2,119
	<hr/> 5,293	<hr/> 3,069
Less: Future finance charges	(741)	(305)
Present value of hire purchase payables	<hr/> 4,552	<hr/> 2,764
The net hire purchase payables are repayable as follows:-		
- not later than one year (Note 34)	1,099	841
- later than one year but not later than five years (Note 30)	3,453	1,923
	<hr/> 4,552	<hr/> 2,764

The hire purchase payables of the Group bore effective interest rates which ranged from 2.17% to 7.21% (2008 - 2.3% to 6.2%) per annum at the balance sheet date.

32. TRADE PAYABLES

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

The foreign currency exposure profile of the trade payables at the balance sheet date was as follows:-

	THE GROUP	
	2009	2008
	RM'000	RM'000
Libyan Dinar	6,221	947

33. OTHER PAYABLES

The foreign currency exposure profile of the other payables at the balance sheet date was as follows:-

	THE GROUP	
	2009	2008
	RM'000	RM'000
Chinese Renminbi	1,664	1,381
Euro	49	33
Libyan Dinar	243	439
South African Rand	1,176	944

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009 (cont'd)

34. SHORT-TERM BORROWINGS

	THE GROUP	
	2009 RM'000	2008 RM'000
SECURED:		
Bills payable	7,357	6,635
Revolving credit	22,656	25,656
Hire purchase payables (Note 31)	1,099	841
	<u>31,112</u>	<u>33,132</u>

The weighted average effective interest rates at the balance sheet date for borrowings, excluding hire purchase payables, were as follows:

	THE GROUP	
	2009 %	2008 %
Bills payable	2.2 to 3.7	4.5
Revolving credit	4.2 to 5.4	5.6

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

- (a) a corporate guarantee of the Company; and
- (b) fixed and floating charges on certain property, plant and equipment as disclosed in Note 8.

35. BANK OVERDRAFTS

The bank overdrafts bore effective interest rates ranging from 6.8% to 7.25% (2008 - 8% to 9%) per annum at the balance sheet date and were secured by a corporate guarantee of the Company.

36. REVENUE

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Gross dividends from subsidiaries	-	-	34,134	28,216
Management fees from subsidiaries	-	-	2,250	2,250
Construction and maintenance contracts	434,985	358,465	-	-
Property development	15,784	17,551	-	-
Sale of goods	104,604	118,816	-	-
Education and training fees	40,083	54,484	-	-
Engineering services	75,549	71,679	-	-
Others	8,433	8,153	-	-
	<u>679,438</u>	<u>629,148</u>	<u>36,384</u>	<u>30,466</u>

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009 (cont'd)

37. COST OF SALES

	THE GROUP	
	2009 RM'000	2008 RM'000
Construction and maintenance contracts	350,881	270,897
Property development	13,150	6,504
Sale of goods	94,847	123,237
Education and training fees	18,361	32,644
Engineering services	30,816	38,878
Others	357	1,861
	<hr/>	<hr/>
	508,412	474,021

38. PROFIT BEFORE TAXATION

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Profit before taxation is arrived at after charging/(crediting):-				
Allowance for doubtful debts	12,410	495	-	-
Allowance for foreseeable losses	810	3,582	-	-
Amortisation of development costs	440	110	-	-
Amortisation of prepaid land lease payments	217	114	-	-
Audit fee:				
- statutory audit				
- current year	279	283	15	15
- overprovision in the previous financial year	(5)	38	-	-
- others	10	10	10	10
Bad debts written off	2,052	1,544	-	-
Depreciation of property, plant and equipment	15,707	16,107	-	-
Development cost written off	-	1,353	-	-
Directors' benefits-in-kind	70	92	-	-
Directors' fee	73	72	73	72
Directors' non-fee emoluments	1,671	1,793	1,671	1,793
Goodwill written off	-	264	-	-
Impairment loss on investment in associates	70	-	-	-
Interest expense:				
- bank overdrafts	41	93	-	-
- hire purchase	149	97	-	-
- bills payable	301	217	-	-
- revolving credit	1,115	1,042	-	-
Inventories written off	667	-	-	-
Net foreign exchange (gain)/loss:-				
- unrealised	6	(22)	-	-

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009 (cont'd)

38. PROFIT BEFORE TAXATION (cont'd)

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
- realised	(33)	(86)	-	-
Preliminary expenses	-	3	-	-
Property, plant and equipment written off	-	1,188	-	-
Rental of:				
- office premises	2,505	1,540	-	-
- plant and machinery	105	100	-	-
- motor vehicles	365	356	-	-
- office equipment	456	513	-	-
- others	54	79	-	-
Research and development expenditure	-	20	-	-
Staff costs	57,930	55,481	884	769
Gain on disposal of property, plant and equipment	(326)	(890)	-	-
Gain on disposal of a subsidiary	(20)	-	-	-
Interest income	(1,164)	(1,285)	(18)	(60)
Insurance claim received	(152)	(5,020)	-	-
Tax-exempt dividends received from investment in unit trusts	(466)	(644)	-	-
Rental income	(256)	(157)	-	-
Writeback of allowance for doubtful debts	(257)	(37)	-	-
Waiver of debts	-	(6)	-	-

39. DIRECTORS' REMUNERATION

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Directors of the Company				
Executive directors' remuneration				
- Other emoluments	1,656	1,774	1,656	1,774
Non-executive directors' remuneration				
- Fees	73	72	73	72
- Other emoluments	15	19	15	19
	88	91	88	91
Total directors' remuneration	1,744	1,865	1,744	1,865
Estimated money value benefits-in-kind	70	92	-	-
Total directors' remuneration including benefits-in-kind	1,814	1,957	1,744	1,865

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009 (cont'd)

39. DIRECTORS' REMUNERATION (cont'd)

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

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Executive:				
Salaries and emoluments	1,267	1,267	1,267	1,267
Bonus	211	317	211	317
Contributions to defined contribution plans	178	190	178	190
Estimated money value of benefits-in-kind	70	92	-	-
	<u>1,726</u>	<u>1,866</u>	<u>1,656</u>	<u>1,774</u>
Non-Executive:				
Fees	73	72	73	72
Other emoluments	15	19	15	19
	<u>1,814</u>	<u>1,957</u>	<u>1,744</u>	<u>1,865</u>

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

	NUMBER OF DIRECTORS	
	2009	2008
EXECUTIVE DIRECTORS: RM850,001 - RM900,000	<u>2</u>	<u>2</u>
NON-EXECUTIVE DIRECTORS: Below RM25,000	<u>5</u>	<u>4</u>

40. INCOME TAX EXPENSE

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Current tax expense:				
Charge for the financial year:				
- Malaysian taxation	20,285	23,958	8,533	7,217
- Overseas taxation	1,023	31	-	-
Underprovision in the previous financial year	148	947	-	-
	<u>21,456</u>	<u>24,936</u>	<u>8,533</u>	<u>7,217</u>

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009 (cont'd)

40. INCOME TAX EXPENSE (cont'd)

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Deferred tax expense Relating to origination and reversal of temporary differences	3,056	(327)	-	-
Under/(Over)provision in the previous financial year	214	(444)	-	-
	3,270	(771)	-	-
	24,726	24,165	8,533	7,217

As gazetted in the Finance Act 2009, the subsidiaries of the Company will no longer enjoy the preferential tax rate of 20% on their chargeable income of up to RM500,000 effective from year of assessment 2009 as the Company has a paid-up share capital exceeding RM2,500,000.

During the financial year, the statutory tax rate was reduced from 26% to 25% as announced in the Malaysian Budget 2008.

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

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Profit before taxation	89,405	72,868	33,296	27,591
Tax at the statutory tax rate of 25% (2008 - 26%)	22,351	18,946	8,324	7,173
Tax effects of:				
Differential in tax rates	500	(311)	-	-
Exempt income due to pioneer status	(423)	(2)	-	-
Non-deductible expenses	2,836	6,112	209	64
Non-taxable income	(1,392)	(1,685)	-	-
Utilisation of previously unrecognised deferred tax asset	(140)	(153)	-	-
Deferred tax asset not recognised during the financial year	623	758	-	-
Under/(Over)provision in the previous financial year:				
- current tax	148	947	-	-
- deferred tax	214	(444)	-	-
Others	9	(3)	-	(20)
Tax expense for the financial year	24,726	24,165	8,533	7,217

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009 (cont'd)

41. EARNINGS PER SHARE

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

	THE GROUP	
	2009	2008
Net profit for the financial year (RM'000)	43,196	28,816
Weighted average number of ordinary shares in issue ('000)	296,670	297,182
Basic earnings per share (sen)	14.6	9.7

The diluted earnings per share is not applicable as there were no potential dilutive ordinary shares outstanding at the balance sheet date.

42. DIVIDENDS

	THE COMPANY	
	2009	2008
	RM'000	RM'000
Final dividend of 5.41 sen per ordinary share less 26% tax in respect of the financial year ended 31 December 2007	-	11,890
Interim dividend of 4.05 sen per ordinary share less 26% tax in respect of the financial year ended 31 December 2008	-	8,900
Final single tier dividend of 4 sen per ordinary share in respect of the financial year ended 31 December 2008	11,867	-
Interim single tier dividend of 4 sen per ordinary share in respect of the financial year ended 31 December 2009	11,867	-
Shortfall in Section 108 tax credit to frank the dividend paid in the previous financial year	800	-
	24,534	20,790

At the forthcoming Annual General Meeting, the directors recommend a final single tier dividend of 5 sen per ordinary share in respect of the financial year ended 31 December 2009 amounting to approximately RM14,833,460 computed based on the issued and paid-up capital as at 31 December 2009 of 296,669,200 ordinary shares of RM0.50 each to be paid to shareholders whose names appear in the Record of Depositors on 30 June 2010. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for as a liability in the next financial year ending 31 December 2010.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009 (cont'd)

43. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	THE GROUP	
	2009 RM'000	2008 RM'000
Cost of property, plant and equipment purchased	26,173	24,890
Amount financed through hire purchase	(2,771)	(2,537)
Cash disbursed for purchase of property, plant and equipment	23,402	22,353

44. CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statements, cash and cash equivalents comprised the followings:-

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash and bank balances	70,489	35,593	71	61
Deposits with licensed banks	94,298	55,902	799	1,482
Bank overdrafts	(1,096)	(1,723)	-	-
	163,691	89,772	870	1,543

45. CAPITAL COMMITMENT

	THE GROUP	
	2009 RM'000	2008 RM'000
Capital expenditure:		
Approved and contracted for	1,427	8,185
Approved but not contracted for	6,381	21,524
	7,808	29,709

46. CONTINGENT LIABILITIES

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

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

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009 (cont'd)

46. CONTINGENT LIABILITIES (CONT'D)

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

The solicitors are of the opinion that the subsidiary has reasonably strong grounds against MAE's claims due to the absence of any consideration for the alleged amount owing of RM5,000,000. The amount the subsidiary has to pay, if any, would be a sum linked to the actual work done and after proof of consideration. Accordingly, based on the solicitor's advice, the directors are of the opinion that no provision was deemed necessary in the financial statements.

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Unsecured:				
(a) Guarantees given to financial institutions for credit facilities granted to subsidiaries	220,691	218,300	182,236	181,236
(b) Corporate guarantees given to suppliers for credit facilities granted to a subsidiary	29,090	27,090	29,090	27,090
(c) Guarantee given by a subsidiary to the Government of Malaysia for the repayment of advance payment received	8,700	8,700	-	-
(d) Performance guarantee extended by subsidiaries to third parties	74,341	82,778	-	-

47. RELATED PARTY DISCLOSURES

(a) Identities of related parties

The Group has a related party relationship with:-

- (i) its subsidiaries, as disclosed in Note 6 to the financial statements;
- (ii) its associates, as disclosed in Note 7 to the financial statements;
- (iii) the directors who are the key management personnel; and
- (iv) close members of the families of certain directors.

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

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009 (cont'd)

47. RELATED PARTY DISCLOSURES (CONT'D)

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

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Gross dividends from subsidiaries	-	-	(34,134)	(28,216)
Management fees from subsidiaries	-	-	(2,250)	(2,250)
Services rendered to:				
- a company owned substantially by directors of the Company	-	(39)	-	-
- an associate	(28,511)	(23,347)	-	-
Rental received from:				
- a company owned substantially by directors of the Company	(35)	(10)	-	-
Services rendered by:				
- a company owned substantially by directors of the Company	-	635	-	-
Rental payable to:				
- a company substantially owned by a director of a subsidiary	24	-	-	-
Purchases from:				
- companies substantially owned by a director of a subsidiary	1,307	-	879	-
Sub-contractor charges by:				
- companies substantially owned by a director of a subsidiary	2,872	4,728	-	-

- (c) Key management personnel compensation

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Short-term employee benefits	2,755	3,023	1,656	1,774

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009 (cont'd)

48. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

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

- (a) On 3 April 2009, HCM Engineering Sdn. Bhd., a wholly-owned subsidiary of the Company, subscribed for the increase in share capital of 2,275,000 ordinary shares of RM1 each in KPS-HCM Sdn. Bhd. for a total cash consideration of RM2,275,000 to retain the Group's equity interest of 70%.
- (b) On 6 July 2009, Protasco Trading Sdn. Bhd., a wholly-owned subsidiary of the Company, disposed of 100,000 ordinary shares of RM1 each in Protasco Infratech (M) Sdn. Bhd. for a total cash consideration of RM100,000.
- (c) On 2 December 2009, Ikram Latihan Sdn. Bhd., a wholly-owned subsidiary of Kumpulan Ikram Sdn. Bhd. acquired the remaining 49% equity representing 73,500 ordinary shares in Ikram Skills Sdn. Bhd. for a total cash consideration of RM500,000. Consequently, Ikram Skills Academy Sdn. Bhd became an indirect wholly-owned subsidiary of the Company.
- (d) On 19 May 2009, HCM Engineering Sdn. Bhd., a wholly-owned subsidiary of the Company, subscribed for 7 ordinary shares of RM1 each in Permint Granite-HCM Sdn. Bhd. ("Permint Granite"), a company incorporated in Malaysia, for a cash consideration of RM7. Consequently, Permint Granite became a 70% owned subsidiary of HCM Engineering Sdn. Bhd. Subsequently, on 9 September 2009, HCM Engineering Sdn. Bhd. additionally subscribed 524,993 ordinary shares in Permint Granite, for a cash consideration of RM524,993 to retain their equity interest of 70%.

49. SIGNIFICANT EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

- (a) On 12 January 2010, Hainan Protasco Engineering Co. Ltd., a wholly-owned subsidiary of the Protasco Infra Sdn. Bhd., disposed of its entire 51% equity interest in Hainan Topnotch Land Development Co. Ltd. for a total cash consideration of Chinese Renminbi 5.1 million.
- (b) On 2 February 2010, Kumpulan Ikram Sdn. Bhd., a wholly-owned subsidiary of the Company, subscribed for 2 ordinary shares of RM1 each in Ikram Greentech Sdn. Bhd. for a total cash consideration of RM2.00.

50. SEGMENTAL INFORMATION

(a) Business Segments

The Group is organised into four major business segments:-

- (i) *Construction Contracts*
The construction and maintenance of roads
- (ii) *Engineering Services*
The provision of site investigation and soil testing services
- (iii) *Training and Education*
The provision of training and education services
- (iv) *Trading*
The sale of construction materials and petroleum products

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

(b) Geographical Segments

No geographical segment has been presented as the assets held and consequently the income derived by the Group are mainly in Malaysia.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009 (cont'd)

50. SEGMENTAL INFORMATION (CONT'D)

2009	CONSTRUCTION CONTRACTS RM'000	ENGINEERING SERVICES RM'000	PROPERTY DEVELOPMENT RM'000	TRAINING AND EDUCATION RM'000	TRADING RM'000	OTHERS RM'000	ELIMINATIONS RM'000	CONSOLIDATION RM'000
Segment assets	376,339	191,484	19,915	43,170	27,768	3,393		662,069
Investment in associates	4,856	-	-	-	-	-		4,856
Unallocated corporate assets	6,027	3,930	130	1,829	116	-		12,032
Consolidated total assets	387,222	195,414	20,045	44,999	27,884	3,393		678,957
Segment liabilities	154,236	55,134	6,618	21,996	20,109	13,383		271,476
Unallocated corporate liabilities	10,636	4,970	102	-	24	-		15,732
Consolidated total liabilities	164,872	60,104	6,720	21,996	20,133	13,383		287,208
Capital expenditure	19,789	1,395	2	5,020	166	20		26,392
Depreciation and amortisation	12,156	2,980	24	2,116	215	45		17,536

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009 (cont'd)

50. SEGMENTAL INFORMATION (CONT'D)

2008	CONSTRUCTION CONTRACTS RM'000	ENGINEERING SERVICES RM'000	PROPERTY DEVELOPMENT RM'000	TRAINING AND EDUCATION RM'000	TRADING RM'000	OTHERS RM'000	ELIMINATIONS RM'000	CONSOLIDATION
								RM'000
ASSETS								
Segment assets	304,004	210,990	15,439	33,886	30,256	6,158		600,733
Investment in associates	3,370	-	-	-	-	-		3,370
Unallocated corporate assets								9,589
Consolidated total assets								<u>613,692</u>
LIABILITIES								
Segment liabilities	126,547	43,408	15,577	21,976	15,244	8,819		231,571
Unallocated corporate liabilities								12,841
Consolidated total liabilities								<u>244,412</u>
OTHER INFORMATION								
Capital expenditure	15,501	3,650	10	8,355	883	71		28,470
Depreciation and amortisation	12,297	3,060	30	1,709	194	59		17,349

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009 (cont'd)

51. FOREIGN EXCHANGE RATES

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

	THE GROUP	
	2009 RM	2008 RM
Australian Dollar	3.08	2.42
Chinese Renminbi	0.50	0.51
Euro	4.92	4.91
Libyan Dinar	2.73	2.78
Papua New Guinea Kina	1.27	1.27
South African Rand	0.46	0.37
United States Dollar	3.43	3.48

52. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced sale or liquidation.

The following methods and assumptions are used to estimate the fair value of each class of financial assets and liabilities of the Group and of the Company:-

(a) Investment in Associates And Other Investments

It is not practicable to determine the fair values because of the lack of quoted market prices and the assumptions used in valuation models to value these investments cannot be reasonably determined.

(b) Quoted Investments

The fair values of quoted investments are estimated based on quoted market prices for these investments.

(c) Cash and Cash Equivalents/Receivables/Payables

The carrying amounts approximated their fair values due to the relatively short-term maturity of these instruments.

(d) Hire Purchase Payables

The carrying amounts approximated the fair values of these instruments. The fair value of hire purchase payables is determined by discounting the relevant cash flows using the current interest rates at the balance sheet date.

(e) Long-term Borrowings

The carrying amounts approximated their fair values as these instruments bear interest at variable rates.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009 (cont'd)

52. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

(f) Contingent Liabilities

The nominal amount and net fair value of financial instruments not recognised in the balance sheets of the Group and of the Company are as follows:

	Note	THE GROUP		THE COMPANY	
		<u>Nominal Amount</u> RM'000	<u>Net Fair Value</u> RM'000	<u>Nominal Amount</u> RM'000	<u>Net Fair Value</u> RM'000
At 31 December 2009					
Contingent liabilities	46	332,822	-	211,326	-
At 31 December 2008					
Contingent liabilities	46	336,868	*	208,326	*

* The net fair value of the contingent liability is estimated to be minimal as the subsidiaries are expected to fulfill their obligations to repay their borrowings.

List Of Properties

No	Location	Description/ Existing Use	Age of Buildings	Tenure	Approx. Land Area sq. ft.	Net Book Value at 31.12.2009 RM'000	Date of Revaluation* / Acquisition#
1	Lot No. P.T. 2158, Mukim of Dengkil, District of Sepang, State of Selangor Darul Ehsan.	Institutional, commercial and residential	Between 1 - 27 years	Freehold	4,356 million	113,958	18.04.02*
2	Lot No. 28401 and Lot No. 28402, Mukim of Senai-Kulai, District of Johor Bahru, State of Johor Darul Takzim.	Two adjoining units of 1½-storey light industrial terraced factories	12 years	Freehold	9,558	693	18.04.02*
3	Lot Nos. 1576 and 1577, Held Under Grant, Nos. 53674 and 53675, respectively of Mukim 4, Seberang Prai Tengah, Pulau Pinang.	Two adjoining three-storey shop offices	14 years	Freehold	2,799	805	18.04.02*
4	Lot No. P.T. 172, Section 90, Town and District of Kuala Lumpur, State of Wilayah Persekutuan.	Intermediate four-storey shophouse	26 years	Leasehold 99 years expiring in 2076	1,760	761	01.03.02#
5	Lot No. P.T. 166, Section 90, Town and District of Kuala Lumpur, State of Wilayah Persekutuan.	Intermediate four-storey shophouse	26 years	Leasehold 99 years expiring in 2076	1,760	636	11.06.02#
6	Lot No. P.T. 167, Section 90, Town and District of Kuala Lumpur, State of Wilayah Persekutuan.	Intermediate four-storey shophouse	26 years	Leasehold 99 years expiring in 2076	1,760	636	11.06.02#
7	Lot No. P.T. 168, Section 90, Town and District of Kuala Lumpur, State of Wilayah Persekutuan.	Intermediate four-storey shophouse	26 years	Leasehold 99 years expiring in 2076	1,760	636	11.06.02#
8	Lot No. P.T. 169, Section 90, Town and District of Kuala Lumpur, State of Wilayah Persekutuan.	Corner lot four-storey shophouse	26 years	Leasehold 99 years expiring in 2076	2,208	891	11.06.02#
9	Country Lease No. 075356580, Sungai Tinosan, Sandakan, Sabah.	Land for future development	N/A	Leasehold 99 years expiring in 2074	291,850	664	10.03.05#
10	HS (M) 1156, Blok 7, Mukim of Dengkil, District of Sepang, State of Selangor Darul Ehsan.	Workshop	4 years	Leasehold 99 years expiring in 2080	126,300	1,758	05.08.05#
11	HS (M) 3647, Mukim of Dengkil, District of Sepang, State of Selangor Darul Ehsan.	Land	N/A	Leasehold 99 years expiring in 2091	79,100	802	25.06.08#

Analysis Of Shareholdings

As At 22 April 2010

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

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders		No. of Shareholdings		% of Shareholdings	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
1 - 99	85	0	4,079	0	0.00	0.00
100 - 1,000	561	0	503,386	0	0.17	0.00
1,001 - 10,000	2,003	24	10,113,235	136,400	3.41	0.05
10,001 - 100,000	853	18	27,076,128	774,500	9.12	0.26
100,001 - 14,833,409*	135	11	80,395,312	3,412,200	27.10	1.15
14,833,410 and above**	5	0	174,252,960	0	58.74	0.00
*** TOTAL	3,642	53	292,345,100	4,323,100	98.54	1.46

	No. of Shareholders	No. of Shareholdings	% of Shareholdings
GRAND TOTAL	3,695	296,668,200	100.00

Remarks : * Less than 5% of issued and paid-up share capital
 ** 5% and above of issued and paid-up share capital
 *** Excluding 3,331,800 treasury shares

SUBSTANTIAL SHAREHOLDERS

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

DIRECTORS' SHAREHOLDINGS

Directors	Direct Shareholdings		Indirect Shareholdings	
	No. of Shares	%	No. of Shares	%
Tan Sri Datuk Dr Hadenan bin A Jalil	-	-	-	-
Dato' Hasnur Rabiain bin Ismail	44,624,142	15.04	273,000 ⁽¹⁾	0.09
Dato' Chong Ket Pen	45,190,142	15.23	639,000 ⁽²⁾	0.22
Dato' Mohd Ibrahim bin Mohd Nor	-	-	35,805,373 ⁽³⁾	12.07
Dato' Dr Norraesah Binti Haji Mohamad	-	-	-	-
Datin Normah Binti Kassim	90,000	0.03	-	-
Datin Azliza Binti Ahmad Tajuddin	149,500	0.05	-	-
Benny Soh Seow Leng	50,000	0.02	-	-

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

List Of Top 30 Shareholders*

As At 22 April 2010

NO.	NAME	SHAREHOLDINGS	%
1.	CHONG KET PEN	39,724,693	13.39
2.	CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>BC TRUSTEE ADVISORY FOR HASNUR RABIAIN BIN ISMAIL (PB)</i>	39,158,693	13.20
3.	YAP OON NEO	36,287,028	12.23
4.	LEMBAGA TABUNG HAJI	29,844,900	10.06
5.	DREAM CRUISER SDN BHD	29,237,646	9.86
6.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>PHEIM ASSET MANAGEMENT SDN BHD FOR EMPLOYEES PROVIDENT FUND</i>	9,197,726	3.10
7.	DREAM CRUISER SDN BHD	6,567,727	2.21
8.	HASNUR RABIAIN BIN ISMAIL	5,465,449	1.84
9.	CHONG KET PEN	5,465,449	1.84
10.	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD <i>GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 2)</i>	4,010,300	1.35
11.	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD <i>GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (NON PAR 1)</i>	2,700,000	0.91
12.	LAU YEET MEI	2,175,385	0.73
13.	YAP OON NEO	1,980,622	0.67
14.	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD <i>GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LGF)</i>	1,686,100	0.57
15.	HSBC NOMINEES (TEMPATAN) SDN BHD <i>HSBC (MALAYSIA) TRUSTEE BERHAD FOR AMANAH SAHAM SARAWAK</i>	1,500,000	0.51
16.	LAU YEET MEI	1,476,758	0.50
17.	HSBC NOMINEES (TEMPATAN) SDN BHD <i>HSBC (M) TRUSTEE BHD FOR MAAKL AL-FAUZAN (5170)</i>	1,300,000	0.44
18.	FEDERLITE HOLDINGS SDN BHD	1,191,000	0.40
19.	CHANG NYOK LIAN	1,074,756	0.36
20.	MAYBAN NOMINEES (TEMPATAN) SDN BHD <i>CAPITAL DYNAMICS ASSET MANAGEMENT SDN BHD FOR KOPERASI JAYADIRI MALAYSIA BERHAD (CDAM62-250494)</i>	1,000,000	0.34

List Of Top 30 Shareholders* (cont'd)

As At 22 April 2010

NO.	NAME	SHAREHOLDINGS	%
21.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD <i>BHLB TRUSTEE BERHAD FOR PRUSMALL-CAP FUND (50139 TR01)</i>	944,800	0.32
22.	LIANG WAI MIN	900,096	0.30
23.	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD <i>GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LPF)</i>	890,000	0.30
24.	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD <i>ALLIANCE OPTIMAL INCOME FUND</i>	850,000	0.29
25.	HONG LEONG ASSURANCE BERHAD <i>AS BENEFICIAL OWNER (LIFE PAR)</i>	831,000	0.28
26.	IBRAHIM BIN WEL	744,896	0.25
27.	LOH CHAI KIAM	714,500	0.24
28.	ECML NOMINEES (ASING) SDN BHD <i>DMG & PARTNERS SECURITIES PTE LTD FOR KEEN CAPITAL INVESTMENT LTD (N2-60391) (009)</i>	714,000	0.24
29.	FAISAL BIN ABDUL RAHIM	702,508	0.24
30.	YEOH OON CHENG	683,000	0.23
	TOTAL	229,019,032	77.20

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

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Ninth Annual General Meeting of the Company will be held at Conference Hall, 1st Floor, Unipark Suria, Jalan Ikram-Uniten, 43000 Kajang, Selangor Darul Ehsan on Wednesday, 23 June 2010 at 10.00 am to transact the following businesses: -

AGENDA

As Ordinary Business :-

1. To receive the Audited Financial Statements for the financial year ended 31 December 2009 and the Reports of Directors and Auditors thereon. **(Resolution 1)**
2. To approve the payment of a single tier final net dividend of 5 sen per ordinary share for the financial year ended 31 December 2009. **(Resolution 2)**
3. To re-elect the following Directors retiring in accordance with Article 70 of the Company's Articles of Association:-

(i) Dato' Hasnur Rabiain Bin Ismail **(Resolution 3)**
(ii) Datin Normah Binti Kassim **(Resolution 4)**
4. To re-elect the following Directors retiring in accordance with Article 76 of the Company's Articles of Association:-

(i) Dato' Mohd Ibrahim Bin Mohd Nor **(Resolution 5)**
(ii) Tan Sri Datuk Dr. Hadenan Bin A. Jalil **(Resolution 6)**
5. To re-appoint Messrs Crowe Horwath [formerly known as Horwath] as Auditors of the Company and authorise the Directors to determine their remuneration. **(Resolution 7)**

As Special Business :-

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

6. ORDINARY RESOLUTION - AUTHORITY TO ISSUE SHARES

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

(Resolution 8)

7. ORDINARY RESOLUTION - PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

"THAT pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad, the Company and its subsidiaries ("PB Group") be authorised to enter into and give effect to the Recurrent Transactions with the related parties, as detailed in Part A, Section 1.3 of the Circular to Shareholders dated 31 May 2010 which are necessary for the PB Group's day-to-day operations in the ordinary course of business on terms not more favourable to the said Related Party than those generally available to the public and not detrimental to minority shareholders of the Company.

Notice Of Annual General Meeting (cont'd)

AND THAT such approval shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting ("AGM"), at which time the said authority will lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 143(1) of the Companies Act 1965 ("the Act") (but shall not extend to such extensions as may be allowed pursuant to Section 143(2) of the Act); or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first.

AND THAT the Directors be authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate for Recurrent Transactions."

(Resolution 9)

8. ORDINARY RESOLUTION - PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

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

- (a) The maximum number of shares which may be purchased by the Company shall not exceed ten per centum (10%) of the issued and paid-up ordinary share capital of the Company at any point in time;
- (b) The maximum fund to be allocated by the Company for the purpose of purchasing its shares shall not exceed the retained profits and/or share premium accounts of the Company. As at the latest financial year ended 31 December 2009, the audited retained profits and share premium account of the Company stood at RM0.108 million and RM43.531 million respectively;
- (c) The authority conferred by this resolution will be effective upon passing of this resolution and will continue in force until:
 - (i) the conclusion of the next Annual General Meeting ("AGM"), at which time the said authority will lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
 - (ii) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extensions as may be allowed pursuant to Section 143(2) of the Act); or
 - (iii) varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first;

- (d) Upon completion of the purchase(s) of the shares by the Company, the shares shall be dealt with in the following manner:
 - (i) cancel the shares so purchased;
 - (ii) retain the shares so purchased as treasury shares;
 - (iii) distribute the treasury shares as dividends to shareholders;
 - (iv) resell the treasury shares on Bursa Securities in accordance with the relevant rules of Bursa Securities; and
 - (v) any combination of the above (i), (ii), (iii) and (iv)

Notice Of Annual General Meeting (cont'd)

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

(Resolution 10)

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

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT a single tier final net dividend of 5 sen per ordinary share for the financial year ended 31 December 2009, if approved by shareholders, will be payable on 8 July, 2010 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 30 June, 2010. A Depositor shall qualify for entitlement only in respect of:-

- a. shares transferred to the Depositor's Securities Account before 4.00 p.m. on 30 June, 2010 in respect of transfers; and
- b. shares bought on Bursa Malaysia Securities Berhad on a cum-entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

KHOR HOI LING
SEOW FEI SAN
Secretaries

Petaling Jaya
31 May 2010

NOTES:

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

Resolution 8 - The Proposed Resolution 8, if passed, will give the Directors of the Company, from the date of the above Annual General Meeting, authority to issue and allot shares from the unissued capital of the Company for such purposes as the Directors may deem fit and in the interest of the Company. The authority, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

As at the date of this Notice, no new shares were issued by the Company pursuant to the authority granted to the Directors at the Eighth Annual General Meeting held on 25 June 2009 and which will lapse at the conclusion of the Ninth Annual General Meeting.

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

Resolution 9 - The proposed Resolution 9, if passed, will allow the Group to enter into Recurrent Transactions pursuant to paragraph 10.09 of the Listing Requirements. Further information on the Proposed Shareholders' Mandate for Recurrent Transactions is set out in Part A of the Circular to Shareholders dated 31 May 2010, which is despatched together with the Company's Annual Report 2009.

Resolution 10 - The proposed Resolution 10, if passed, will empower the Directors of the Company to purchase the Company's shares up to ten percent (10%) of the issued and paid-up share capital of the Company ("Proposed Share Buy-Back") by utilizing the funds allocated which shall not exceed the total retained earnings and share premium account of the Company. Further information on the Proposed Shares Buy Back is set out in Part B of the Circular to Shareholders dated 31 May 2010, which is despatched together with Company's Annual Report 2009.

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FORM OF PROXY



I/We _____
(Full Name in Capital Letters)

of _____
(Full Address)

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

of _____
(Full Address)

or failing him/her _____
(Full Name in Capital Letters)

of _____
(Full Address)

as my/our proxy to vote for my/our behalf at the Ninth Annual General Meeting of the Company to be held at Conference Hall, 1st Floor, Corporate Building, Unipark Suria, Jalan Ikram-Uniten, 43000 Kajang, Selangor Darul Ehsan on Wednesday, 23 June 2010 at 10.00 a.m. and at any adjournment thereof.

NO.	RESOLUTIONS	FOR	AGAINST
1.	To receive the Audited Financial Statements for the year ended 31 December 2009 and the Reports of the Directors and Auditors thereon.		
2.	To approve the payment of a single tier final net dividend of 5 sen per ordinary share for the financial year ended 31 December 2009.		
3.	To re-elect Dato' Hasnur Rabiain Bin Ismail as director of the Company.		
4.	To re-elect Datin Normah Binti Kassim as director of the Company.		
5.	To re-elect Dato' Mohd Ibrahim Bin Mohd Nor as director of the Company.		
6.	To re-elect Tan Sri Datuk Dr. Hadenan Bin A. Jalil as director of the Company.		
7.	To re-appoint Messrs. Crowe Horwath as auditors of the Company and to authorise the Directors to fix their remuneration.		
8.	To approve the Authority to Issue Shares.		
9.	To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a revenue nature.		
10.	To approve the Proposed Renewal of Share Buy-back Authority.		

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

Signed this _____ day of _____ 2010

Number of shares held _____

Signature of Shareholder or Common Seal

Notes:

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



PLEASE FOLD HERE

STAMP

The Company Secretaries

PROTASCO BERHAD (548078-H)
312, 3rd Floor, Block C, Kelana Square
17 Jalan SS7/26
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

PLEASE FOLD HERE

PROTASCO BERHAD

KUALA LUMPUR OFFICE

87, Jalan Kampung Pandan, 55100 Kuala Lumpur, Malaysia.

Tel : 603 9286 4050 Fax : 603 9284 8118

KAJANG OFFICE

Corporate Block,

Unipark Suria,

Jalan Ikram-Uniten,

43000 Kajang, Selangor, Malaysia.

Tel : 603 8738 3388 Fax : 603 8926 4008

www.protasco.com.my