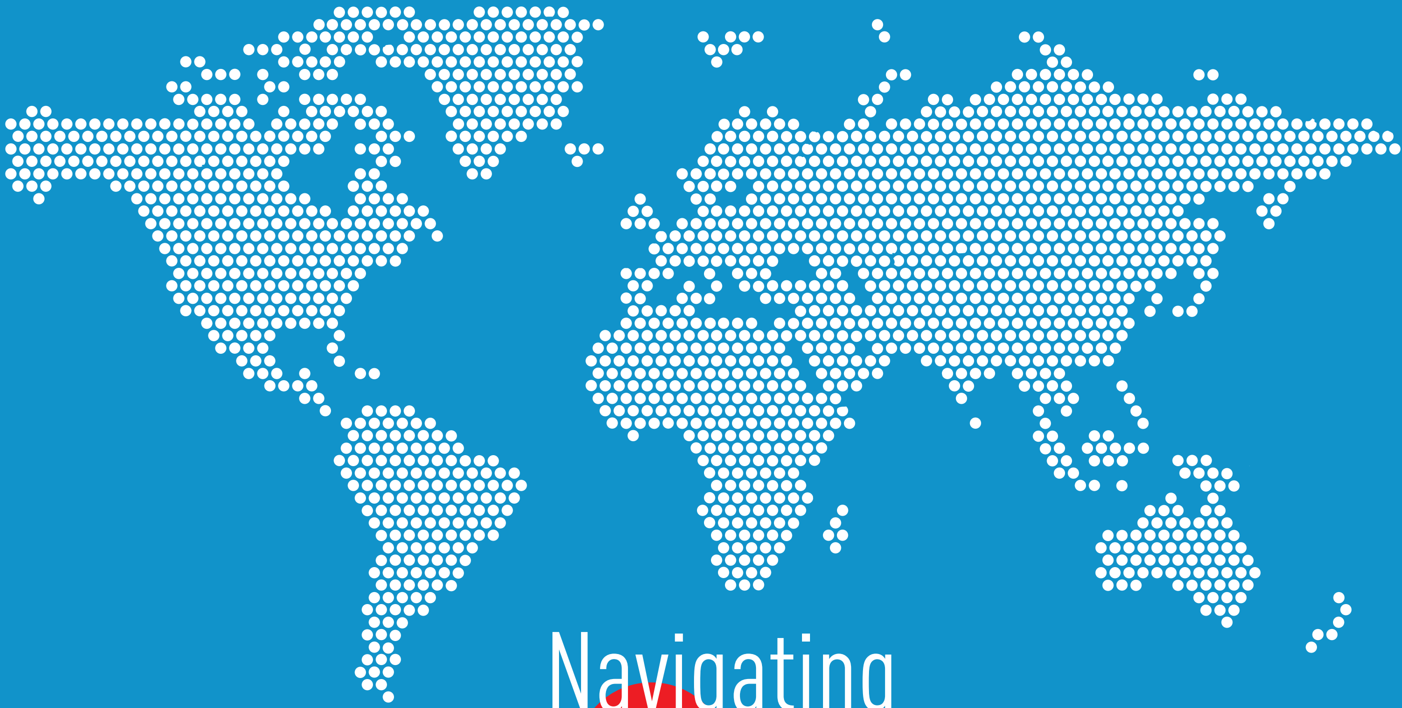
PJBUMI BERHAD

ANNUAL REPORT 2018

Navigating the Future



Navigating the Future

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Adlin bin Shaharudin
Chairman, Group Managing Director

Ahmad bin Md Daud
Independent Non-Executive Director

Nik Md Nor Suhaimi bin Nik Ibrahim
Independent Non-Executive Director

Abd Rahim Bin Embi
Independent Non-Executive Director

AUDIT COMMITTEE

Chairman
Abd Rahim Bin Embi

Members
Ahmad bin Md Daud
Nik Md Nor Suhaimi bin Nik Ibrahim

REMUNERATION COMMITTEE

Chairman
Ahmad bin Md Daud

Members
Nik Md Nor Suhaimi bin Nik Ibrahim
Abd Rahim Bin Embi

NOMINATION COMMITTEE

Chairman
Nik Md Nor Suhaimi bin Nik Ibrahim

Members
Ahmad bin Md Daud
Abd Rahim Bin Embi

COMPANY SECRETARIES

Lim Seck Wah
(MAICSA No.: 0799845)

M. Chandrasegaran A/L S. Murugasu
(MAICSA No.: 0781031)

REGISTERED OFFICE

Level 15-2, Bangunan Faber Imperial Court,
Jalan Sultan Ismail, 50250 Kuala Lumpur
Tel: 03-2692 4271 Fax: 03-2732 5388

PRINCIPAL BANKERS

CIMB Bank Berhad (13491 P)
Malayan Banking Berhad (3813 K)
Muamalat Malaysia Bank Berhad (6175 W)
Ambank (M) Berhad (8515 D)
Am Islamic Bank Berhad (295576 U)

AUDITORS

Messrs Afrizan Tarmili Khairul Azhar ("AFTAAS")
Chartered Accountants
AFTAAS, 2, Jalan Rampai Niaga 2,
Rampai Business Park, 53300 Kuala Lumpur
Tel: 03-4143 9330 Fax: 03-4142 9330

SHARE REGISTRAR

MEGA CORPORATE SERVICES SDN. BHD.
(Company No.: 187984-H)
Level 15-2, Bangunan Faber Imperial Court,
Jalan Sultan Ismail , 50250 Kuala Lumpur
Tel No. : 03-2692 4271
Fax No. : 03-2732 5388

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
STOCK CODE: PJBUMI
STOCK NUMBER: 7163

CORPORATE STRUCTURE

PJBUMI BERHAD

- **DEVELOPMENT**
  - 70% - GOLDIX RESOURCES SDN BHD
- **ENGINEERING & CONSTRUCTION**
  - 100% - PJBUMI CONSTRUCTION SDN BHD
- **COMPOSITE MANUFACTURING**
  - 100% - PJBUMI COMPOSITES SDN BHD
- **INDUSTRIAL SERVICES**
  - 100% - PJBUMI WASTE MANAGEMENT SDN BHD
    - 100% KEMUDI MAJUJAYA SDN BHD
  - 100% - PJBUMI RESOURCES SDN BHD
  - 100% - PJBUMI HEAVY ENGINEERING & SERVICES SDN BHD (formerly known as PJBUMI SERVICES SDN BHD)

PROFILES OF BOARD OF DIRECTORS

FROM LEFT TO RIGHT

Ahmad bin Md Daud - Independent Non-Executive Director

Adlin bin Shaharudin - Chairman, Group Managing Director

Nik Md Nor Suhaimi bin Nik Ibrahim -Independent Non-Executive Director

Abd Rahim Bin Embi - Independent Non-Executive Director

PROFILES OF BOARD OF DIRECTORS
(CONT'D)

ADLIN BIN SHAHARUDIN

46, Malaysian
Managing Director
Chairman of Board of Directors

He joined the Board on 18 November 2014 as the Group Managing Director. He graduated with a Bachelor of Accountancy from University of Malaya in 1997.

He started his career with KPMG Peat Marwick (Malaysia) in 1997 and later joined K&N Kenanga Berhad (presently known as Kenanga Investment Bank Berhad) in 2003. He left for Singapore in 2005 to join an asset management company based in Singapore where he was exposed to Mergers & Acquisitions and international fund raising transactions. On 30 May 2008, he was appointed to the Board of CMA I Capital Sdn Bhd, a position he holds until today. He does not belong to any Board Committee.

He does not hold any directorship in other public companies. He has deemed interest of 15,169,000 shares and 15,169,000 warrants in the Company. He has no family relationship with other directors or major shareholders of PJBumi. He has no conflict of interest with PJBumi and has no convictions of offences within the past five (5) years except for traffic offences, if any.

He had attended all the 5 Board Meetings held during the financial year.

ABD RAHIM BIN EMBI

62, Malaysian
Independent Non-Executive Director
Chairman of the Audit Committee
Member of the Nomination Committee
Member of the Remuneration Committee

He joined the Board on 18 September 2017 as an Independent Non-Executive Director.He graduated with a Master of Business Administration from University Kebangsaan Malaysia in 1995 and Bachelor of Accounting Degree in 1982. He is a member of the Malaysian Institute of Accountants ("MIA").

He has served almost thirteen years in various government agencies including Jabatan Akauntan Negara and Lembaga Kemajuan Terengganu Tengah ("KETENGAH") as an Accountant and Internal Auditor at Kementerian Pertahanan Malaysia. After leaving the government agencies, he was involved in many areas which among others was his appointment as a Board member of Indasia Security Services Sdn Bhd on 11 April 2005. Presently, he holds the position as Director / General Manager of Service in Indasia Security Services Sdn Bhd.

He does not hold any directorship in other public companies. He does not hold any shares or warrants in PJBumi Berhad and does not have any family relationship with its directors or major shareholders. He has no conflict of interest with PJBumi and has no convictions of offences within the past five (5) years except for traffic offences, if any

He had attended 4 out of 5 Board Meetings held during the financial year.

PROFILES OF BOARD OF DIRECTORS
(CONT'D)

AHMAD BIN MD DAUD

65, Malaysian
Independent Non-Executive Director
Chairman of the Remuneration Committee
Member of the Audit Committee
Member of the Nomination Committee

He joined the Board on 8 February 2013 as an Independent Non-Executive Director. He graduated with a Master in Business Administration in 2000 and Diploma in Electrical and Electronics Engineering in 1976, both from University Technology Mara (UiTM).

He started his career as Process Engineer with National Semiconductor Sdn Bhd and later joined Texas Instruments Malaysia Sdn Bhd as Process Control Engineer involved in semiconductor assembly. In January 1983, he joined Bank Pembangunan Malaysia Berhad and was posted into various positions carrying out various duties from technical evaluation, project rehabilitation, project appraisal, entrepreneurial development, branch operation to risk management. Presently, he is involved in agro based industry company. In 2004, he was bestowed with Pingat Khidmat Cemerlang Masyarakat by Yang DiPertuan Negeri Sembilan.

He does not hold any directorship in other public companies. He does not hold any shares or warrants in PJBumi Berhad and does not have any family relationship with its directors or major shareholders. He has no conflict of interest with PJBumi and has no convictions of offences within the past five (5) years except for traffic offences, if any.

He had attended all the 5 Board Meetings held during the financial year.

NIK MD NOR SUHAIMI BIN NIK IBRAHIM

62, Malaysian
Independent Non-Executive Director
Chairman of the Nomination Committee
Member of Audit Committee
Member of the Remuneration Committee

He joined the Board on 26 April 2013 as an Independent Non-Executive Director. He graduated with a Bachelor of Science majoring in Finance from Northern Illinois University Dekalb, Illinois, USA in 1982 and Diploma in Banking Studies from University Technology Mara (UiTM) in 1978.

He started his career in 1978 with Malayan Banking Berhad and later joined Maybank Investment Bank in 1991 holding various positions and thereafter moved back to Malayan Banking Berhad in 2003 and remained with the Bank until August 2012.

He does not hold any directorship in other public companies. He does not hold any shares or warrants in PJBumi Berhad and does not have any family relationship with its directors or major shareholders. He has no conflict of interest with PJBumi and has no convictions of offences within the past five (5) years except for traffic offences, if any.

He had attended all the 5 Board Meetings held during the financial year.

PROFILES OF KEY SENIOR MANAGEMENT

AMIR BIN AWANG HAMAD

59, Malaysian
Group Chief Operation Officer

He joined as the Board member of all PJBumi's wholly-owned subsidiaries since 18 November 2014. He holds a Bachelor Degree (Hons) in Business Administration from University Technology Mara, Malaysia. In January 2016, he was appointed as the Group Chief Operation Officer of PJBumi Berhad.

He has more than 25 years of experience in setting up sales operation, production operation and project management covering from retail products to construction and property development. He is responsible to manage the daily operational activities of PJBumi Group of Companies

HJ. JAMANHURI BIN SAARANI

55, Malaysian
Senior Project Manager

Hj.Jamanhuri serves as Senior Project Manager, manage all projects and/or tasks to exceed the expectations of the clients, both external and internal. He is responsible to oversee and direct construction projects from conception to completion.

He graduated with a Degree (Hons) in Civil Engineering from University of Malaya, Kuala Lumpur in 1988.

He joined the Company in August 2017 and has more than 25 years of experience in Civil Engineering works primarily involving buildings and infrastructure development.

MASIRAH BT MOHD ISA

52, Malaysian
Senior Operation Manager – Waste Management Services

Masirah serves as Senior Operation Manager – Waste Management Services, responsible to oversee overall management of the site.

She joined PJBumi Berhad in 1994. She has more than 20 years of experience in the domestic, industrial and commercial solid waste industry.

ARYATI BT AHMAD

44, Malaysian
General Manager Finance

Aryati serves as General Manager Finance, responsible to lead PJBumi Berhad's finance, audit, investor relations, compliance & ethics, Human Resources and administration and mergers & acquisitions functions.

Her academic background includes HND in Business & Finance and a degree in Business Administration & Commerce from De Montfort University, England.

She joined the Company in March 2013. She started her career in 1999 as Account Executive at Securiforce Sdn Bhd and later joined Percetakan Nasional Malaysia Berhad ("PNMB") since May 2000 for 15 years. She was posted into various positions carrying out various duties in Finance & Account division including Account Receivables, Account Payables, Treasury and costing. Her last position in PNMB was as a Corporate Planning & Finance Manager.

AZRUL BIN SHAHARUDIN

44, Malaysian
Senior Manager Project Management

Azrul serves as Senior Manager Project Management, responsible to provide overall Project Management of the PMC team to ensure that services are provided and performed in accordance with the defined requirements by the end client.

He joined the Company in February 2017 and has more than 15 years of experience in diverse project management background, encompassing industries from Construction of infrastructure and residential, Oil & Gas Assets, Shipbuilding and Manufacturing Facilities.

MESSAGE TO SHAREHOLDERS

DEAR VALUED SHAREHOLDERS,

Global economic growth in 2018 was slightly subdued showing deflationary pressures toward end of the year. While the smooth transition of power in the ruling government following the 14th General Election initially provided comfort to investors and financial markets, subsequent announcements of policy reviews and reforms invariably inject uncertainty at a time when emerging markets are under pressure from fund outflows and rising US dollar while global trade tensions are at elevated levels. At present, Bank Negara is forecasting the Malaysian economy to sustain at a slow pace of 4.6% for 2019 as compared with 4.7% in 2018. A feeling of uncertainty continues to loom over the industry.

ADLIN BIN SHAHARUDIN (CHAIRMAN/GROUP MANAGING DIRECTOR)

The year 2018 has indeed been another challenging year for us as we faced hurdles in both the domestic and global economic arena that impacted the Group's overall performance. The Group faced some major challenges included intense competition within a limited number of tenders in the market due to unfavourable market and economic conditions in Malaysia, unsecured clients and stiff competition from local engineering and construction industry players, the fluctuating price of raw materials resulting from the performance of a volatile Malaysian Ringgit and other fluctuating costs.

In addressing these challenges, we proactively implemented a comprehensive range of internal and external efficiency and cost management initiatives which enabled us to continue to deliver value to our customers.

On this note, on behalf of the Board of Directors, it gives me great pleasure to present the Annual Report of PJBumi Berhad ('PJBUMI' or 'the Group') on behalf of the Board of Directors ('Board') for the financial year ended 31 December 2018 ('FY2018').

REVIEW OF BUSINESS PERFORMANCE

As a reflection of volatile market conditions, the Group's generated a total turnover of RM5.03 million during the financial year ended 2018. The Group manage to record a slight profit before tax during the year of RM0.042 million against the previous year loss before tax of RM4.166 million.

RM5.03 MILLION
TOTAL TURNOVER

As at 31 December 2018, PJBUMI net assets per share stood at RM0.27. Moving forward the Group expects the operating environment to be challenging with the balance of its order book at just RM117 million. As such, we will continue to seek for infrastructure projects, services job and waste management services in to replenish our order book.

BUSINESS OUTLOOK

Despite the prevalent micro and macro uncertainties, the Group remains vigilant in monitoring and controlling costs to ensure the profitability of existing projects. The next few years will continue to be tough as jobs are expected to remain scarce. Nonetheless, I believe we have put the worst behind us and our diversification strategy would create greater stability to our future earnings. The path ahead is fraught with risks but I am confident that with our current strength and practice, we will be more resilient and emerge stronger. Barring any unforeseen circumstances, the Group expects a modest recovery ahead.

Moving forward, the Group will realign its core technical competencies to match market demands and carefully invest in strengthening its talent capabilities to maintain high service level.

DIVIDEND

In view of the current financial situation, the Board has decided not to propose any dividends for the financial year under review (FY2017: nil).

APPRECIATION

As we move ahead into the future with greater rigour to improve our performance, On behalf of the Board of Directors, we would like to take this opportunity to convey our deepest gratitude towards our valued shareholders for their long-standing support, confidence, cooperation and trust in us. We will continue to strive towards achieving sustainable growth to further enhance shareholders' value.

To our fellow board members, we would like to thank them for their wise counsel and guidance. This combination of experience and skillsets will undoubtedly be beneficial to our shareholders and valuable in helping us to steer through this challenging period.

We would also like to record my appreciation for the cooperation extended by our valued clients and customers for their unrelenting support to us.

Above all, we would like to commend the praiseworthy efforts and commitment shown by the Management team and Staff of PJBUMI for their outstanding commitment and loyalty, particularly over the course of this challenging period.

MANAGEMENT DISCUSSION AND ANALYSIS

DEAR VALUED SHAREHOLDERS,
This Management Discussion and Analysis will provide the shareholders with an overall overview of the business operation of the Group, the financial review for the financial year ended 31 December 2018 and the Group's expectation on the business in 2019.

OVERVIEW OF BUSINESS AND OPERATIONS

PJBumi Berhad ("the Company" or "PJBUMI") is an integrated multi-disciplinary engineering and construction services provider with a success track record since 1985. Listed on the the Main Market of Bursa Malaysia Securities Berhad on 14 August 2003, PJBumi Berhad is an investment holding company with the following main subsidiaries and their business segments:

- **PJBumi Waste Management Sdn Bhd** – Solid waste management and garbage collection, area cleansing, pest control services and other waste related business.
- **PJBumi Heavy Engineering & Services Sdn Bhd** (formally known as PJBumi Services Sdn Bhd) – After-sales support services including connecting works of fibre plastic tanks and mechanical and engineering equipment, providing maintenance, upgrading and/or rectification works, desludging works and sludge treatment and other M&E works.
- **PJBumi Composites Sdn Bhd** - Manufacturing and sale of Fibre Reinforced plastic ('FRP'), FRP waste water treatment plant and other FRP products.
- **PJBumi Construction Sdn Bhd** - Undertake works for civil, mechanical, electrical and erection engineering.
- **PJBumi Resources Sdn Bhd** – To carry out activities related to natural resources and commodity trading.

During the financial year under review, The Group has recorded revenue of RM5.03 million or 5% higher compared to previous year's corresponding period of RM4.78 million. The Group recorded a pretax profit of RM0.04 million against pretax loss of RM4.96 million in previous year's corresponding period. The significant decrease in pretax loss in FY2017 was mainly due to expenses related to disposal of land amounting to RM0.714 million, acquisition of 70% interest in Goldix Resources Sdn Bhd by RM0.38 million and reduction in finance cost by RM0.79 million.

Despite the more challenges and obstacles ahead, the Group remain positive and vigilant on its growth and continued to pursue opportunities for growth in its operating areas of engineering & construction, composites manufacturing , commodity trading and industrial services related activities. The Group at the same time focusing more in securing new jobs for existing business and exploring other business opportunities in oil and gas sector, mining, marine transportation & support services and others.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

	2018 RM'000	2017 RM'000	2016 RM'000	2015 RM'000	2014 RM'000
Revenue	**5,025**	4,776	8,037	5,567	16,712
Profit/(Loss) before tax	**42**	(4,961)	(1,154)	(3,552)	1,353
Profit/(Loss) net of tax for the year	**236**	(4,960)	(1,446)	(3,419)	1,851
Profit/(Loss) net of tax attributable to equity holders of the Company	**261**	(4,912)	-	-	-
Non-controlling interest	**(25)**	(48)	-	-	-
Total assets	**36,432**	36,885	38,688	40,272	41,926
Share capital	**44,473**	44,473	25,000	25,000	25,000
Reserves	**4,775**	4,775	11,925	12,605	12,605
Accumulated losses	**(27,155)**	(27,416)	(22,504)	(21,058)	(17,639)
Total equity attributable to owners of the Company	**22,093**	21,832	14,421	16,547	19,966
Non-controlling interest	**221**	246	-	-	-
Total equity	**22,314**	22,078	14,421	16,547	19,966
Total liabilities	**14,118**	14,807	24,267	23,725	21,960
Total equity and liabilities	**36,432**	36,885	38,688	40,272	41,926

FINANCIAL STATISTICS

	2018	2017	2016	2015	2014
Basic earning per share (sen)	0.32	(5.99)	(2.89)	(6.84)	3.70
Net asset per share attributable to ordinary equity holders of the Company (RM)	0.27	0.27	0.29	0.33	0.40
Share prices as at 31 December (RM)	0.15	0.27	0.29	0.29	0.27
Return on shareholders' equity (%) [1]	0.01	(0.22)	(0.10)	(0.21)	0.09
Return on total assets (%) [2]	0.01	(0.13)	(0.04)	(0.08)	0.04

[1] Based on Profit/(Loss) attributable to equity holders of the Company expressed as a percentageof total equity attributable to owners of the Company.

[2] Based on Profit/(Loss) attributable to equity holders of the Company expressed as a percentage of Total assets.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

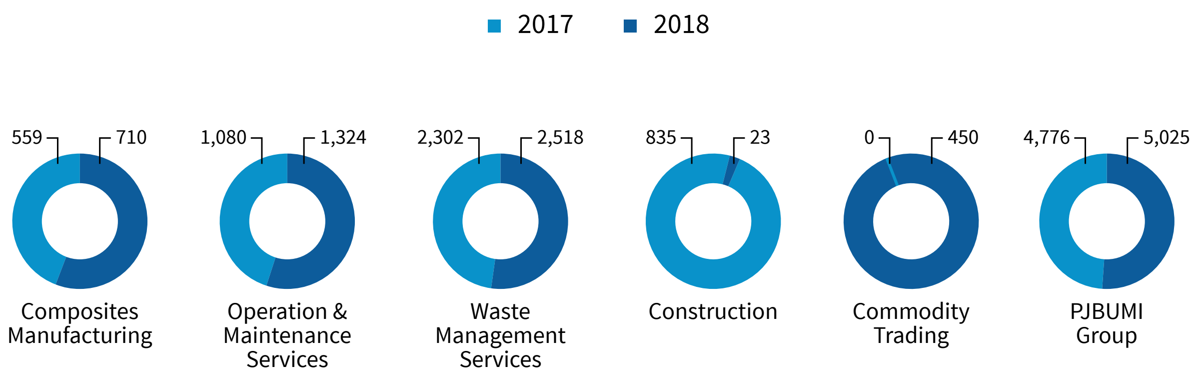
QUARTERLY FINANCIAL HIGHLIGHTS

	2018 RM'000	FOURTH QUARTER RM'000	THIRD QUARTER RM'000	SECOND QUARTER RM'000	FIRST QUARTER RM'000
Revenue	**5,025**	1,698	1,175	1,052	1,100
Profit/(Loss) before tax	**42**	778	(264)	6	(478)
Net Profit/(Loss), total comprehensive Profit/(Loss) for the year	**236**	972	(264)	6	(478)
Net Profit/(Loss), total comprehensive Profit/(Loss) attributable to:					
Equity Holders of the Company	**261**	973	(264)	30	(478)
Non-controlling Interest	**(25)**	(1)	-	(24)	-
Basic earning per share (sen)	**0.32**	1.19	(0.32)	0.04	(0.58)

GROUP FINANCIAL REVIEW

The Group has recorded revenue of RM5.025 million, which is approximately RM0.249 million or 5% higher compared to the financial year ended 31 December 2017 ("FY2017"). The higher revenue mainly attributable by the operation & maintenance division, composites manufacturing division and commodity trading division, which their revenue contributions had increased by RM0.244 million, RM0.151 million and RM0.450 million respectively.

SEGMENT REVENUE (RM'000)



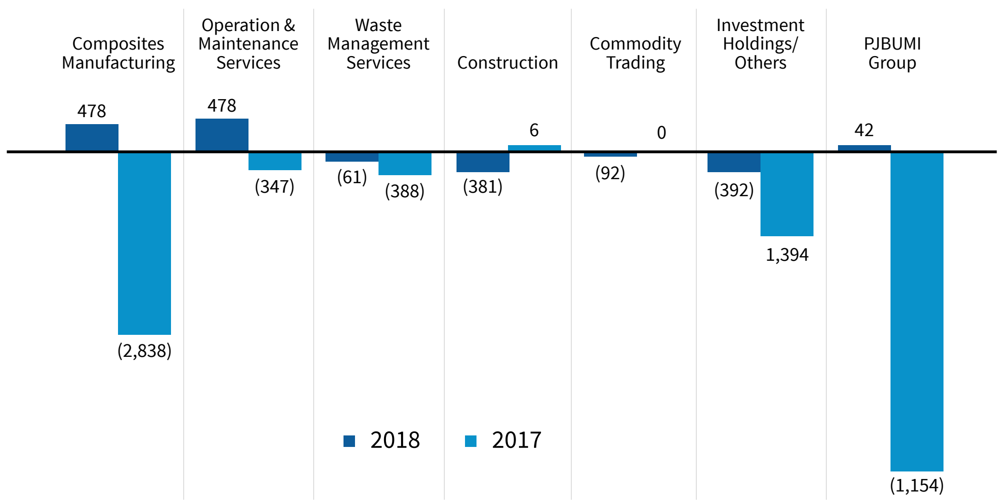
The Waste Management Services was the largest revenue contributor to the Group, followed by Operation & Maintenance Services division, Composites Manufacturing and Commodity Trading division.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

GROUP FINANCIAL REVIEW (CONT'D)

In FY2018, the Group reported a pretax profit of RM0.042 million against pretax loss of RM4.961 million in previous year's corresponding period. The pretax profit was derived purely from operations compared to pretax loss in FY2017 was inclusive of expenses related to disposal of land by one of its subsidiary and acquisition of 70% interest in Goldix Resources Sdn Bhd.

SEGMENT PROFIT/(LOSS) BEFORE TAX (RM'000)



The Group total assets as at 31 December 2018 stood at RM36.432 million as compared to RM36.885 million as at 31 December 2017. The reduction of the Group total assets is due to decrease in cash and cash equivalents and receivables.

The Group total liabilities as at 31 December 2018 stood at RM14.118 million, a reduction of RM0.689 million or 3% as compared to RM14.807 million as at 31 December 2017. This was mainly due to reduction in tax payables by RM0.348 million.

During the financial year under review, there was no corporate exercise and the Group total share capital as at 31 December 2018 remains at RM44.473 million.

COMPOSITES MANUFACTURING

For the current financial year, the composites manufacturing segment contributed 14% from the total Group revenue compared to 12% contribution in previous year. The revenue however much below from targeted revenue due to lesser demand in septic tanks and further delay in product certifications for bigger tanks. This segment is developing its composite capabilities to build telecommunication towers, decorative light poles and other composites product to replace the revenue lost.

This division has recorded a pretax profit of RM0.478 million in FY2018 against a pretax loss of RM2.049 million in FY2017.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

GROUP FINANCIAL REVIEW (CONTINUED)

OPERATION & MAINTENANCE SERVICES

The Operation & Maintenance services contributed RM1.324 million or 26% from the total Group revenue in FY2018. The revenue has increased 23% from the previous corresponding period mainly due to new service contract secured from Petronas and Rawa Island Resort. This segment has a potential growth in its revenue contribution from new additional services provided to the customers such as sewer line maintenance, plant shut down maintenance, water treatment facility, grease trap systems and industrialised pest control services. In December 2018, this segment has secured its first work for installation of Wi-Fi components.

This division has recorded a pretax profit of RM0.490 million compared to a pretax loss of RM0.347 million in the previous year.

WASTE MANAGEMENT SERVICES

For FY2018, the Waste Management Services segment remain the largest revenue contributor for the Group revenue with 50% contribution. The steady revenue is mainly from solid waste collection contract from Alam Flora Sdn Bhd and Vale Malaysia Minerals Sdn.Bhd. This division however needs to secure more waste related projects to reach profitability and contract from Vale Malaysia Minerals Sdn.Bhd had expired in January 2019. This division has temporarily discontinued its product, synthetic insect repellents in the market due to realignment of the Group sales and marketing division.

This division has recorded a pretax loss of RM0.061 million, a reduction in loss by 84% compared to previous year.

CONSTRUCTION & ENGINEERING

The Construction & Engineering segment of PJBUMI is an operating segment that is forecasted to be the key contributor to the total revenue of the Group from 2018 onwards considering Felda Serting project will commence the construction in Q4 2018. This project however has been delayed by the client until further notice. This segment contributed minimal revenue for the Group since its initial plan was to focus only on the development of Felda Serting project.

This division has recorded a pretax loss of RM0.381 million in FY2018.

RESOURCES & COMMODITY TRADING

In FY2018, the Resources & Commodity Trading segment has contributed its first revenue to the Group with 9% from total Group contribution. This segment has been trading in palm oil related product and become one of the supplier for raw material used in cooking oil and vegetable ghee product.

This division has recorded a pretax loss of RM0.092 million in FY2018.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

REVIEW OF OPERATING ACTIVITIES AND INITIATIVES

COMPOSITES MANUFACTURING

The Composites Manufacturing ("CM") segment core business activities include manufacturing and the supply 7 types of Fibre Reinforced plastic ('FRP') septic tanks, FRP waste water treatment plant and tabular structure for pipes and poles. The CM segment of PJBUMI is one of the pioneer in Malaysia in manufacturing composite wastewater treatment tanks technology and composite underground petroleum storage tanks technology. With more than 35 years of experience, the segment is well known in the market for its products and services.

The following diagram shows the list of products manufactured and supplied by the segment.

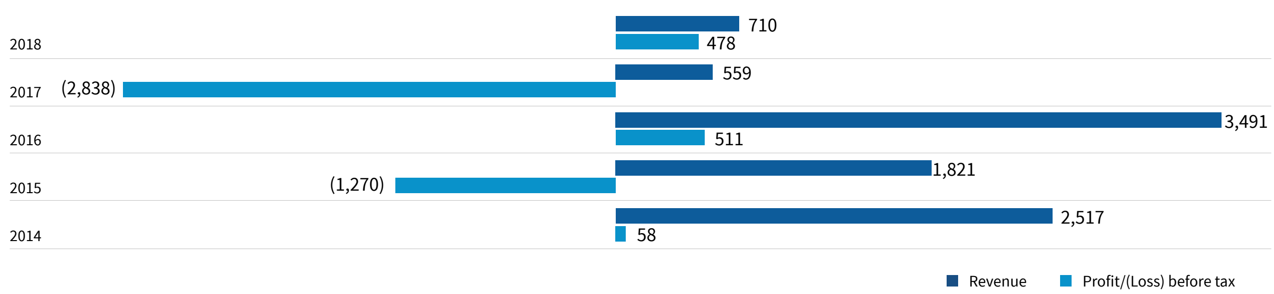
Super Sept System	Sept System	Waste Water Treatment Plant	Composite Tabular Structure
• SS2 • SS3 • SS4 • SS5	• MA1127 • MA1127 • MA1126	• Package plant	• Pipes • poles
Design to treat individual household waste water with population equivalent (PE) range from 5 to 10	Design to treat waste water from communal buildings such as schools, factories, institutions and etc with population equivalent (PE) range from 15 to 149	Design to treat waste water from communal buildings such as schools, factories, institutions, hotels, universities, stadium, public housing, resorts, hospital and etc with population equivalent (PE) range from 150 to 5,000	Design for telecommunication towers and decorative light poles

Operational Finance Performance

The CM segment's revenue overall has experienced a decrease over the last five years. In FY2018, the segment's revenue slightly improved to RM0.710 million, representing 27% increase from RM0.559 million in FY2017 and 392% decrease from RM3.491 million revenue achieved in FY2016. This was due to lesser demand for small composite tanks and stiff competition with plastic tanks.

The segment recorded a pretax profit of RM0.478 million in FY2018 compared to a huge loss of RM2.838 million in FY2017. The profit in FY2018 was achieved through major cost savings efforts by the management.

CM SEGMENT'S REVENUE AND PROFIT/(LOSS) (RM'000)



REVIEW OF OPERATING ACTIVITIES AND INITIATIVES (CONT'D)

COMPOSITES MANUFACTURING (CONTINUED)

Operational Finance Performance (cont'd)

In prior financial years, despite several cost savings measures, the segment suffered a loss of RM1.27 million in FY2015 following a slight profit in FY2014. The segment mitigated the impact of these losses by maintaining a prudent stance in relation to cost control and still developing its composite capabilities to build telecommunication towers, decorative light poles and other composite products.

The Management continues to focus on the planned strategic initiatives below to improve the current situation.

Planned Strategic Initiatives	To make improvements in the planning process, monitoring and execution of orders in-hand.
	To respond in a timely manner to the request for quotations (RFQs) and close any follow-up matters with customers on the order status and other potential orders.
	To fill-up critical vacancies on the Sales Team to boost sales.
	To reduce overall production costs.
	To conduct customer satisfaction surveys every financial year-end which would serve as a feedback mechanism to highlight weaknesses and enable corrective actions to be taken to restore customer confidence.
	To analyse customers' database and build back business relationship by introducing the Company's current and new business in the market.

In this financial year, the Management has decided to shift our manufacturing division to a new subsidiary, Kemudi Majujaya Sdn Bhd and repositioning our products. This is one of the Group's sales and marketing strategies to stay relevant and noticed by customers.

The small group of employees in the CM segment with support from the headquarters are the driving force that will help to achieve its business objectives. The CM segment, together with the other divisions in the Group, hold various activities such as karaoke session, annual dinner, birthday celebrations for employees to participate in. This initiative seeks to reward employees for their contributions to the organisation.

Outlook and prospects

The future of composites market is bright. There is increased demand for lightweight materials across market segments and Composites fit the bill. To drive growth in this segment, the Management has to strengthen its frontlines to secure and market the existing products. At the same time, the Management still developing smaller tubular composites capabilities for pipes and poles to be used for telecommunication towers, decorative light poles, construction composites and other composites products.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

REVIEW OF OPERATING ACTIVITIES AND INITIATIVES (CONTINUED)

OPERATION & MAINTENANCE SERVICES

The Operation & Maintenance Services ("OMS") segment of PJBUMI consist of one subsidiary namely PJBumi Heavy Engineering & Services Sdn Bhd (formerly known as PJBumi Services Sdn Bhd). The OMS segment's current core business activities include after-sales support services in connecting works of fibre tanks and mechanical and engineering equipment, providing maintenance, upgrading and/or rectification works, desludging works and sludge treatment and other M&E works.

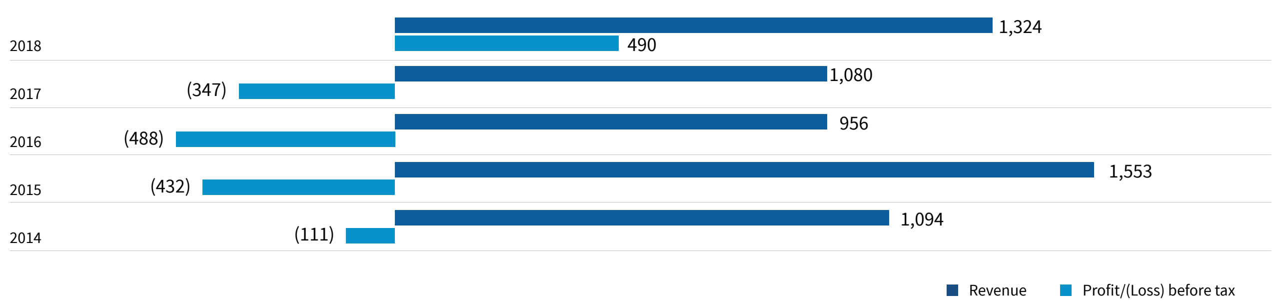
Operational Finance Performance

Over the last five years, the OMS segment's revenue has experienced quite a stagnant revenue stream. In FY2018, the segment's revenue continues to increase by 23% from FY2017.

The segment recorded a pretax profit of RM0.490 million in FY2018 compared to continuous losses from FY 2014 to FY2017.

The profit achieved in FY2018 were resulted from maintaining a prudent stance in relation to cost control and provide added value to the services to the existing and new customers.

OMS SEGMENT'S REVENUE AND PROFIT/(LOSS) (RM'000)



Outlook and prospects

This segment has a potential growth in its current business and new area of business. In FY2018, the Management has upgraded OMS CIDB status form G5 to G7. This will be the preparation on OMS expansion to other sectors such as marine transportation and support services, building maintenance services, installation and maintenance of telecommunication towers.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

REVIEW OF OPERATING ACTIVITIES AND INITIATIVES (CONTINUED)

WASTE MANAGEMENT SERVICES

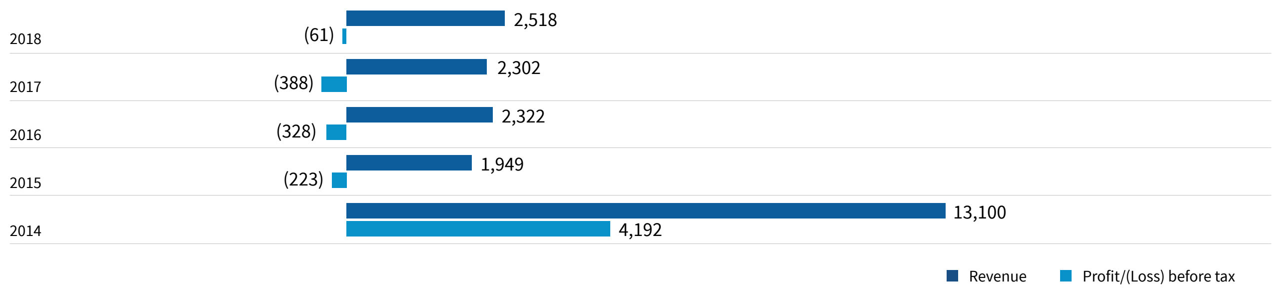
Operational Finance Performance

The Waste Management Services ("WMS") segment's revenue has experienced a significant decrease since FY2015 due to area cleansing contract had ended. The revenue remain consistent from FY2015 to FY2018 with solid waste collection contract and scheduled waste contract from Alam Flora Sdn Bhd and Vale Malaysia Minerals Sdn Bhd.

The segment recorded a loss from FY 2015 to FY2018 due to lower revenue.

The segment mitigated the impact of these losses by maintaining a prudent stance in relation to cost control and strengthens sales and marketing strategies to secure new customers.

WMS SEGMENT'S REVENUE AND PROFIT/(LOSS) (RM'000)



Outlook and prospects

This segment will focus on new area of growth in waste management services. Currently, our experiences in managing wastes involved labour intensive. The WMS segment's strategy for the upcoming year, FY2019 is to explore the possibilities of forming strategic alliances with trustworthy business partners and players to increase its chances of securing new contracts.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

REVIEW OF OPERATING ACTIVITIES AND INITIATIVES (CONTINUED)

CONSTRUCTION & ENGINEERING

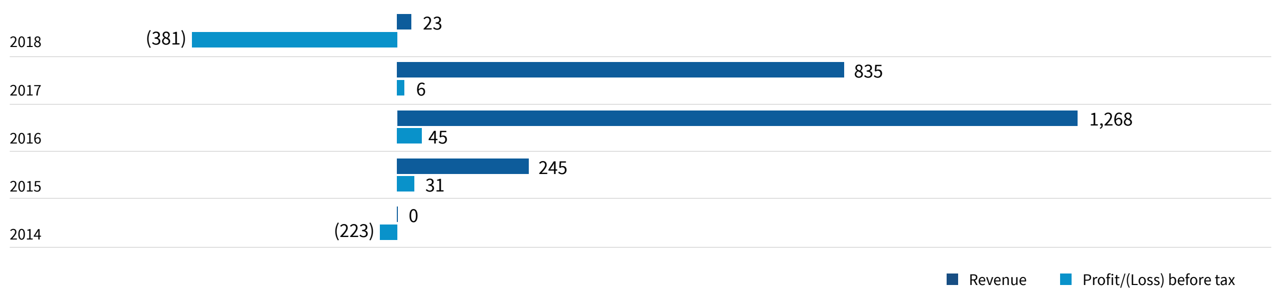
The Construction & Engineering ("CE") segment of PJBUMI consist of one subsidiary namely PJBumi Construction Sdn Bhd ("PCSB"). The CE segment's core business activities include works for civil, mechanical and electrical engineering.

Operational Finance Performance

The CE segment's revenue has slipped in FY2018 by RM0.812 million from RM0.835 million in the prior year mainly to due to delay in project kick-off for Felda Serting project.

The segment recorded a loss of RM0.381 million in FY2018.

CE SEGMENT'S REVENUE AND PROFIT/(LOSS) (RM'000)



The CE segment's strategy for the upcoming year, FY2019 is to team up with trustworthy business partners and players to increase its chances of securing new projects. With a strategic intent emphasizing limited outlay of capital, this segment will selectively bidding and securing for more projects in small scales and mega scale. The segment plans to do this by being more competitive in the market, in terms of pricing and value creation. Despite a lackluster outlook for the Malaysian economy, the CE segment is expected to grow in FY2019 with few project developments in the pipelines. During the year under review, our CE division has continued to work on securing contracts to replenish the Group's order book. This division manage to secure RM18.7 million construction contract in February 2019.

Apart from working towards securing new projects, the segment has to ensure ongoing projects are monitored closely in order to address and resolve problems quickly. The CE segment aims to ensure that the operating expenses ('OPEX') at headquarters ('HQ') and branches is minimized and that these expenses are monitored by vetting and detailing the needs of each expenditure. By establishing a plan, management has successfully reduced the OPEX at HQ and branches.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

REVIEW OF OPERATING ACTIVITIES AND INITIATIVES (CONTINUED)

CONSTRUCTION & ENGINEERING

Operational Finance Performance (cont'd)

Planned Strategic Initiatives	Closely monitor project expenses against budget
	Ensure timely completion of current on-going projects and to avoid LAD
	Form strategic alliances with trustworthy business partners
	To reduce overall group operational costs
	Take on business process improvements
	Secure more sales in various development projects

The segment continues to look for ways to improve its operational efficiencies including optimizing its existing resources in order to perform better as well as through completing work in a timely manner and with satisfactory quality This segment has adopted a strategic initiatives to improve the current situation in this segment.

Outlook and prospects

The segment has a positive outlook in terms of future business prospects. The nearest project to kick-off is the Felda Serting project and completion of abandon housing project in Jengka, Pahang. We are continuously seeking further businesses in relation to various projects including road, buildings and other infrastructure projects. We are cautiously optimistic to secure some to replenish our order book. We will also continue to implement measures to improve efficiency, cost control, risk management and internal controls for this segment.

SUSTAINABILITY STATEMENT

The Sustainability Statement is an on-going account of our efforts as a responsible company. We are accountable for our actions as we recognise it as fundamental to meet the high aspirations that we and our stakeholders have set for the Company. At PJBumi Berhad (PJBUMI) Group, we recognise the growing significance of sustainability in our business value and everyone must contribute to the common good of the nation towards better resource management. Our maiden statement on sustainability aims to demonstrate our strategic approach to address sustainability challenges and opportunities, particularly of our material matters, in contributing towards the betterment of the business, environment and society.

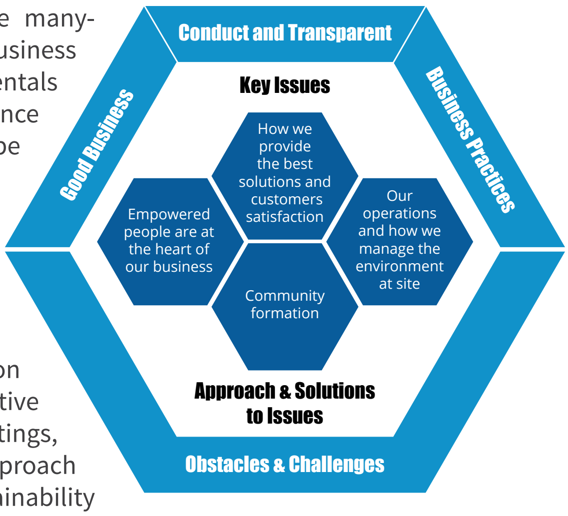
In 2018, we continue to focus our efforts on the four main pillars of sustainability, namely the Marketplace, Environment, Community and Workplace pillars. We are aware that the performance and success of the Group does not solely rest on financial or economic outcomes, as such we are committed to not only strengthening the sustainability of the Group from a financial perspective, but also from the societal and environmental perspectives.

MANAGING SUSTAINABILITY

At PJBUMI, we drive our businesses to create positive impact and shared value for our stakeholders. Our material usage, Social and Governance factors receive Board oversight and are managed by the Management Team. The Managing Director provides guidance on strategic and operational issues. Driven by PJBUMI's core values of Customer's satisfaction, Teamwork, Accountability, Passion and Safety, sustainability becomes a key aspect in how we drive on our operational integrity and solutions.

OUR SUSTAINABILITY DISCLOSURE

At PJBUMI, our sustainability disclosure is reflective of the many-layered aspects of sustainability in the organisation. Good business conduct and transparent business practices are the fundamentals to our strong governance. We adhere to the highest governance standards based on the notion that good governance must be institutionalised and accountable.



We are impacted by local economy and political trends in the engineering and construction industries as well as key local stakeholders.

How we manage and navigate around the current local situation aspects impact some of our decisions and strategies. We are active corporate citizens who engage with the stakeholders via meetings, dialogues and capacity building collaborations. Our approach to key business issues are then translated into our sustainability implementation and performance:

- How we provide the best solutions and customers satisfaction
- Our operations and how we manage the environment at site
- Empowered people are at the heart of our business
- Community formation

We look forward for our solutions towards future-focused frameworks for engineering and services management with fresh thinking to deliver in full measure for economic benefits.

SUSTAINABILITY STATEMENT
(CONT'D)

OUR STAKEHOLDERS AND HOW WE ENGAGE WITH THEM

Details of our main stakeholder groups, their expectations and importance to us are summarised in the table below:

STAKEHOLDER GROUP	ENGAGEMENT ACTIVITIES	FREQUENCY	ISSUES AND CHALLENGES
Shareholder	• Board meeting • Shareholders' meeting	• Annually • Quarterly • Ad hoc	• Ongoing updates of PJBUMI's business plans and strategies, financial performance AND project status update.
Government	• Meetings	• Annually • Ad Hoc	• Compliance with rules and regulations • Support Government agencies to comply with the current standards.
Local Authorities and Regulators	• Meetings • Progress Updates • Sites visit and inspection	• Ad hoc	• Compliance with rules and regulations
Local Community	• CSR Programmes	• Annually • Quarterly • Ad hoc	• Management of environmental hazards • Project updates and expansion plans • Performing thorough inspections • Management of health and safety issues • Management of complaints and feedback from all levels
Employees	• Safety Briefings • Induction Trainings • Employee Long Service Awards • Waste Management Trainings • Annual dinner • Outdoor activities	• Annually • Quarterly • New recruitment	• Employee benefits and rights • Safety at workplace • Career development • Work-life balance • Opportunity for equal work place
Customers	• Customer Hotline • Website	• Active Hotline available 5 days a week from 8.30am – 5.30pm	• Pricing • Quality of service • Credibility and trust of PJBUMI brand name
Suppliers and Contractors	• Meeting with Procurement Department and Project Management Office	• Ad hoc	• Fair procurement practices
Media	• Interviews	• Annually • Ad hoc	• Updates on PJBUMI's business standing • PJBUMI's business direction, new corporate exercise and project development

SUSTAINABILITY STATEMENT
(CONT'D)

HOW WE PROVIDE THE BEST SOLUTIONS AND CUSTOMERS SATISFACTION

We recognise that the total marketplace ecosystem is important to the success of our business. As such, we continue to engage in activities that are helping us to establish and nurture lasting bonds with our customers, suppliers, industry peers and other stakeholders in the marketplace.
Throughout the year, we reach out to, listen to and address the concerns of our stakeholders, individuals and organisations that are impacted by our activities. We then engage with our stakeholders, working together in creating long lasting and impactful partnerships for the benefit of all parties. We have structured the report based on our material issues. We assess issues as low, medium or high materiality in terms of stakeholder concern and provide timeline on solutions.

OUR OPERATIONS AND HOW WE MANAGE THE ENVIRONMENT AT WORKPLACE

Managing the environmental impact is one of our lines of business through waste management services. We adopted throughout the Group in preserving the environment and reducing our environmental footprint by continuously work to prevent harm to the environment at all of our sites and workplace.

To ensure an environment that is healthier and sustainable, the Group's waste management division undertakes corporate social responsibility activities in performing solid waste management and public cleansing activities for selected housing areas in the northern region of Kuala Lumpur. We collect solid waste and recyclables and deliver them to the Materials Recovery Facilitiy (MRF) and landfill.
For the past 10 years, we have successfully performed as a contractor in solid waste collection and public cleansing operations in the central region of Malaysia.
As we work to uphold the national agenda of sustainable development, we will continuously support our government to improve the standard and quality of life in a sustainable manner. We have managed 9,433 metric ton of wastes in 2018, an increase of 2,383 metric ton or 34% from previous year of 7,051 metric ton.

REDUCED ELECTRICITY CONSUMPTION BY 34% DUE TO ENERGY SAVING INITIATIVES

Electricity consumption kWh
2018 : 73,142 kWh
2017 : 111,052 kWh

While most of our services and solutions help clients to tackle the environmental challenges of wastewater treatment and solid waste management, we ensure that our own operations at sites and workplace use natural resources and ensure our carbon footprint is as small as possible.

PJBUMI'S ENVIRONMENTAL OBJECTIVES AND TARGETS

Objective	Target	2018 Performance
1. To maintain clients waste water treatment plant's effectiveness	Zero major non-conformance from the authority	There were zero major Non-conformance, zero notice and zero compound received.
2. Continue energy reduction activities at PJBUMI's office in the headquarter, Northern region office and East Coast regional office.	Reduction in yearly electricity consumption by 5%	In 2018, the Group manage to reduce electricity consumption by 34% overall compared to 2017 for all PJBUMI's office at the headquarter, northern region and east coast region.

SUSTAINABILITY STATEMENT
(CONT'D)

COMMMUNITY FORMATION

Giving back to the community has always been part of our company culture. We do this by being a responsible neighbor and a trusted community partner. We believe that businesses should be accountable for the socioeconomic impact they create and play a role in the development of communities around them. We believe our business contributes to the well-being of the nation and revitalises the local economy. At PJBUMI, we understand the importance of coexisting with the community in fulfilling our role as a corporate citizen.

Working with communities not only enables us to address local needs and ensure our accountability, but also improves our internal tools and processes for engagement. Collaborating with the public and contributing towards community development is not only the right thing to do, but also makes good business sense. Through quality relationships, we strive to understand community needs, aspirations and cultures as well as anticipate future generations' needs.

Throughout year 2018, the Group continues to contribute to the betterment of the community by investing in various CSR activities and volunteering support for housing areas at Pangsapuri Seri Cempaka, Bandar Sri Damansra and non-profit organisations such as Persatuan Adab dan Iman, Pusat Jagaan Warga Emas Al-Fikrah in cleaning and perform pest control activities in their premises and surroundings.

EMPOWERED PEOPLE

In line with our continuous efforts to uphold responsible social practices, we are committed to carrying out effective practices and initiatives that seek to strengthen our employees at the workplace as well as keep our stakeholders and businesses safe.

Our employees determine our future success and we believe our business is driven by them. We make every effort to position the company for progress by recruiting and training the best talent, retaining a diverse workforce and fostering inclusion of all employees and their ideas. By investing in our employees, we also encourage innovation, reduce costs via continuous improvements and grow revenues through the development of new businesses and services.

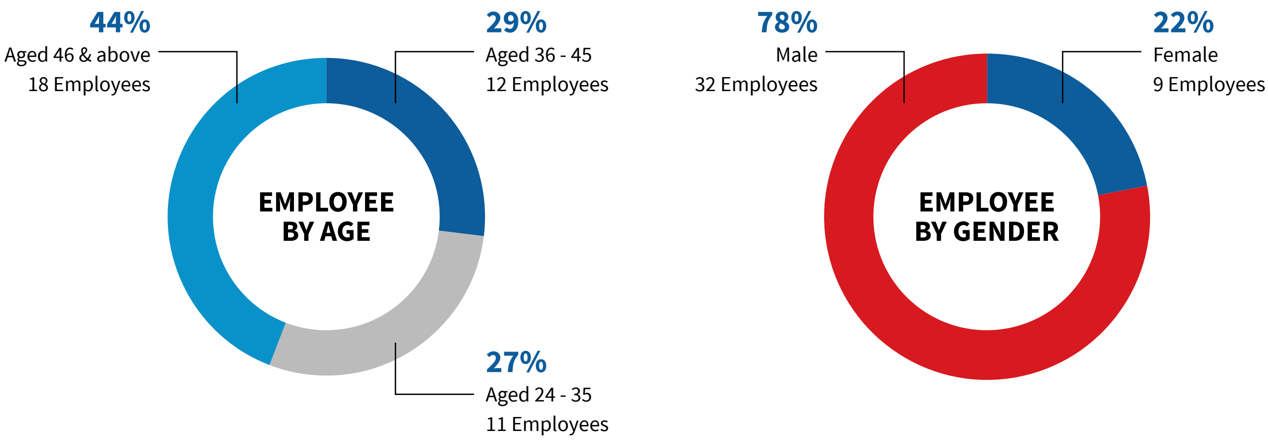
OUR APPROACH TO HUMAN RIGHTS AT WORKPLACE = We conduct our business with the belief that everyone should be treated with dignity and respect. + We comply with all applicable employment and human rights laws and regulations and our suppliers are expected to do the same. + All employees are issued with an Employee Handbook and Code of Conduct that clearly defines our ethical responsibilities.

SUSTAINABILITY STATEMENT
(CONT'D)

At PJBUMI, we respects employees' rights in accordance with relevant local legislation and regulations. We do not tolerate any form of harassment, discrimination or violence in the workplace. We also strive to ensure that the same applies to the supply chain personnel and members of the local community.

Our commitment to human rights is supported by our Employee Code of Conduct, which sets the tone in relation to the Group's stance against discrimination on any basis, inclusive of any bias on the basis of ethnicity, gender, religious beliefs, age or any physical disability. The rules of conduct apply to all employees of PJBUMI Group.

The driving force for the Group's overall business growth is the employees of PJBUMI. As at 31 December 2018, we kept a minimum workforce of 41 employees. Employees' aged between 46 and above made up 44% of our workforce, followed by those aged 36-45 (27% of our workforce) and those aged 24-35 (29% of our workforce). Overall, the male to female ratio of employees stood at 78:22.



To ensure our workforce is one cohesive family, we continue to leverage on employee engagement activities to communicate with and unite our employees. The financial year under review saw us holding a Hari Raya Open House event and Barbeque evenings for employees at our Head Office with the Group Managing Director and Board of Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of PJBumi Berhad ("PJBumi" or "the Company") is committed to cultivating a responsible organisation by instilling corporate conscience through excellence in Corporate Governance ("CG") standards at all times. This includes accountability and transparency which is observed throughout the Group as a fundamental part of building a sustainable business and discharging its responsibilities to protect and enhance shareholder value and the financial performance of the Group. The Board is pleased to provide an overview of the application of the principles set out in the Malaysian Code on Corporate Governance ("MCCG").

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

BOARD RESPOBSIBILITIES

The Board has the overall responsibility to protect and enhance shareholders' value. The Board is explicitly responsible, amongst others, for establishing and communicating the strategic plan and overseeing the proper conduct of the Group's businesses, and for supervising its affairs to ensure its success within a framework of acceptable risks and effective control and in compliance with relevant laws, regulations, guidelines and directives in the countries which it operates in.

The Board delegates and confers some of its authorities and discretion to the Chairman/Group Managing Director ("GMD") and Management as well as on properly constituted Board Committees comprising mainly/exclusively Non-Executive Directors.

The Board believes that for its current size, it is more expedient for the two (2) roles to be held by the same person as long as there is pertinent check balance to ensure no one person in the Board has unfettered powers to make major decision for the Company. As such the Board is of the view that the significant contribution of Independent Non-Executive Directors which is made up of 75% of the current Board's size, provides for the relevant checks and balance.

The Chairman is responsible for the Group's future business and strategy plan, setting goal to achieve the mission and vision. He provides leadership and governance of the Board, ensuring its effectiveness and assumes the formal role as the leader in chairing all Board meetings and shareholders' meetings. He leads the Board in overseeing Management and principally ensures that the Board fulfils its obligations and as required under the relevant legislations.

Some of the specific responsibilities of the Chairman include: -

i) Manage Board meetings and boardroom dynamics by promoting a culture of openness and debate where Directors are encouraged to provide their views;
ii) Work closely with the Executive Directors to ensure provision of accurate, timely and clear information to facilitate the Board to perform effectively, able to make informed decisions and to monitor the effective implementation of the Board's decisions;
iii) To provide his view and decision objectively;
iv) Ensure meetings of the shareholders are conducted in an open and proper manner with appropriate opportunity for them to ask questions; and
v) As Group's official spokesperson.

The duties of GMD include implementation of decisions and policies approved by Board, overseeing and running the Group's day to day business, and also coordinating business and strategic decisions.

The role of Management is to support the GMD and implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

BOARD RESPOBSIBILITIES (CONT'D)

The Board Committees include the Audit Committee, Nominating Committee and Remuneration Committee. The Board Committees exercise transparency and full disclosure in their proceedings. Where necessary, issues deliberated by the Board Committees are presented to the Board with appropriate recommendations.

The Non-Executive Directors are independent from Management. Their roles are to provide a balance view, to constructively challenge Management and monitor the success of Management in delivering the approved targets and business plans within the risk appetite set by the Board. They have direct access to the Management at all levels, and they engage with the external and internal auditors to address matters concerning Management and oversight of the Company's business and operations.

The Board assumes the following key responsibilities:

- Reviewing and adopting the Company's strategic plans
- Overseeing the conduct of the Company's business
- Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures
- Succession planning
- Overseeing the development and implementation of a shareholder communications policy for the Company
- Reviewing the adequacy and the integrity of the management information and internal controls system of the Company.

The Board is mindful of the importance of business sustainability and, in conducting the Group's business, the impact on the environmental, social, health and safety, staff welfare and governance aspects are taken into consideration. The Board takes heed of go green and energy saving by implementing several measures on sustainability.

Uphold Integrity in Financial Reporting

The Board is responsible for ensuring that financial statements prepared for each financial year give a true and fair view of the Group's state of affairs. The Directors took due care and reasonable steps to ensure that requirements of accounting standards were fully met. Quarterly financial statements were reviewed by the Audit Committee and approved by the Board of Directors prior to their release to Bursa Securities.

The Directors are satisfied that in preparing the financial statements of the Group and of the Company for the financial year ended 31st December 2018, the Group has used appropriate accounting policies and applied them consistently. The Directors are also of the view that relevant approved accounting standards have been followed in the preparation of these financial statements. The Responsibilities Statement by Directors pursuant to the Main LR is set out in this Annual Report.

Qualified and competent Company Secretary

The Directors have the unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively. The Board is regularly updated and advised by the Company Secretary on new regulatory requirements and directives from time to time.

The Company Secretary is a qualified Chartered Secretary, under the prescribed body as permitted by Companies Act 2016. The appointment and removal of the Company Secretary is under the purview of the Board of Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

BOARD RESPOBSIBILITIES (CONT'D)

Access to information and advice

The Directors have full and unrestricted access to all information pertaining to the Company's business and affairs so as to enable them to discharge their responsibilities. Prior to the Board meetings, the Directors are provided with the agenda together with the Board papers on issues to be discussed. A record of the Board's deliberation of issues discussed and conclusion reached are recorded in the minutes of the meeting by the company secretary. After the meeting, the minutes are circulated to the Board and Board Committee members in a timely manner.

The Board, whether as a full Board or in their individual capacity, has the right to engage independent professional advice, if necessary, at the Group's expense. In addition, all Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that the Board meeting procedures and applicable rules and regulations are adhered to.

Board Charter

The Board has formalised and uploaded its Board Charter in the website of the Company. The Board Charter sets out the Board roles and responsibilities. The Board Charter was last reviewed on 29 March 2019.

The Board Charter can be viewed at the Company's website at http://www.pjbumi.com.my/.

Directors' Code of Ethics and Whistleblowing Policy

The Board of Directors has conducted themselves in an ethical manner while executing their duties and functions and complied with the Company Directors' Code of Ethics recommended by the Companies Commission of Malaysia. The said Code establish a standard of ethical behaviour for the directors to uphold such as the spirit of responsibility and social responsibility in line with the legislation, regulations and guidelines for administrating the Company.

The Company has also adopted Whistleblowing policy to safeguard the Company's interest and also to protect the whistleblower interest. The policy spells out the types of misconduct, malpractice and irregularity, and how the reporting and investigations will be carried out. The Company expects all employees to observe the policy in the conduct of day to day business.

The Directors' Code of Ethics and Whistleblowing Policy can be viewed at the Company's website at http://www.pjbumi.com.my/.

BOARD COMPOSITION

The Board comprises of a Chairman/GMD and three (3) Independent Non-Executive Directors. The composition fulfils the requirements set out under the Main Market Listing Requirement of Bursa Malaysia Securities Berhad where at least one third of the Board members are independent Directors. This ensures that minority shareholders' interest is adequately represented.

The Group is led by an effective Board which comprises members with skills from a diverse blend of professional backgrounds ranging from business, engineering, finance and accounting experience. The Board views its current composition encompasses a balance mix of skills and strength in qualities which are relevant to enable the Board to discharge its responsibilities in an effective and competent manner.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

BOARD COMPOSITION (CONT'D)

The Board Committees comprises of Audit Committee, Nominating Committee and Remuneration Committee. The Board Committees exercise transparency and full disclosure in their proceedings. Where necessary, issues deliberated by the Board Committees are presented to the Board with appropriate recommendations.

The Nominating Committee ("NC") is responsible for identifying and recommending new nominees to our Board as well as committees of the Board. For new appointments to the Board, the NC shall consider diversity of skills, expertise, cultural background, age, gender and experience in evaluating the appointment of Directors. The Company believes in providing equal opportunity to all candidates based on merit.

In addition, the Nominating Committee assesses the effectiveness of the Board as a whole and the Board Committees, and also the contribution of each Director. The assessment of the Board is based on specific criteria, covering areas such as the Board structure, Board operations, roles and responsibilities of the Board, the Board Committee and the Chairman's role and responsibilities.

The Board, through the Nominating Committee, reviews periodically its required mix of skills and experience and other qualities, including core competencies, which Non-Executive Directors should bring to the Board. All assessments and evaluations carried out by the Nominating Committee in the discharge of all its functions are properly documented. This assessment is done on yearly basis.

The Committee is empowered by its terms of reference to carry out duties and responsibilities as follows:

a) To examine the size of the Board to ensure its effectiveness in discharging its duties and responsibilities, and ensure every Directors shall be subject to retirement at least once in every 3 years;

b) To review annually the Board's mix of skills and experience and other qualities including core competencies which Non-Executive Director should bring to the Board;

c) To recommend suitable continuing educational training to existing and new Directors;

d) To ensure an election of directors shall take place each year and that all directors shall retire from office once at least in each 3 years but shall be eligible for re-election;

e) To recommend to the Board, suitable candidates to fill the Board, Audit, Nomination, Remuneration and other Board Committees;

The Committee is satisfied with the current size of the Board and with the mix of qualifications, skills and experience among the Board members.

The members of the Nominating Committee whom are Independent Non-Executive Directors are as follows:-

Name	**Position**
Nik Md Nor Suhaimi bin Nik Ibrahim	Chairman
Ahmad Bin Md Daud	Member
Abd Rahim Bin Embi	Member

The Committee met one time during the financial year.

None of the Independent Non-Executive Directors had served the Company for more than 9 years.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

FOSTER COMMITMENT

Time Commitment

All Board members are required to notify the Chairman or any new directorships notwithstanding that the Listing Requirements of Bursa Securities allows a Director to sit on the boards of 5 listed issuers. Such notification is expected to include an indication of time that will be spent on the new appointment. During the financial year ended 2018, the Board met 5 times to deliberate on a variety of matters of the Company. Additional meetings may be convened on an ad-hoc basis when urgent and important decisions are required to be made in between scheduled meeting.

The Board meeting attendance record of each director is as follows:

Name and Designation	Attendance
Adlin Bin Shaharudin (Chairman/GMD)	5/5
Ahmad Bin Md Daud (Independent Non-Executive Director)	5/5
Nik Md Nor Suhaimi Bin Nik Ibrahim(Independent Non-Executive Director)	5/5
Abd Rahim Bin Embi (Independent Non-Executive Director)	4/5

The agenda for each Board meeting and papers relating to the agenda items are circulated to all Directors at least 5 days before the meeting so as to provide sufficient time for the Directors to review the Board papers and seek clarification, if any.

Directors' training

All the directors have completed the Mandatory Accreditation Programme within the stipulated timeframe required in the Listing Requirements.

The Directors are aware of their obligation and will continue to attend suitable training to equip and enhance themselves with the knowledge to facilitate themselves in discharging their duties and responsibilities diligently with integrity.

Re-election

Under Article 85 of the Company's Articles of Association, the Directors appointed during the year shall retire at the Annual General Meeting ("AGM") and be eligible for re-election. According to Article 102 of the Company's Article of Association of the Company one-third of the Board members shall retire from office at the AGM. Further, all the Directors are required to retire from office at least once in every three (3) years. However, the retiring Directors are eligible for re-election at the meeting at which they retire.

REMUNERATION

The Remuneration Committee ("RC") reviews and proposes, subject to the approval of our Board the remuneration policy and terms and conditions of service of each Director for his services as member of the Board as well as Committees of the Board. Nevertheless, the remuneration of Non-Executive Directors is a matter for the Board decision as a whole. Relevant directors are required to abstain from deliberation and voting decisions in respect of his individual remuneration. The remuneration of Directors is generally based on market conditions, responsibilities held and the overall financial performance of the Group. Decisions and recommendations by RC shall be reported to the Board for approval.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

REMUNERATION

The members of the Remuneration Committee comprise of Independent Non-Executive Directors as follows:-

Name	Position
Ahmad Bin Md Daud	Chairman - Independent Non-Executive
Nik Md Nor Suhaimi Bin Nik Ibrahim	Member - Independent Non-Executive
Abd Rahim Bin Embi	Member - Independent Non-Executive

The Committee met once during the financial year and was attended by all its members.

Remuneration policy and procedures

The Directors' remuneration package is linked to the experience, scope of duty and responsibility, seniority, performance and industrial practices. The remuneration of Executive Directors consists of basic salary, among others bonus, whereas the Non-Executive Directors receive fixed director fees. Details of the Directors' remuneration in aggregate for financial year ended 2018 are tabulated as below:

Company	Fees	Salary	Bonus	Benefit-in-kind	Total
Executive Director					
Adlin Bin Shaharudin	-	-	-	-	-
Independent Director					
Ahmad Bin Md Daud	3,500	-	-	-	3,500
Nik Md Nor Suhaimi Bin Nik Ibrahim	4,500	-	-	-	4,500
Abd Rahim Bin Embi	7,500	-	-	-	7,500
	15,500	-	-	-	15,500

Group	Fees	Salary	Bonus	Benefit-in-kind	Total
Executive Director					
Adlin Bin Shaharudin	-	-	-	-	-
Independent Director					
Ahmad Bin Md Daud	3,500	-	-	-	3,500
Nik Md Nor Suhaimi Bin Nik Ibrahim	4,500	-	-	-	4,500
Abd Rahim Bin Embi	7,500	-	-	-	7,500
	15,500	-	-	-	15,500

The Remuneration Committee reviews and recommends the Executive Directors' remuneration package by assessing their KPI and also refers to market of similar industry and its size as a benchmark. An appropriate remuneration package is designed to retain and attract calibre directors to discharge their duty with integrity, to grow and lead the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

AUDIT COMMITTEE

The Audit Committee ("AC") is relied upon by the Board to, amongst others, provide advice in the areas of financial reporting, external audit, internal control process, review of related party transactions as well as conflict of interest situations. The AC also undertakes to provide oversight on the risk management processes/ framework of the Group.

The AC is chaired by an Independent Director and consists of all Independent Directors. The AC has full access to both the internal and external auditors who, in turn, have access at all times to the Chairman of the AC. The role of the AC and the number of meetings held during the financial year as well as the attendance record of each member are set out in the AC Report in the Annual Report.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board has overall responsibility for maintaining a sound system of internal control and risk management that provide a reasonable assurance of effective and efficient operations, and compliance with the relevant laws and regulations as well as with internal procedures and guidelines. The Statement on Risk Management and Internal Control as disclosed in this Annual Report provides an overview of the risk management and internal control framework adopted by the Company for the current financial year.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

COMMUNICATION WITH STAKEHOLDERS

The Company values dialogues with the investors and is constantly striving to improve the communication with the public. The Board believes that an effective investor relation is essential in enhancing shareholders' value and therefore ensures that shareholders are kept well informed of major development of the Company. Such information is disseminated via the Company's Annual Report, various disclosures and announcements to Bursa Securities and the Company's web site. (http://www.pjbumi.com.my/).

The AGM is the principal forum for dialogue between the Company and the shareholders. The Board provides the opportunity for shareholders to raise questions pertaining to issues in the financial performance and business plan of the Group. The Board takes the opportunity to present a comprehensive review of the progress and performance of the Company and provides answers to the questions raised by the shareholders during the general meeting.

CONDUCT OF GENERAL MEETINGS

The Group is of the view that General Meetings are important platforms to engage with its shareholders as well as to address their concerns. The Group encourage shareholders to attend and participate in the AGM by providing adequate advance notice and holding the AGM at a readily accessible location. The location of the AGM is customarily nestled in one of the hotels in the Klang Valley which is easily assessible through public transportation. The resolution of the General Meetings is conducted via poll voting.

AUDIT COMMITTEE REPORT

The Board of Directors of PJBumi Berhad ("the Board") is pleased to present the Audit Committee Report for the financial year ended 31 December 2018.

COMPOSITION AND MEETINGS

As at the date of this Annual Report, the Audit Committee comprises three (3) Directors as follows:

Chairman
Abdul Rahim Bin Embi - Independent Non-Executive Director

Members
Ahmad Bin Md Daud - Independent Non-Executive Director
Nik Md Nor Suhaimi bin Nik Ibrahim - Independent Non-Executive Director

The present composition and the qualification of its members comply with paragraphs 15.09 and 15.10 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The Audit Committee met five (5) times during the financial year ended 31 December 2018 and the details of attendance of the Audit Committee are as follows:

Name of Directors	Attendance
Abd Rahim Bin Embi	4/5
Ahmad bin Md Daud	5/5
Nik Md Nor Suhaimi bin Nik Ibrahim	5/5

Details of the members of the Audit Committee are contained in the Profile of Directors set out in this Annual Report.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

In accordance with the terms of reference of the Audit Committee, the following activities were undertaken by the Audit Committee during the financial year ended 31 December 2018, among others deliberated on and reviewed:

(a) the unaudited quarterly financial statements of the Group to ensure that they are in compliance with the requirements of relevant authorities, prior to submission to the Board for their approval and release of the Group's results to Bursa Securities.

(b) the annual audited financial statements of the Group and of the Company prior to submission to the Board of Directors for consideration and approval.

(c) the External Auditors' report in relation to audit and accounting issues arising from the audit; matters arising from the audit of the Group in meetings with the External Auditors without the presence of the executive Board members and management.

(d) And reported to the Board of Directors on the internal audit plan and the results of the internal audit assessments, the internal audit report and the recommendations arising from the reviews conducted by the outsourced internal auditor and the Internal Audit Report which is to be included in the Annual Report.

AUDIT COMMITTEE REPORT
(CONT'D)

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE (CONT'D)

(e) the related party transactions and potential conflict of interest situation that may have arisen within the Company or Group.

(f) the re-appointment of External Auditors and their audit fees, before the recommendation to the Board of Directors for approval.

(g) the internal audit function of the Group in the following areas: -

i) review the understanding of the internal auditors' accountability to the AC and their understanding of the Group's business and risk environment;
ii) review the scope of audit work, adequacy of resources and access to information;
iii) review the competency of the internal auditors;
iv) review the timely communication and handling of the audit findings to AC, recommendations thereof and monitoring of such recommendations; and
v) review the performance of the internal auditors and quality of their internal audit plan.

(h) the internal audit plan and internal audit reports of the associated company.

INTERNAL AUDIT FUNCTION

During the financial year ended 31 December 2018, the Group's internal audit function was outsourced to an independent professional firm namely, Messrs Ismawadee & Co to review and improve its existing internal control process and to assist in identifying and managing the Group's risks and the control procedures to manage those risks and to assist the AC in obtaining the assurance quality in relation to the effectiveness of the system of internal control implemented by the Management.

During the financial year under review, the Internal Auditors carried out an independent internal audit review on the Group's Group Sales & Business Development Management and assessed the adequacy and effectiveness of internal controls within the Group.

The total cost incurred for the internal audit service for the financial year was RM27,900.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

1. INTRODUCTION

The Board of Directors ("Board") of PJBumi Berhad is guided by the Statement on Risk Management & Internal Control - Guidelines for Directors of Listed Issuers in making disclosures concerning the main features of the risk management framework and internal controls system of the Group pursuant to the Paragraph 15.26(b) of the Listing Requirements. The Board is pleased to present below its Statement of Risk Management and Internal Control which outlines the nature and scope of the risk management and internal controls of the Group during the financial year ended 31 December 2018. This is in line with the Malaysian Code on Corporate Governance 2017.

2. BOARD RESPONSIBILITY

The Board is fully committed to ensure the existence of an effective risk management and internal controls system within the Group, and continuously reviews and evaluates the adequacy and integrity of these systems. However, the Board recognises that such systems are designed to manage and reduce, rather than eliminate, the risks identified to acceptable levels. Therefore, the internal controls implemented can only provide reasonable and not absolute assurance against the occurrence of any material misstatement or loss.

Whilst the Board has overall responsibility for the Group's risk management and internal controls system, it has delegated the implementation of these internal controls system to the Management, who regularly report to the Audit Committee of the Board on risks identified and actions taken to mitigate and/or minimise the risks. The risk management and internal controls system is subject to the Board's regular review with a view towards appraising the adequacy, effectiveness and efficiency of such system within the Group and also to ensure that these systems are viable and robust.

3. RISK MANAGEMENT FRAMEWORK

With the increasingly complex and dynamic business environment, proactive management of the overall business risks is a prerequisite in ensuring that the organisation achieves its strategic objectives. The Group is committed to ensuring that it plans and executes activities to ensure that the risks inherent in its business are identified and e effectively managed. Risk management activities are to be regarded an integral part of the Group's philosophy and business practices and not in isolation. The management of risks is aimed at achieving an appropriate balance between realising opportunities for gains while minimising losses to the Group.

The Group is establishing a risk management framework through an ongoing process of identifying, evaluating and managing significant risks encountered by the Group. The Board regularly reviews this process and applies corrective measures to mitigate and manage the risks.

The main features of the Group's risk management and internal control system are as follows:-

i. Board Committee

Besides the Audit Committee, the Nomination and Remuneration Committees established have been established in the Group to assist the Board to perform its oversight function. Specific responsibilities have been delegated to these Board Committees. These Committees have the authority to examine all matters within their scope and report to the Board with their recommendations.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(CONT'D)

3. RISK MANAGEMENT FRAMEWORK (CONT'D)

ii. Audit Committee

The Audit Committee was established by the Board with its terms of reference to assist in reviewing management's financial reports, internal audit reports and external audit reports. Significant issues are brought to the attention of the Board. The Audit Committee also oversees the independence and resources of the internal audit function besides ensuring that the scope of work is adequate and that the audit has been carried out objectively and effectively by a competent team of auditors

iii. Board Executive Committee

The Board Executive Committee was established by the Board to assist the Group Managing Director ("GMD") in ensuring that daily operations are conducted effectively and according to the Group's strategic plan, approved budgets, policies, procedures and relevant laws and regulations. The members of the Committee comprising two (2) Directors and the management representatives.

4. INTERNAL AUDIT FUNCTION

In the efforts to strengthen the internal control within the Group, a number of corrective measures have been carried out and implemented throughout the financial year. The Group's internal audit function is outsourced to a professional services firm to assist the Board and Audit Committee in providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system. The scope of review of outsourced internal audit function is determined by Audit Committee with feedback from the Management.

During the financial year ended 31 December 2018, the internal audit function carried out an internal audit review on the Group Sales & Business Development Management . The reviews were carried out in accordance with the approved audit plan and timetable. There are several weaknesses identified during the audit review which mainly related enhancement to the existing Standard Operating Procedures ("SOP"), inadequate of dedicated Sales & Business Development personnel, lack of detailed marketing plan for services / product offered and weakness in formal documentation for cross-checking of customer's credit status. The findings from the internal audit review including the recommended corrective actions were presented to the Audit Committee at one of its scheduled meetings. The follow ups visits and reviews has been conducted to ascertain the status of implementation of agreed management action plans.

5. OTHER KEY ELEMENT OF INTERNAL CONTROL

Other key elements of the Group's internal control system are:

(i) The Group maintains a formal organization structure that includes clear lines of accountability, which has a documented delegation of authority that sets out decision that need to be taken and the appropriate authority levels of management, including matters that requires the Board's approval.

(ii) The external auditors provide assurance in the form of their statutory audit for the financial statements. Further areas for improvement during the course of the statutory audit by the external auditors are brought to the attention of the Audit Committee through management letters, or discussed at Audit Committee meetings.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(CONT'D)

5. OTHER KEY ELEMENT OF INTERNAL CONTROL (CONT'D)

Other key elements of the Group's internal control system are (cont'd):

(iii) The Managing Director are closely involved in the running of business and operations of the Group and report to the Board on significant changes in business and external environment, which affect operation of the Group at large.

(iv) The Management has established written polices and procedures which have been approved by the Board and they have been implemented in the core business processes throughout the Group. The Group's internal control policies and procedures are clearly documented in the Standard Operating Procedures (SOP) and other procedures manuals applicable to the Group's operations. The Company has in place authority limits and approvals processes at the various levels of operations and business decision-making. The business units' processes and SOP constitute the Group's "first line of defense" under its internal control system. They serve to ensure the compliance with the internal control and relevant laws and regulations. Regular reviews and updates are performed in line with changes in business environment, statutory and regulatory requirements to ensure their relevance and effectiveness.

(v) One of the Group's operations is ISO 9001:2000 certified. With such certification, audits are periodically conducted by external ISO auditors to ensure continuous compliance and enhancement of quality management system.

6. ADEQUACY AND EFFECTIVENES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Board and Management are firm on implementing continuous measures of improvement to further strengthen the current risk management and internal control systems. The Board has received assurance from the Group Chief Operating Officer ("GCOO") and the Group Financial Controller that the Group's risk management and internal controls system is operating adequately and effectively, in all material aspects.

Taking into consideration the assurance from the Management Team and input from the relevant assurance providers, the Board is of the view that the risk management and internal controls systems of the Group is satisfactory and adequate to safeguard shareholders' investment and the assets of the Group during the financial year under review. The Group will continue to take measures to strengthen the risk management and internal controls system of the Group.

7. REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed the Statement on Risk Management and Internal Control for inclusion in the Annual Report of the Group for the financial year ended 31 December 2018. Their review was conducted pursuant to the scope set out in the Recommended Practice Guide 5 (Revised) issued by the Malaysian Institute of Accountants. Based on their review, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and effectiveness of the system of risk management and internal control of the Group.

OTHER ADDITIONAL COMPLIANCE INFORMATION

1. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND TRADING NATURE ("RRPT")

There is no recurrent related party transactions entered into during the financial year ended 31 December 2018.

2. AUDIT AND NON-AUDIT FEES

(a) Amount of audit fees paid or payable to the Company's auditors incurred by the Company and on a Group basis are RM45,000.00 and RM78,500.00 respectively.

(b) Amount of non-audit fees paid or payable to the Company's auditors incurred by the Company and on a Group basis are RM4,500.00 and RM4,500.00 respectively.

3. MATERIAL CONTRACTS AND CONTRACTS RELATING TO LOANS

There was no material contracts entered into by the Company and its subsidiaries which involved Directors' or major shareholders' interest (not being contracts entered into in the ordinary course of business) during the financial year ended 31 December 2018.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

DIRECTORS' REPORT

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and the provision of management services to its subsidiaries. The principal activities of the subsidiaries are described in Note 12 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit/(loss) for the year attributable to :		
Owners of the company	261	(2,309)
Non controlling interest	(25)	-
	236	(2,309)

RESERVES AND PROVISION

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

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

DIVIDENDS

No dividends have been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend any dividend in respect of the current financial year.

DIRECTORS OF THE COMPANY

The Directors in office since the date of the last report are as follows:

Adlin bin Shaharudin
Ahmad bin Md Daud
Nik Md Nor Suhaimi bin Nik Ibrahim
Abd Rahim bin Embi

DIRECTORS' REPORT
(CONT'D)

DIRECTORS OF THE COMPANY (CONTINUED)

The Directors of the Company's subsidiaries in office since the date of the last report are as follows:

Amir bin Awang Hamad
Abd Aziz bin Ibrahim
Ahmad bin Md Daud
Syed Ali Zainal Abidin bin Syed Mudzaffar
Idris bin Abas
Amir Syarizal bin Amri

DIRECTORS' BENEFIT

Neither at the end of the financial year, nor at any time during the year, did there subsist any arrangement to which the Group and the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debenture of the Group and of the Company or any other body corporate.

Since the end of the previous financial year, no Director of the Company 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 the Directors as shown in Note 7 of the financial statements) 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 or deemed benefits which may arise from transactions entered into in the ordinary course of business as disclosed in Note 25 to the financial statements.

DIRECTORS' INTERESTS

According to the register of director's shareholdings, the interest if directors in the office at the end of the financial year in shares of the Company and its related corporation during the financial year were as follows:

	Number of ordinary shares			
	At 1 January 2018	**Acquired**	**Sold**	**At 31 December 2018**
EMEF Technology Sdn Bhd				
CMAi Capital Sdn Bhd *				
Adlin bin Shaharudin **	15,169,000	-	-	15,169,000

* Deemed interested by virtue of holding substantial interest in the shares of EMEF Technology Sdn Bhd

** Deemed interested by virtue of holding substantial interest in the shares of CMA i Capital Sdn Bhd

None of the other directors holding office at 31 December 2018 had any interest in shares and options over shares of the Company and of its related corporations during the financial year.

DIRECTORS' REPORT
(CONT'D)

ISSUES OF SHARES AND DEBENTURES

There were no other changes in the issued and paid up share capital of the Company during the financial year.

WARRANTS

The salient terms of the warrants are disclosed in Note 19 to the financial statements.

DIRECTORS' REMUNERATIONS

The amounts of the remunerations of the directors or past directors of the Company comprising remunerations received/receivable from the Company during the year are as follows :

	Group RM'000	Company RM'000
Directors' remuneration:		
Directors' fees	15	15

INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been the director, officer or auditor of the Company.

OTHER STATUTORY INFORMATION

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

    (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts have been written off and that adequate provision had been made for doubtful debts; and

    (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances which would render:

    (i) the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

    (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.

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

DIRECTORS' REPORT
(CONT'D)

OTHER STATUTORY INFORMATION (CONT'D)

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

(e) As at the date of this report, there does not exist:

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

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

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet its obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

AUDITORS' REMUNERATION

Total amounts paid to or receivable by the auditors as remunerations for their services as auditors are as follows :

	Group RM'000	Company RM'000
Statutory audit	79	45
Others	4	4
	83	49

DIRECTORS' REPORT
(CONT'D)

AUDITORS

The auditors, Messrs AFRIZAN TARMILI KHAIRUL AZHAR, have indicated their willingness to continue in office.

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

ABD RAHIM BIN EMBI
Director

ADLIN BIN SHAHARUDIN
Managing Director

Shah Alam, Selangor

Date : 5 April 2019

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, ABD RAHIM BIN EMBI and ADLIN BIN SHAHARUDIN, being two of the directors of PJBUMI BERHAD, do hereby state that, in the opinion of the Directors, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Companies Act 2016 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 2018.

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

ABD RAHIM BIN EMBI
Director

ADLIN BIN SHAHARUDIN
Managing Director

Shah Alam, Selangor

Date: 5 April 2019

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

I, ADLIN BIN SHAHARUDIN, being the Director primarily responsible for the financial management of PJBUMI BERHAD, do solemnly and sincerely declare that the accompanying financial statements 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 }
the above named ADLIN BIN SHAHARUDIN }
at Shah Alam in Selangor Darul Ehsan }
on 5 April 2019 } **ADLIN BIN SHAHARUDIN**

Before me:

Commissioner for Oaths

Shah Alam, Selangor

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PJBUMI BERHAD
(INCORPORATED IN MALAYSIA)

OPINION

We have audited the financial statements of PJBumi Berhad, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes, as set out on pages 50 to 110.

In our opinion, the accompanying financial financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and of their financial performance and their cashflows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

BASIS FOR OPINION

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE AND OTHER ETHICAL RESPONSIBILITIES

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of Receivables

As disclosed in note 2.4(f)(i) and note 18.1 to the consolidated financial statements, the Group had receivables of RM 14,047,444 and the impairment of receivables stood at RM 4,816,734.

Receivables of the group comprise mainly receivables for manufacturing, sale and installation of Fibre Reinforced Plastic ('FRP) as well as service rendered on managing solid waste and area cleansing. Based on ageing report as at 31 December 2018, amount due from customers exceeding 121 days was RM 5,759,000. The Group is exposed to a heightened risk of significant financial loss when the customers fail to meet their obligation in accordance with the credit term.

We focused on this area because the recognition of impairment requires significant judgment and assumptions from management concerning on the recoverability of the receivables.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PJBUMI BERHAD
(INCORPORATED IN MALAYSIA)
(CONT'D)

KEY AUDIT MATTERS (CONT'D)

Our audit approach to address Key Audit Matters

Our audit procedures performed in this area included, among others:-

- Obtaining an understanding of the Group's:
- Control over the receivables approval and collection process;
- Process to identify and assess the impairment of receivables; and
- Policy to determine the accounting estimate for the impairment of receivables.
- Reviewing and testing aging of receivables balances at year end;
- Assessing the recoverability of these outstanding receivables who exceeded credit limit via discussion with management and with reference to credit profile of the customers and latest correspondence with customers;
- Evaluating management's assessment to support the collectability of receivables;
- Assessing the recoverability of the balances by comparing the outstanding amounts as at year end against subsequent settlements.

Impairment assessment of the carrying amounts of goodwill and investment in subsidiaries

As disclosed in note 12 and 16 to the financial statements, the cost of investment in subsidiaries and goodwill stood at 51,350,002 and RM15,313,314 respectively.

On annual basis, management is required to perform impairment assessment for goodwill and investment in subsidiaries.

These assessments are significant to our audits as they involve significant management judgement and are based on assumptions that are affected by expected future market and economic conditions.

The risk is also described in note 3 (c) and 3 (g) to the financial statements.

Our audit approach to address Key Audit Matters

Our audit procedures performed in this area included, among others:-

- Examining the cash flow forecasts against recent performance and challenged assumptions in projections to external available external industry sources of data, where applicable;
- Evaluating the reasonableness of projected profit margins and growth rates by assessing evidence available to support the assumptions and their consistency with findings from other areas of our audit;
- Analysed the sensitivity of the key assumptions by assessing the impact of changes to the key assumptions to the recoverable amount;
- Evaluating the adequacy of the financial statements disclosures about those assumptions to which the outcome of the impairment test is most sensitive.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PJBUMI BERHAD
(INCORPORATED IN MALAYSIA)
(CONT'D)

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PJBUMI BERHAD
(INCORPORATED IN MALAYSIA)
(CONT'D)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

- Obtain an understanding of internal control relevant to the audit 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 Group and of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion of the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PJBUMI BERHAD
(INCORPORATED IN MALAYSIA)
(CONT'D)

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016, in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

AFRIZAN TARMILI KHAIRUL AZHAR
AF 1300
Chartered Accountants

DATUK MOHD AFRIZAN BIN HUSAIN
Chartered Accountant (M)
1805/11/20 (J)
Partner

Shah Alam, Selangor

Date: 5 April 2019

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Revenue	4	5,025	4,776	-	-
Cost of sales	5	(2,522)	(3,183)	-	-
Gross profit		2,503	1,593	-	-
Other income	6	823	117	994	1,202
Employee benefits expenses	7	(1,925)	(2,329)	(541)	(969)
Selling and distribution expenses		(27)	(30)	(6)	(10)
Administrative expenses		(1,331)	(3,517)	(2,754)	(1,385)
Profit/(Loss) from operations		43	(4,166)	(2,307)	(1,162)
Finance costs	8	(1)	(795)	-	-
Profit/(Loss) before tax	9	42	(4,961)	(2,307)	(1,162)
Income tax	10	194	1	(2)	-
Net profit/(loss), total comprehensive profit/(loss) for the year		236	(4,960)	(2,309)	(1,162)
Net profit/(loss), total comprehensive profit/(loss) attributable to :					
Equity holders of the company		261	(4,912)	(2,309)	(1,162)
Non controlling interest		(25)	(48)	-	-
		236	(4,960)	(2,309)	(1,162)
Basic earnings per share attributable to shareholders of the Company (sen) :					
Basic	11	0.32	(5.99)		

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group 2018 RM'000	Group 2017 RM'000
Assets			
Non-current assets			
Property, plant and equipment	13	145	249
Investment properties	14	10,655	10,655
Deferred tax assets	15	184	50
Goodwill	16	15,313	15,313
Total non-current assets		26,297	26,267
Current assets			
Inventories	17	213	178
Trade and other receivables	18	9,763	9,802
Cash and bank balances		159	638
		10,135	10,618
Total assets		36,432	36,885
Equity and liabilities			
Share capital	19	44,473	44,473
Reserves	19	4,775	4,775
Accumulated losses		(27,155)	(27,416)
Equity attributable to the owners of the Company		22,093	21,832
Non controlling interest		221	246
		22,314	22,078
Non-current liability			
Deferred tax liabilities	15	140	200
Trade and other payables	21	2,194	1,827
		2,334	2,027
Current liabilities			
Trade and other payables	21	6,236	6,825
Hire Purchase Payables	20	-	59
Tax liabilities		5,548	5,896
		11,784	12,780
Total liabilities		14,118	14,807
Total equity and liabilities		36,432	36,885

STATEMENTS OF FINANCIAL POSITION

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Company 2018 RM'000	Company 2017 RM'000
Assets			
Non-current assets			
Property, plant and equipment	13	108	125
Investment properties	14	10,655	10,655
Investment in subsidiaries	12	35,535	35,685
Total non-current assets		46,298	46,465
Current assets			
Trade and other receivables	18	1,070	829
Cash and bank balances		31	386
Total current assets		1,101	1,215
Total assets		47,399	47,680
Equity attributable to owners of the Company			
Share capital	19	44,473	44,473
Reserves	19	2,775	2,775
Accumulated losses		(25,816)	(23,507)
		21,432	23,741
Non-current liability			
Deferred tax liabilities		2	-
Trade and other payables	21	1,359	1,204
		1,361	1,204
Current liabilities			
Trade and other payables	21	22,193	20,322
Tax liabilities		2,413	2,413
		24,606	22,735
Total equity and liabilities		47,399	47,680

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Attributable to owners of the Company Distributable/(non-distributable)							
Group	**Share capital RM'000**	**Share premium RM'000**	**Revaluation reserve RM'000**	**Warrant reserve RM'000**	**Accumulated losses RM'000**	**Total RM'000**	**Non controlling interest RM'000**	**Total equity RM'000**
At 1 January 2018	44,473	-	4,694	81	(27,416)	21,832	246	22,078
Profit/(Loss) for the year	-	-	-	-	261	261	(25)	236
At 31 December 2018	44,473	-	4,694	81	(27,155)	22,093	221	22,314
At 1 January 2017	25,000	3,473	8,452	-	(22,504)	14,421	-	14,421
Adjustments for effects of Companies Act 2016	3,473	(3,473)	-	-	-	-	-	-
Disposal of land	-	-	(3,758)	-	-	(3,758)	-	(3,758)
Loss for the year	-	-	-	-	(4,912)	(4,912)	(48)	(4,960)
Issuance of free warrant	-	-	-	81	-	81	-	81
Issuance of new shares	16,000	-	-	-	-	16,000	-	16,000
Acquisition of subsidiary with NCI	-	-	-	-	-	-	294	294
At 31 December 2017	44,473	-	4,694	81	(27,416)	21,832	246	22,078

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Company	Share capital RM'000	Share premium RM'000	Distributable/(non-distributable) Revaluation reserve RM'000	Warrant reserve RM'000	Accumulated losses RM'000	Total equity RM'000
At 1 January 2018	44,473	-	2,694	81	(23,507)	23,741
Loss for the year	-	-	-	-	(2,309)	(2,309)
At 31 December 2018	44,473	-	2,694	81	(25,816)	21,432
At 1 January 2017	25,000	3,473	2,694	-	(22,345)	8,822
Adjustments for effects of Companies Act 2016	3,473	(3,473)	-	-	-	-
Loss for the year	-	-	-	-	(1,162)	(1,162)
Issuance of free warrant	-	-	-	81	-	81
Issuance of new shares	16,000	-	-	-	-	16,000
At 31 December 2017	44,473	-	2,694	81	(23,507)	23,741

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash flows from operating activities				
Profit/(Loss) before tax	42	(4,961)	(2,307)	(1,162)
Adjustments for :				
Depreciation of property, plant and equipment	24	347	20	44
Loss on disposal of property held for sale	-	1,302	-	-
Property, plant and equipment written off	7	-	-	-
Impairment loss on:				
- Investment of subsidiaries	-	-	2,000	-
Loss/(Gain) on disposal of property, plant, and equipment	13	84	-	84
Interest expense	1	795	-	-
Interest income	-	(1)	-	-
Operating profit/(loss) before changes in working capital	87	(2,434)	(287)	(1,034)
Working capital changes:				
(Increase)/Decrease in inventories	(35)	174	-	-
Decrease/(Increase) in receivables, deposits and prepayments	39	(137)	64	(37)
(Decrease)/Increase in payables and accruals	(377)	(423)	(184)	306
Increase/(Decrease) in amount due to director	155	(1,672)	155	(1,681)
Increase in amount due to shareholder	-	161	-	-
Arising from the issuance of warrants	-	81	-	81
Arising from the issuance of investment	-	-	(1,850)	-
Net change in intercompany balances	-	-	1,750	2,514
Cash (used in)/ generated from operations	(131)	(4,250)	(352)	149
Interest paid	(1)	(795)	-	-
Tax paid	(348)	(638)	-	-
Net cash used in from operating activities	(480)	(5,683)	(352)	149

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash flows generated from investing activities				
Acquisition of property, plant and equipment	(3)	(3)	(3)	-
Proceed from sale of property, plant and equipment	63	12,815	-	138
Net cash generated from investing activities	60	12,812	(3)	138
Cash flows used in financing activities				
Payments of finance lease	(59)	(60)	-	-
Interest income	-	1	-	-
Repayments of restructured loans and term loans	-	(6,857)	-	-
Net cash used in financing activities	(59)	(6,916)	-	-
Net (decrease)/Increase in cash and cash equivalents	(479)	213	(355)	287
Cash and cash equivalents at 1 January	638	425	386	99
Cash and cash equivalents at 31 December	159	638	31	386

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

1. CORPORATE INFORMATION

PJBumi Berhad is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur.

The principal activities of the Company are that of investment holding and the provision of management services to its subsidiaries.

The principal activities of the subsidiaries are described in Note 12 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

The financial statements was authorised for issue by the Board of Directors in accordance with the resolution of the directors on 5 April 2019.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (‘MFRS’), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as disclosed in the respective significant accounting policies.

A subsidiary of Company has been prepared in accordance with the break up basis pursuant to the process of winding up as described in Note 24, thus the preparation of the subsidiary financial statements for the year ended 31 December 2018 on the going concern basis is no longer appropriate.

The financial statements are presented in Ringgit Malaysia.

2.2 Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Adoption of new and amendment to MFRS's and Interpretation

During the financial year, the Group and the Company has adopted the following amendments to MFRSs issued by the MASB that are mandatory for current financial year.

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, Financial Instruments
- MFRS 15, Revenue from Contracts with Customers
- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016)
- Amendments to MFRS 2, Classification and Measurement of Share-based Payment Transactions
- Amendments to MFRS 140, Investment Property – Transfers of Investment Property
- IC Interpretation 22, Foreign Currency Transactions and Advance Consideration
- Amendments to MFRS 128, Investment in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)
- Amendments to MFRS 4, Insurance Contracts – Applying MFRS 9 Financial Instrument with MFRS 4 Insurance Contract
- Amendments to MFRS 15, Revenue from Contracts with customers – Clarification of MFRS 15

Adoption of above amendments to MFRSs did not have any significant impact on the financial statements of the Group and the Company.

The following are accounting standards, amendments and interpretations of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16 Leases
- Amendments to MFRS 3 Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 9 Financial Instruments – Prepayment Features with Negative Comparison
- Amendments to MFRS 11 Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 112 Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)
  Amendments to MFRS 123 Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 128 Investments in Associates and Joint Ventures - Long- term Interests in Associates and Joint Ventures
- IC Interpretation 23 Uncertainty over Income Tax Treatments
- Amendments to MFRS 119, Employee Benefits - Plan, Amendment, Curtailment or Settlement

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Adoption of new and amendment to MFRS's and Interpretation (cont'd)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, Insurance Contracts

Amendments to MFRSs effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investment in Associates and Joint Ventures Sales or Contribution of Assets between an Investor and its Associate and Joint Venture.

The Group and the Company will apply the above MFRSs, Amendments and Interpretations that are applicable once they become effective. The initial application of application of the above MFRSs, Amendments and Interpretations is not expected to have any significant impact on the financial statements of the Group and the Company

2.4 Summary of Significant accounting policies

(a) Basis of consolidation

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

- The Group controls exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In the previous financial years, control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

- Potential voting rights are considered when assessing control only when such rights are substantive. In the previous financial years, potential voting rights are considered when assessing control when such rights are presently exercisable.

- The Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return. In the previous financial years, the Group did not consider de facto power in its assessment of control.

(i) Subsidiaries

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Summary of Significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(iv) Non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(v) Transaction eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Summary of Significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(vi) Goodwill

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment loss.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairement loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

(b) Property, plant and equipment

(i) Recognition and measurements

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses. Cost includes expenditures that are directly attributable to theacquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying asseeets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Summary of Significant accounting policies (cont'd)

(b) Property, plant and equipment (cont'd)

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that componenets is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each componenet of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under costruction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows :

Buildings	2%
Plant and machinery, office equipment and furniture and fittings	10% - 20%
Motor vehicles	20%
Computer Hardware and Software	10% - 33%

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period and adjusted as appropriate.

(c) Investment properties

(i) Investment property carried at fair value

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both, nut not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost and subsequently at fair value with any changes therein recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-costructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capital borrowing costs.

An investment properties is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Summary of Significant accounting policies (cont'd)

(c) Investment properties (cont'd)

(ii) Reclassification to/from investment property

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous imairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(d) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU").

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss in the year the assessment is carried out. An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

(e) Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investment, the difference between net disposal proceeds and their carrying amount is included in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Summary of Significant accounting policies (cont'd)

(f) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

(i) Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ('FVTOCI'):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss ('FVTPL').

(ii) Amortised cost and effective interest method

At initial recognition financial assets are measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Summary of Significant accounting policies (cont'd)

(f) Financial assets (cont'd)

(ii) Amortised cost and effective interest method (cont'd)

For purchased or originated credit-impaired financial assets, the Group and the Company recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "investment income" line item.

(iii) Debt instruments classified as at FVTOCI

Subsequent measurement of debt instruments depends on the Group and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

- FVTOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income ('OCI'), except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. Interest revenue and foreign exchange gains and losses which are recognised in profit or loss. OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains and losses and impairment expenses in other expenses.

- FVTPL: Assets that do not meet the criteria for amortised cost or FVTOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit or loss within other gains/(losses) in the period in which it arises.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Summary of Significant accounting policies (cont'd)

(f) Financial assets (cont'd)

(iv) Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Where the Group and the Company's management have elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's and the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

(v) Financial assets at fair value through profit or loss ('FVTPL')

This category comprises only in-the-money derivatives. They are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income in the finance income or expense line. Other than derivative financial instruments which are not designated as hedging instruments, the Group and the Company do not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

(vi) Impairment of financial assets

The Group and the Company recognise a loss allowance for expected credit losses (ECL) on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income (FVTOCI), lease receivables, amounts due from customers under construction contracts, as well as on loan commitments and financial guarantee contracts. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group and the Company always recognises lifetime ECL for trade receivables, amounts due from customers under construction contracts and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's and the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Summary of Significant accounting policies (cont'd)

(f) Financial assets (cont'd)

(vi) Impairment of financial assets (cont'd.)

For all other financial instruments, the Group and the Company recognise lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group and the Company measure the loss allowance for that financial instrument at an amount equal to 12 months ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 months ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(vii) Derecognition of financial assets

The Group and the Company derecognise a financial asset when the contractual right to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group and the Company neither transfer nor retain substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group and the Company enter into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a first-in first-out basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Summary of Significant accounting policies (cont'd)

(i) Provisions

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

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

(j) Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised n profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(i) Financial liabilities at FVTPL

This category comprises only out-of-the-money derivatives. They are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income. The Group and the Company do not hold or issue derivative instruments for speculative purposes, but for hedging purposes. Other than these derivative financial instruments, the Group and the Company do not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

(ii) Other financial liabilities

Other financial liabilities include the following items:

- bank borrowings and the Group's and the Company's perpetual preference shares are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Summary of Significant accounting policies (cont'd)

(j) Financial liabilities (cont'd)

(ii) Other financial liabilities (cont'd.)

- liability components of convertible loan notes are measured as described further below.
- trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

(iii) Derecognition of financial liabilities

The Group and the Company derecognise a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group and the Company also derecognise a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(k) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

(l) Share capital

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Summary of Significant accounting policies (cont'd)

(m) Employee benefits

Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(n) Leases

(i) As lessee

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

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

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

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

(ii) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Summary of Significant accounting policies (cont'd)

(o) Revenue and other income

(i) Revenue

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group or the Company transfers control of a good or service at a point in time unless one of the following overtime criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;

(b) the Group's or the Company's performance creates or anhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Group's ot the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date

(ii) Interest income

Interest income is recognised using the effective interest method.

(iii) Management fees

Management fees are recognised when services are rendered.

(iv) Rental income

Rental income is accounted for on a straight-line basis over the lease term. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Summary of Significant accounting policies (cont'd)

(p) Income taxes

(i) Current tax

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

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

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Summary of Significant accounting policies (cont'd)

(q) Contingencies

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

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

(r) Finance Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

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

(s) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 22, including the factors used to identify the reportable segments and the measurement basis of segment information.

(t) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the non-current assets is brought up-to-date in accordance with applicable MFRSs. Then, on initial classification as held for sale, non-current assets are measured in accordance with MFRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Summary of Significant accounting policies (cont'd)

(u) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows :

Level 1: quoted prices(unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

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

Level 3: unobservable inputs for the asset or liability.

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

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Company's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

The key assumption concerning the future and other key sources of estimation uncertainty at the end of the reporting year that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as stated below:-

(a) Allowance for impairment

The Group and the Company make impairment based on an assessment of the recoverability of trade and other receivables. Impairment are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectibles. The identification of expected loss rate requires use of judgement and estimates where the rate is different from the original rate, such difference will impact the carrying value of the trade and other receivables and impairment loss in the period in which such has been changed.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(b) Useful Lives of Property, Plant and Equipment

The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use, The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets

In addition, the estimation of the useful lives of property, plant and equipment are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any year would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

(c) Impairment of Investment in Subsidiaries

The Group tests investment in subsidiaries for impairment annually in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary.

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiaries which involve uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Group's tests for impairment of investment in subsidiaries.

The management determined the recoverable amount of the investment in subsidiaries based on the individual assets' value in use and the probability of the realisation of the assets. The present value of the future cash flows to be generated by the asset is the asset's value in use, and it is assumed to be the same as the net worth of the asset as at the end of the reporting year. An impairment loss is recognised immediately in the profit or loss if the recoverable amount is less than the carrying amount

In view of the above, the management are in the opinion that no impairment is required for the investment in subsidiaries as at the end of the reporting period.

(d) Impairment of Non-current Assets

The Group reviews the carrying amount of its non-current assets, which include property, plant and equipment and investment property, to determine whether there is an indication that those assets have suffered an impairment loss in accordance with relevant accounting policies on the respective category of non-current assets. Independent professional valuers to determine the carrying amount of these assets will be procured when the need arise.

(e) Deferred tax assets

Deferred tax assets are recognised for unabsorbed capital allowances and other temporary differences to the extent that it is probable that taxable profit will be available against which unabsorbed capital allowances and other temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018
(CONT'D)

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(f) Net Realisable Values of Inventories

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

(g) Goodwill on consolidation

The Group tests goodwill for impairment annually in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating unit to which goodwill has been allocated. The value-in-use calculation requires the management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

(h) Tax expense

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the capital allowances and deducibility of certain expenses when estimating the provision for taxation. There were transactions during the ordinary course of business for which the ultimate tax determination of whether additional taxes will be due is uncertain. The Company recognises liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax in the periods in which the outcome is known.

4. REVENUE

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Revenue from contracts with Customers	5,025	4,776	-	-

Disaggregation of the Group revenue from contract with customers :

Group 2018 Types of goods and services	Environmental RM'000	Commodity Trading RM'000	Total RM'000
Construction contract	732	-	732
Service and maintenance contract	1,324	-	1,324
Waste management	2,519	-	2,519
Sales of RBD palm olein	-	450	450
	4,575	450	5,025

4. REVENUE (CONT'D)

Disaggregation of the Group revenue from contract with customers (cont'd):

Group 2017 **Types of goods and services**	**Environmental RM'000**	**Commodity Trading RM'000**	**Total RM'000**
Construction contract	1,394	-	1,394
Service and maintenance contract	1,080	-	1,080
Waste management	2,302	-	2,302
	4,776	-	4,776

Group	**Environmental RM'000**	**Commodity Trading RM'000**	**Total RM'000**
Timing of revenue recognition :			
- At a point in time	22	-	22
- Over time	4,553	450	5,003
	4,575	450	5,025

5. COST OF SALES

	Group 2018 RM'000	**2017 RM'000**
Cost of sales		
Cost of goods sold	104	247
Cost of services	2,418	2,936
	2,522	3,183

The cost of inventories recognised as an expense during the financial year in the Group amounted to RM104,000 (2017: RM247,000).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018
(CONT'D)

6. OTHER INCOME

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Over accrued penalty for late payment	411	55	-	-
Over accrued hire purchase interest	29	-	-	-
Gain on disposal of machinery	108	2	-	2
Interest income	1	1	-	-
Rental income	274	-	274	-
Reversal of long outstanding trade creditors	-	59	-	-
Management fee	-	-	720	1,200
	823	117	994	1,202

7. EMPLOYEE BENEFIT EXPENSES

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Salaries, bonus and others	1,713	2,012	480	827
Contribution to employees provident Fund	190	237	56	91
Social security costs	21	69	5	51
Other staff related expenses	1	11	-	-
	1,925	2,329	541	969

The total number of employees of the Group and the Company (including directors) at the financial year ended was 51 and 10 (2017 : 59 and 14)

Included in employee benefits expenses of the Group and of the Company are directors' remuneration. The details of remuneration receivable by directors of the Company during the year are as follows:

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Directors' remuneration:				
Directors' allowances and fees				
Ahmad bin Md Daud	3	30	3	30
Nik Md Nor Suhaimi bin Nik Ibrahim	4	30	4	30
Abdul Rahman bin Haji Siraj	-	21	-	21
Abd Rahim bin Embi	8	7	8	7
	15	88	15	88

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018
(CONT'D)

7. EMPLOYEE BENEFIT EXPENSES (CONT'D)

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	
	2018	**2017**
Non executive directors :		
RM0 to RM50,000	3	4
Managing director :		
RM0 to RM50,000	1	1

8. FINANCE COST

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest on borrowings	1	795	-	-

9. PROFIT/(LOSS) BEFORE TAX

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit/(Loss) before tax is arrived at after charging:				
Auditors' remuneration				
- current year	79	100	45	45
Depreciation of property, plant and equipment	24	347	20	44
Rental expense:				
- motor vehicles	60	52	-	-
- office equipment	12	13	10	13
- office premises	272	374	218	337
Loss on disposal of land	-	1,302	-	-
Loss on disposal of building	-	84	-	84

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018
(CONT'D)

10. INCOME TAX

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Income tax				
Current year	-	3	-	-
Over provision in prior years	-	(4)	-	-
	-	(1)	-	-
Deferred tax (Note 15)				
Current year	(84)	-	(37)	-
(Over)/under provision in prior years	(110)	-	39	-
	(194)	-	39	-
Income tax credit	(194)	(1)	2	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% assessable profit for the year.

The reconciliation between tax expenses and the product of accounting profit multiplied by the applicable corporate tax rate for the year ended 31 December 2018 and 2017 are as follows:

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before tax	42	(4,961)	(2,307)	(1,162)
Taxation at Malaysian statutory tax rate of 24%	10	(1,191)	(554)	(279)
Expenses not deductible for tax purposes	153	761	70	133
Deferred tax assets not recognised during the year	52	433	447	146
Income not subject to tax	3	-	-	-
Utilisation of previously unrecognised tax losses and unabsorbed capital allowance	(302)	-	-	-
(Over)/Under provision of income tax expense in prior years	-	(4)	-	-
Over provision of income deferred tax in prior years	(110)	-	39	-
Income tax (credit)/expenses	(194)	(1)	2	-

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018
(CONT'D)

11. BASIC EARNINGS/(LOSS) PER ORDINARY SHARE

The calculation of basic earnings/(loss) per ordinary share is based on the net profit/(loss) attributable to ordinary shareholders divided by the number of ordinary shares outstanding during the financial year.

	Group	
	2018	**2017**
	RM'000	**RM'000**
Profit/(loss) attributable to equity holders of the Company	261	(4,912)
Number of ordinary shares in issue ('000)	82,000	82,000
Basic earning/(loss) per share (sen)	0.32	(5.99)

12. INVESTMENT IN SUBSIDIARIES

	Company	
	2018	**2017**
	RM'000	**RM'000**
Unquoted shares, at cost	49,500	33,500
Acquisition of new subsidiary	-	16,000
Addition	1,850	-
	51,350	49,500
Less: Accumulated impairment loss	(13,815)	(13,815)
Less: Impairment loss during the year	(2,000)	-
	35,535	35,685

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(CONT'D)

12. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Effective equity interest 2018 %	2017 %
PJBumi Composites Sdn. Bhd. (In process of liquidation)	Manufacture and sale of Fibre Reinforced Plastic ("FRP") Sewerage treatment plants and other FRP products	Malaysia	100	100
PJBumi Waste Management Bhd. Sdn.	Investment holding, solid waste management, garbage collection, area cleaning and other related activities	Malaysia	100	100
PJBumi Heavy Engneering & Services Sdn. Bhd. (formerly known as PJBumi Services Sdn. Bhd.)	After-sales support services including connecting works of FRP tanks and mechanical and electrical equipment, providing maintenance, upgrading and/or rectification works, desludging works and sludge treatment	Malaysia	100	100
PJBumi Construction Sdn. Bhd.	Undertake works for civil, mechanical, electrical and erection engineering	Malaysia	100	100
PJBumi Resources Sdn. Bhd.	Trading, logging and mining "currently dormant"	Malaysia	100	100
Goldix Resources Sdn. Bhd.	Investment holding	Malaysia	70	70
Subsidiary of PJBumi Waste Management Sdn. Bhd.				
Kemudi Majujaya Sdn. Bhd.	Trading, investment holding and property	Malaysia	100	-

12. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Non-controlling interests in a subsidiary

The Company's non-wholly owned subsidiary is Goldix Resources Sdn Bhd where 30% equity interest and voting rights are held by non-controlling interests. The details or profit allocated to the non-controlling interests during the financial year as at the end of the reporting period are as follows:-

	Group 2018 RM	Group 2017 RM
Allocated to non-controlling interests:		
- Loss for the year	(25,181)	(48,298)

Summarised financial information of Goldix Resources Sdn Bhd is set out below. The summarised financial information is presented before inter-company eliminations.

Summarised assets and liabilities

	2018 RM	2017 RM
Current assets	1,006,917	985,917
Current liabilities	270,611	4,680
Net assets	736,306	981,237

Summarised profit or loss and other comprehensive income

	2018 RM	2017 RM
Loss for the year	(83,935)	(160,996)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018
(CONT'D)

13. PROPERTY, PLANT AND EQUIPMENT

Group	Buildings RM'000	Furniture, fittings, computers, equipment and machinery RM'000	Motor vehicles RM'000	Total RM'000
2018				
Cost				
At 1 January 2018	233	4,315	1,480	6,028
Disposal	-	(6)	(148)	(154)
Addition	-	3	-	3
Others - (overstated)/understated cost	-	(17)	17	-
At 31 December 2018	233	4,295	1,349	5,877
Accumulated depreciation and impairment loss				
At 1 January 2018				
- Accumulated depreciation	172	4,185	1,422	5,779
Depreciation for for the year	3	31	43	77
Others (undercharged depreciation)	1		(54)	(53)
Disposal	-	-	(71)	(71)
At 31 December 2018	176	4,216	1,340	5,732
Net carrying amount				
At 31 December 2018	57	79	9	145

The Group net book value of motor vehicles under finance lease arrangement is RM9 (2017 : RM59,212).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018
(CONT'D)

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

Group (cont'd)	Buildings RM'000	Furniture, fittings, computers, equipment and machinery RM'000	Motor vehicles RM'000	Total RM'000
2017				
Cost				
At 1 January 2017	497	4,312	1,480	6,289
Disposal	(264)	-	-	(264)
Addition	-	3	-	3
At 31 December 2017	233	4,315	1,480	6,028
Accumulated depreciation and impairment loss				
At 1 January 2017				
- Accumulated depreciation	205	4,131	1,357	5,693
Depreciation for the year	228	54	65	347
Disposal	(261)	-	-	(261)
At 31 December 2017	172	4,185	1,422	5,779
Net carrying amount				
At 31 December 2017	61	130	58	249

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018
(CONT'D)

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

Company	Buildings RM'000	Furniture, fittings, computers, equipment and machinery RM'000	Motor vehicles RM'000	Total RM'000
2018				
Cost				
At 1 January 2018	233	2,187	726	3,146
Addition	-	3	-	3
At 31 December 2018	233	2,190	726	3,149
Accumulated depreciation and impairment loss				
At 1 January 2018				
- Accumulated depreciation	173	2,122	726	3,021
Depreciation for the year	3	17	-	20
At 31 December 2018	176	2,139	726	3,041
Net carrying amount				
At 31 December 2018	57	51	-	108

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018
(CONT'D)

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

Company (cont'd.)	**Buildings RM'000**	**Furniture, fittings, computers, equipment and machinery RM'000**	**Motor vehicles RM'000**	**Total RM'000**
2017				
Cost				
At 1 January 2017	497	2,187	726	3,410
Disposal	(264)	-	-	(264)
At 31 December 2017	233	2,187	726	3,146
Accumulated depreciation				
At 1 January 2017				
- Accumulated depreciation	205	2,087	726	3,018
Depreciation for the year	9	35	-	44
Disposal	(41)	-	-	(41)
At 31 December 2017	173	2,122	726	3,021
Net carrying amount				
At 31 December 2017	60	65	-	125

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018
(CONT'D)

14. INVESTMENT PROPERTIES

	Group and Company	
	2018 RM'000	2017 RM'000
Cost		
At 1 January / 31 December	12,480	12,480
Accumulated depreciation and impairment loss		
At 1 January		
- Accumulated depreciation	1,825	1,825
At 31 December		
- Accumulated depreciation	1,825	1,825
Net carrying amount	10,655	10,655
Fair value of investment properties	10,655	10,655

Included in the above are:

	Group and Company	
	2018 RM'000	2017 RM'000
Freehold land	4,799	4,799
Building	5,856	5,856
	10,655	10,655

The valuation of investment properties were prepared by a qualified external valuer using a comparative menthod of valuation. The valuation was performed on 15 March 2013. The Directors are of the opinion that the value of properties do not vary significantly than the last valuation.

NOTES TO THE FINANCIAL STATEMENTS

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(CONT'D)

15. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Group						
Property, plant and equipment		-	(2,047)	(2,057)	(2,047)	(2,057)
Unabsorbed capital allowance	200	20	-	-	200	20
Unutilised tax losses	1,891	1,887	-	-	1,891	1,887
	2,091	1,907	(2,047)	(2,057)	44	(150)

The components and movement of deferred tax liabilities and assets during the year prior to offsetting are as follows (stated at gross) :

Deferred tax assets of the Group:

	Unabsorbed capital allowances RM'000	Unutilised tax losses RM'000	Total RM'000
At 1 January 2017	83	7,864	7,947
Recognised in profit and loss	-	-	-
At 31 December 2017	83	7,864	7,947
Recognised in profit and loss	750	15	765
At 31 December 2018	833	7,879	8,712

Deferred tax liabilities of the Group:

	Property, plant and equipment RM'000
At 1 January 2017	8,576
Recognised in profit and loss	(1)
At 31 December 2017	8,575
Recognised in profit and loss	(46)
At 31 December 2018	8,529

15. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Deferred tax assets have not been recognised in respect of the following temporary differences (stated at gross):

	Group	
	2018 RM'000	2017 RM'000
Other deductible temporary differences	(3)	(92)
Unutilised business losses	23,102	26,394
Unabsorbed capital allowances	6,988	7,154
Other timing difference	2,000	-
	32,087	33,456

	Company	
	2018 RM'000	2017 RM'000
Property, plant and equipment	-	(181)
Unutilised business losses	12,953	12,966
Unabsorbed capital allowances	168	149
Other timing difference	2,000	-
	15,121	12,934

Deferred tax asset have not been recognised in respect of the items because it is not probable that future taxable profit will be available against which the Company and its subsidiaries can utilise the benefits.

The unutilised business losses, unabsorbed capital allowances and other deductible temporary differences are available indefinitely for offset against future taxable profits subject to no substantial change in shareholdings of the Company and the respective subsidiaries under Section 44(5A) and (5B) of Income Tax Act, 1967.

16. GOODWILL ON CONSOLIDATION

	Group	
	2018 RM'000	2017 RM'000
Cost		
At the beginning of the year	15,313	-
Acquisition of Goldix Resources Sdn. Bhd.	-	15,313
At the end of the year	15,313	15,313

Goodwill acquired in business combinations is allocated, at acquisition, to cash-generating units ("CGU") that are expected to benefit from the business combinations. The carrying amount of goodwill has been allocated to the investment in Goldix Resources Sdn.Bhd.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018
(CONT'D)

16. GOODWILL ON CONSOLIDATION (CONT'D)

The recoverable amount of CGU is determined base on value-in-use, which apply a discounted cash flow model using cash flow projections based on financial budget and projections approved by management.

The key assumptions on which the management has based on for the computation of value-in-use are as follows:

(i) Cash flow projection

The three-year cash flow projections are based on the most recent budget approved by the management.

(ii) Discount rate

The discount rate of 12.5% is applied to the cash flow projections. The discount rate was based on the Group's weighted average cost of capital. The Group believes that any reasonably possible change in the above key assumptions applied are not likely to materially cause recoverable amount to be lower than its carrying amount.

17. INVENTORIES

	Group	
	2018 RM'000	2017 RM'000
At cost:		
Tools and accessories	213	178

18. TRADE AND OTHER RECEIVABLES

	Note	Group	
		2018 RM'000	2017 RM'000
Trade			
Trade receivables	18.1	11,412	11,544
Less: Allowance for impairment loss	18.3	(4,612)	(4,649)
		6,800	6,895
Non-trade			
Other receivables		2,635	2,539
Less: Allowance for impairment loss		(204)	(204)
		2,431	2,335
Deposits		325	365
Prepayments		207	207
		2,963	2,907
Total trade and other receivables		9,763	9,802

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(CONT'D)

18. TRADE AND OTHER RECEIVABLES (CONT'D)

		Company	
		2018	2017
	Note	RM'000	RM'000
Trade			
Trade receivables	18.1	493	521
Less: Allowance for impairment loss	18.3	(422)	(422)
		71	99
Non-trade			
Amounts due from subsidiaries	18.2	863	558
Other receivables		43	40
Deposits		93	132
Total trade and other receivables		1,070	829

Note 18.1

The Group's and the Company's normal trade credit term is 30 to 60 days (2017: 30 to 60 days). Other credit terms are assessed and approved on a case-by-case basis. Trade receivables are recognised at their original invoice amounts which represent their fair values on initial recognition.

The Group has significant concentration of credit risk from a group and a single customer. As at 31 December 2018, included in trade receivables is an amount owing from a group and a single customer amounting to RM3,529,902 (2017: RM2,959,415).

<u>Ageing analysis of trade receivables</u>

The ageing analysis of the Group's and of the Company's trade receivables are as follows:

	Group	
	2018	2017
	RM'000	RM'000
Neither past due nor impaired	402	707
1 to 30 days past due not impaired	34	210
31 to 60 days past due not impaired	97	53
61 to 90 days past due not impaired	488	185
91 to 120 days past due not impaired	20	179
More than 121 days past due not impaired	5,759	5,561
	6,800	6,895
Impaired	4,612	4,649
	11,412	11,544

18. TRADE AND OTHER RECEIVABLES (CONT'D)

	Company	
	2018	2017
	RM'000	RM'000
Neither past due nor impaired	-	28
More than 121 days past due not impaired	71	71
Impaired	422	422
	493	521

Receivables that are neither past due nor impaired

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

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

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM6,398,378 (2017: RM6,188,385) that is past due at the reporting date but not impaired and are unsecured in nature. Trade receivables that are past due but not impaired are creditworthy debtors, who by past trade practice, have paid after the expiry of the trade credit terms and the Group is currently still in active trading with the debtors. The Group does not anticipate recovery problem in respect of these debtors.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date are as follows:

	Group	
	Individually impaired	
	2018	2017
	RM'000	RM'000
Trade receivables - nominal account	4,612	4,649
Less: Allowance for impairment	(4,612)	(4,649)
	-	-

Note 18.2

The amount due from subsidiaries are in respect of advances and payments made on behalf which are non-trade in nature, unsecured, interest free, repayable on demand and expected to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS

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(CONT'D)

18. TRADE AND OTHER RECEIVABLES (CONT'D)

Note 18.3

The movement of allowance accounts used to record the individual impairment are as follows:

	Group	
	2018	**2017**
	RM'000	**RM'000**
At 1 January	4,649	4,612
Doubtful debt recovered	(37)	-
Charge for the year	-	37
At 31 December	4,612	4,649

	Company	
	2018	**2017**
	RM'000	**RM'000**
At 1 January / 31 December	422	422

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

19. SHARE CAPITAL AND RESERVES

Share capital		
	Group and Company Number of ordinary shares	
	2018	**2017**
	'000 unit	**'000 unit**
Issued and fully paid:		
At the beginning of the year	82,000	50,000
Issuance during the year	-	32,000
At the end of the year	82,000	82,000

	Amount	
	2018	**2017**
	RM'000	**RM'000**
Issued and fully paid:		
At the beginning of the year	44,473	25,000
Issuance during the year	-	16,000
Adjustments for the effects of Companies Act 2016	-	3,473
At the end of the year	44,473	44,473

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(CONT'D)

19. SHARE CAPITAL AND RESERVES (CONT'D)

Reserves	**Note**	**Group 2018 RM'000**	**Group 2017 RM'000**	**Company 2018 RM'000**	**Company 2017 RM'000**
Accumulated losses		(27,155)	(27,416)	(25,816)	(23,507)
Non-distributable :					
Revaluation reserve	(a)	4,694	4,694	2,694	2,694
Warrant reserve	(b)	81	81	81	81
		4,775	4,775	2,775	2,775

(a) Revaluation reserve

The revaluation reserve relates to the revaluation of property, plant and equipment and investment property.

(b) Warrant reserve

The salient point of the warrants are as follows:

i.	Total number of warrant issued	:	14,999,996
ii.	Total number of warrant outstanding	:	14,999,996
iii.	Exercise period	:	The exercise period is any time within a period of 5 years from the date issue up to the expiry date of 5 July 2022.
iv.	Exercise price per warrant	:	RM0.50 each and subject to adjustments (where applicable) with the conditions provided in Deed Pool.
v.	Warrant entitlement	:	Each warrant entitles the warrant holder during the exercise period to subscribe for every ten (10) existing shares held.

NOTES TO THE FINANCIAL STATEMENTS
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(CONT'D)

20. BORROWINGS

	Group 2018 RM'000	Group 2017 RM'000
Current		
Secured:		
Hire purchase	-	59

During the financial year, the Group had fully settled a hire purchase loan of RM59,083 of a subsidiary. The Group currently has zero borrowings.

21. TRADE AND OTHER PAYABLES

	Note	Group 2018 RM'000	Group 2017 RM'000
Current			
Trade			
Trade payables	21.1	3,325	2,775
Non-trade			
Other payables		1,832	3,345
Accrued expenses		1,079	705
		6,236	6,825
Non-current			
Non-trade			
Amount due to a director	21.2	2,194	1,827

NOTES TO THE FINANCIAL STATEMENTS
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(CONT'D)

21. TRADE AND OTHER PAYABLES (CONT'D)

	Note	Company 2018 RM'000	Company 2017 RM'000
Current			
Non-trade			
Other payables		1,176	1,500
Accrued expenses		601	459
Amount due to subsidiaries	21.3	20,416	18,363
		22,193	20,322
Non-current			
Non-trade			
Amount due to a director	21.2	1,359	1,204

Note 21.1

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and to the Company range from 30 days to 60 days.

Note 21.2

The amount due to a director, Adlin bin Shaharudin is in respect of advances and payments made on behalf which are non-trade in nature, unsecured, interest free, repayable on demand and expected to be settled in cash.

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

Note 21.3

The amount due to subsidiaries is in respect of advances and payments made on behalf which are non-trade in nature, unsecured, interest free, repayable on demand and expected to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018
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22. SEGMENTAL REPORTING

For management purposes, the Group is organised into business segments based on their products and services. The Group's chief operation decision maker reviews the information of each business segment on at least monthly basis for the purpose of resource and allocation and assessment of segment performance.

Accordingly, the Group's reportable segments under MFRS 8 are as follows:

(i)	Manufacturing & Trading	-	manufacturing and sale of Fibre Reinforced Plastic ("FRP"), Reinforced Concrete Sewerage Treatment Plants ("STP") and Underground Storage Tanks ("UST").
(ii)	Operation, Maintenance and design	-	provision of after-sales support services including connecting works of fibre plastic tanks and mechanical and engineering equipment, providing maintenance, upgrading and/or rectification works, desludging works and sludge treatment.
(iii)	Waste management services	-	solid waste management, garbage collection, area cleaning, dump processing and other related activities.
(iv)	Construction & Project	-	undertake construction works for civil, mechanical, electrical and erection engineering
(v)	Resources, Commodity Trading	-	commodity trading in palm oil related business
(vi)	Investment	-	investment holding and management services.

Segment revenue and results

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2.4 (s). Segment results represent profit or loss before finance costs, interest income and tax expense. Inter-segment transactions are entered into in the ordinary course of business based on terms mutually agreed upon by the parties concerned.

Segment assets

Segment assets are measured based on all assets of the segment, excluding deferred tax assets and tax recoverable.

Segment liabilities

Segment liabilities are measured based on all liabilities, excluding tax liabilities and deferred tax liabilities.

NOTES TO THE FINANCIAL STATEMENTS

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22. SEGMENTAL INFORMATION

	Manufacturing & Trading		Operation, maintenance and design		Waste management services		Construction & Project		Resources & Commodity Trading		Investment		Eliminations		Consolidated	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Segment Revenue																
External customers	710	559	1,324	1,080	2,519	2,302	22	835	450	-	-	-	-	-	5,025	4,776
	710	559	1,324	1,080	2,519	2,302	22	835	450	-	-	-	-	-	5,025	4,776
Segment results	478	(2,049)	491	(347)	(27)	(382)	(501)	(155)	(92)	(71)	(2,307)	(1,163)	2,000	-	42	(4,167)
Finance costs	-	(788)	-	-	(1)	(7)	-	-	-	-	-	-	-	-	(1)	(795)
Interest income	-	-	-	-	1	1	-	-	-	-	-	-	-	-	1	1
Profit/(loss) before tax															42	(4,961)
Tax expense	-	-	316	-	-	-	(120)	1	-	-	(2)	-	-	-	194	1
Profit/(loss) for the year															236	(4,960)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

22. SEGMENTAL INFORMATION (CONT'D)

	Manufacturing & Trading		Operation, maintenance and design		Waste management services		Construction & Project		Resources & Commodity Trading		Investment		Eliminations		Consolidated	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Segment assets	8,419	9,296	1,314	1,019	33,614	33,510	1,705	1,717	485	3	48,406	48,666	(57,695)	(57,376)	36,248	36,835
Unallocated assets	-	-	184	-	-	50	-	-	-	-	-	-	-	-	184	50
Total assets	8,419	9,296	1,498	1,019	33,614	33,560	1,705	1,717	485	-	48,406	48,666	(57,695)	(57,376)	36,432	36,885
Segment liabilities	16,038	17,393	817	2,813	2,682	2,169	1,920	1,550	622	98	23,824	21,691	(37,473)	(37,003)	8,430	8,711
Unallocated liabilities	2,535	2,607	-	-	746	1,084	(8)	(8)	-	-	2,415	2,413	-	-	5,688	6,096
Total liabilities	18,573	20,000	817	2,813	3,428	3,253	1,912	1,542	622	98	26,239	24,104	(37,473)	(37,003)	14,118	14,807
Other segment information																
Depreciation of property, plant and equipment	3	222	9	10	44	69	1	2	-	-	20	44	-	-	77	347

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22. SEGMENTAL REPORTING (CONT'D)

Major customers

The following are major customers with revenue equal or more than 10% of the Group's revenue:

	Revenue		
	2018 RM'000	2017 RM'000	Segment
- Customer A	2,518	2,014	Waste management services

23. FINANCIAL INSTRUMENTS

23.1 Categories of financial instruments

The table below provides an analysis of financial instruments as at 31 December 2018 categorised as Amorised Cost ("AC"). The details as follows:

2018	Carrying amount RM'000	AC RM'000
Financial assets		
Group		
Trade and other receivables	9,763	9,763
Cash and bank balances	159	159
	9,922	9,922
Company		
Trade and other receivables	1,070	1,070
Cash and bank balances	31	31
	1,101	1,101
Financial liabilities		
Group		
Trade and other payables	8,430	8,430
Company		
Trade and other payables	23,552	23,552

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018
(CONT'D)

23. FINANCIAL INSTRUMENTS (CONT'D)

23.1 Categories of financial instruments (cont'd)

The table below provides an analysis of financial instruments as at 31 December 2017 categorised as follows:

(a) Loans and receivables ("LR")
(b) Financial liabilities measured at amortised cost ("FL")

2017	Carrying amount RM'000	LR RM'000	FL RM'000
Financial assets			
Group			
Trade and other receivables	9,802	9,802	-
Cash and bank balances	638	638	-
	10,440	10,440	-
Company			
Trade and other receivables	829	829	-
Cash and bank balances	386	386	-
	1,215	1,215	-
Financial liabilities			
Group			
Borrowings	59	-	59
Trade and other payables	8,652	-	8,652
	8,711	-	8,711
Company			
Trade and other payables	21,526	-	21,526

23.2 Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Managing Director and Financial Controller. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken. The Group and the Company do not apply hedge accounting.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018
(CONT'D)

23. FINANCIAL INSTRUMENTS (CONT'D)

23.2 Financial risk management objectives and policies (cont'd)

The Group's and the Company's exposure to the financial risks and the objectives, policies and processes put in place to manage these risks are discussed below:

(i) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk primarily arises from its trade and other receivables. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position and financial guarantee to a bank in respect of banking facility granted to an affiliated company.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all new customers who wish to trade on credit terms are subject to credit evaluation procedures. In addition, receivable balances are monitored on an ongoing basis to minimise the Company's exposure to bad debts.

The Group has significant concentration of credit risk from a group and a single customer. As at 31 December 2018, included in trade receivables is an amount owing from a group and a single customer amounting to RM3,529,902 (2017: RM2,959,415).

(ii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations associated with financial liabilities. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group and the Company practice prudent liquidity risk management to minimise the mismatch of financial assets and financial liabilities. This include maintains adequate cash and cash equivalent by the management to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

The repayment schedule of most defaulted banking facilities of the Group and of the Company have been restructured in the previous years. The Group actively manages its operating cash flows so as to ensure that all repayment and funding needs are met.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

23. FINANCIAL INSTRUMENTS (CONT'D)

23.2 Financial risk management objectives and policies (cont'd)

(ii) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturity

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

2018	Contractual Interest rate %	On demand RM'000	Within 1 year RM'000	Within 1 to 5 years RM'000	More than 5 years RM'000	Total contractual cash flow RM'000	Total carrying amount RM'000
Financial liabilities:							
Group							
Trade payables		3,325	-	-	-	3,325	3,325
Other payables		5,105	-	-	-	5,105	5,105
		8,430	-	-	-	8,430	8,430
Company							
Other payables		22,193	-	-	-	22,193	22,193

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

23. FINANCIAL INSTRUMENTS (CONT'D)

23.2 Financial risk management objectives and policies (cont'd)

(ii) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturity (cont'd)

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

2017	Contractual Interest rate %	On demand RM'000	Within 1 year RM'000	Within 1 to 5 years RM'000	More than 5 years RM'000	Total contractual cash flow RM'000	Total carrying amount RM'000
Financial liabilities:							
Group							
Trade payables		2,775	-	-	-	2,775	2,775
Other payables		5,877	-	-	-	5,877	5,877
Hire Purchase Payables	3.55	-	57	-	-	57	57
		8,652	57	-	-	8,709	8,709
Company							
Other payables		20,322	-	-	-	20,322	20,322

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018
(CONT'D)

23. FINANCIAL INSTRUMENTS (CONT'D)

23.2 Financial risk management objectives and policies (cont'd)

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's has no exposure to interest rate risk since the all borrowings has been settled.

23.3 Fair value information

The methods and assumptions used to determine the fair value of the following classes of financial assets and liabilities are as follows:

(a) Cash and cash equivalents, trade and other receivables and payables

The carrying amounts of cash and cash equivalents, trade and other receivables and payables are reasonable approximation of fair values due to short term nature of these financial instruments.

It is not practical to estimate the fair value of the Company's investment in unquoted shares due to lack of active market to determine reliably the fair value of the financial asset. The carrying amount of other financial assets and liabilities recognised in the statements of financial position approximate their fair values.

	Fair value of financial instruments not carried at fair value			
	Level 1 RM'000	**Level 2 RM'000**	**Level 3 RM'000**	**Carrying amount RM'000**
Financial assets				
2018				
Group				
Trade and other receivables	-	-	9,763	9,763
Cash and bank balances	-	-	159	159
	-	-	9,922	9,922
Company				
Investment in subsidiaries	-	-	35,535	35,535
Trade and other receivables	-	-	1,070	1,070
Cash and bank balances	-	-	31	31
	-	-	36,636	36,636

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018
(CONT'D)

23. FINANCIAL INSTRUMENTS (CONT'D)

23.3 Fair value information (cont'd)

The methods and assumptions used to determine the fair value of the following classes of financial assets and liabilities are as follows (cont'd):

(a) Cash and cash equivalents, trade and other receivables and payables (cont'd)

	Fair value of financial instruments not carried at fair value			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Carrying amount RM'000
Financial assets				
2017				
Group				
Trade and other receivables	-	-	9,802	9,802
Cash and bank balances	-	-	638	638
	-	-	10,440	10,440
Company				
Investment in subsidiaries	-	-	35,685	35,685
Trade and other receivables	-	-	829	829
Cash and bank balances	-	-	386	386
	-	-	36,900	36,900
Financial liabilities				
2018				
Group				
Trade and other payables	-	-	6,236	6,236
	-	-	6,236	6,236
Company				
Trade and other payables	-	-	22,193	22,193
	-	-	22,193	22,193

23. FINANCIAL INSTRUMENTS (CONT'D)

23.3 Fair value information (cont'd)

The methods and assumptions used to determine the fair value of the following classes of financial assets and liabilities are as follows (cont'd):

(a) Cash and cash equivalents, trade and other receivables and payables (cont'd)

	Fair value of financial instruments not carried at fair value			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Carrying amount RM'000
Financial liabilities				
2017				
Group				
Trade and other payables	-	-	8,652	6,825
Hire purchase payables	-	-	57	59
	-	-	8,709	6,884
Company				
Trade and other payables	-	-	20,322	20,322
	-	-	20,322	20,322

(i) Policy on transfer between levels

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

There were no transfers between levels during current and previous financial year.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(iii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quited prices included within Level 1 that are observable for the asset or liability, either directly(i.e. as prices) or indirectly (i.e. derived from prices).

<u>Non-derivative financial instruments</u>
Fair value which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting year.

23. FINANCIAL INSTRUMENTS (CONT'D)

23.3 Fair value information (cont'd)

(a) Cash and cash equivalents, trade and other receivables and payables (cont'd)

(iv) Level 3 fair value

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

The fair value of finance lease liabilities is calculated using discounted cash flows where the market rate of interest is determined by reference to similar lease arrangements.

24. SIGNIFICANT EVENTS

On 5 February 2018, PJBumi Composites Sdn. Bhd. ("PJBC"), a wholly owned subsidiary of the Company was served with a winding-up petition by Lembaga Hasil Dalam Negeri ("LHDN") for an on behalf of Government of Malaysia ("Petitioner"). The Petitioner claims that as at 21 August 2017, the accrued balance on income tax is RM2,082,434 and interest will be charged at 4% per annum from the date of judgement until full settlement with cost of RM6,563.

The Winding Up Order has been granted against PJBC and PJBC's appeal on stay application was dismissed by the Court of Appeal on 10 October 2018. Now PJBC has submitted a proposal repayment scheme for creditors and this proposal will be presented after the appointment of Official Receiver Manager or Liquidator.

25. RELATED PARTIES

Identity of related parties

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

Related parties also include key management personnel as those persons having authority and responsibility for planning, directing, and controlling the activities of the Company either directly or indirectly. The key management personnel includes all the Directors of the Company.

The Group has related party relationship with its key management personnel. (See note 7).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018
(CONT'D)

26. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to maintain on optimal capital structure in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is the total debt divided by total capital plus total debt. Total debt includes trade and other payables, loans and borrowings. Total Capital of the Group represents equity attributable to owners of the parent.

The debt to equity ratio as at 31 December 2018 and 31 December 2017 are as follows:

	Note	2018 RM'000	2017 RM'000
Trade and other payables	21	8,430	8,652
Hire purchase	20	-	59
Total debts		8,430	8,711
Equity attributable to owners of the parent		22,093	21,832
Capital and total debts		30,523	30,543
Gearing ratio		0.28	0.29

PROPERTIES HELD BY THE GROUP

No	Address	Description	Sq.Ft	Existing use	Tenure	Age of building	*Net book value
1.	Lot 46-1 Jalan Setiawangsa 11A Taman Setiawangsa 54200 Kuala Lumpur	Building	1,000	Vacant	Freehold	27 years	59,216
2.	Plot 2, PT60593 08000 Sungai Petani Kedah Darul Aman	Factory Land and Building	201,716	Factory	Malay Reserve	19 years	8,255,342
3.	Plot 3, PT60594 08000 Sungai Petani Kedah Darul Aman	Land	200,351	Vacant	Malay Reserve	98 years	2,400,000

SHAREHOLDINGS ANALYSIS

AS AT 26 MARCH 2019

Issued share capital	RM41,000,000.00
Class of shares	Ordinary shares
Voting Rights	One vote per ordinary share

CLASSIFICATION OF SHAREHOLDERS

Category of Shareholders		Malaysian No. of shares	Malaysian %	Foreign No. of shares	Foreign %
1.	Individual	16,391,281	19.99	103,009	0.13
2.	Body Corporate				
	a. Banks / Finance Companies	12,000	0.01	-	-
	b. Trusts / Foundation / Charity	19,000	0.02	-	-
	c. Private / Limited Company	42,606,600	51.96	6,000,000	7.32
3.	Nominees	10,124,110	12.35	6,744,000	8.22
		69,152,991	84.33	12,847,009	15.67

Size of shareholdings	No. of shareholders	No. of shares	% of shareholdings
<100	10	383	0.00
100 -1,000	216	169,583	0.21
1,001 – 10,000	283	1,448,006	1.76
10,001 – 100,000	159	5,222,000	6.37
100,001 - < 5% issued shares	61	27,877,728	34.00
5% and above of issued shares	5	47,282,300	57.66
	734	82,000,000	100.00

SHAREHOLDINGS ANALYSIS

AS AT 26 MARCH 2019
(CONT'D)

LIST OF SUBSTANTIAL SHAREHOLDERS

	No. of shares held			
Name	**Direct Interest**	**%**	**Deemed Interest**	**%**
EMEF Technology Sdn Bhd	15,169,000	18.50	-	-
Panama Ventures Sdn Bhd	10,028,600	12.23	-	-
Tanjung Setara Sdn Bhd	8,542,900	10.42	-	-
Veto Growth Sdn. Bhd.	7,428,500	9.06	-	-
DB (Malaysia) Nominee (Asing) Sdn Bhd - Exempt an for Bank of Singapore Limited	6,113,300	7.46	-	-
CMA i Capital Sdn Bhd			*15,169,000	18.50
Adlin bin Shaharudin			**15,169,000	18.50

DIRECTORS' SHAREHOLDINGS

	No. of shares held			
Name	**Direct Interest**	**%**	**Deemed Interest**	**%**
Adlin bin Shaharudin	-	-	**15,169,000	18.50
Ahmad bin Md Daud	-	-	-	-
Nik Md Nor Suhaimi bin Nik Ibrahim	-	-	-	-
Abd Rahim Bin Embi	-	-	-	-

Notes:
* *Deemed interested by virtue of holding substantial interest in the shares of EMEF Technology Sdn Bhd*
** *Deemed interested by virtue of holding substantial interest in the shares of CMA i Capital Sdn Bhd*

SHAREHOLDINGS ANALYSIS
AS AT 26 MARCH 2019
(CONT'D)

30 LARGEST SHAREHOLDERS
AS AT 26 MARCH 2019

No.	Shareholders	Shareholding	%
1.	EMEF Technology Sdn Bhd	15,169,000	18.50
2.	Panama Ventures Sdn Bhd	10,028,600	12.23
3.	Tanjung Setara Sdn Bhd	8,542,900	10.42
4.	Veto Growth Sdn Bhd	7,428,500	9.06
5.	DB (Malaysia) Nominee (Asing) Sdn Bhd		
	- Exempt an for Bank of Singapore Limited	6,113,300	7.46
6.	TMF trustees Malaysia Berhad		
	- Panama Ventures Sdn. Bhd.	2,314,300	2.82
7.	TMF Trustees Malaysia Berhad		
	- Tanjung Setara Sdn. Bhd.	1,971,400	2.40
8.	TMF Trustees Malaysia Berhad		
-	Veto Growth Sdn Bhd	1,714,300	2.09
9.	Cimsec Nominees (Tempatan) Sdn Bhd		
	- CIMB Bank for Mohammed Amin Bin Mahmud (MM1004)	1,701,500	2.07
10.	RHB Nominees (Tempatan) Sdn Bhd		
	- Pledged Securities Account for Mohd Shafei Bin Abdullah	1,579,900	1.93
11.	RHB Capital Nominees (Tempatan) Sdn Bhd		
	- Pledged Securities Account for Ab Ghaus Bin Ismail (551010)	1,034,600	1.26
12.	HLB Nominees (Tempatan) Sdn Bhd		
	- Pledged Securities Account for Leong Wye Keong	810,700	0.99
13.	Bijak Tulus Sdn Bhd	716,800	0.87
14.	Kenanga Nominees (Tempatan) Sdn Bhd		
	-Pledged Securities Account for Ong Tee Paan (011)	683,100	0.83
15.	Lok Wei Seong	596,500	0.73
16.	RHB Capital Nominees (Tempatan) Sdn Bhd		
	-Pledged Securities Account for Mohd Shafei Bin Abdullah (CEB)	570,000	0.70
17.	Lim Lei Send	565,000	0.69
18.	Astra Taipan Sdn Bhd	555,200	0.68
19.	Amerjeet Singh A/L Naib Singh	551,800	0.67
20.	TA Nominees (Tempatan) Sdn Bhd		
	-Pledged Securities Account for Lau Yen Chang	528,000	0.64
21.	Mokhsen bin Ibrahim	525,828	0.64
22.	CIMSEC Nominees (Tempatan) Sdn Bhd		
	-Pledged Securities Account for Ng Geok Wah (B BRKLANG-CL)	500,000	0.61
23.	Lau Kim San	490,000	0.60
24.	Lim Yaw Jenn	470,100	0.57
25.	Mohd Noor Bin Bidin	451,000	0.55
26.	Lim Yaw Jenn	450,000	0.55
27.	Public Invest Nominees (Asing) Sdn Bhd		
	-Exempt an for Phillip Securities Pte Ltd (Clients)	450,000	0.55
28.	Ang Ying Ying	388,000	0.47
29.	Maybank Nominees (Tempatan) Sdn Bhd		
	-Pledged Securities Account for Mohd Yunus Bin Mohd Tasi	365,900	0.45
30.	Selvaraja A/L Krishnan Thevar	360,000	0.44
	TOTAL	**67,626,228**	**82.47**

WARRANTHOLDINGS ANALYSIS

AS AT 26 MARCH 2019

No. of Warrants in Issue	14,999,996
Exercise price of the Warrants	RM0.50
Expiry date of the Warrants	5 July 2022
No. of Warrant Holders	744

CLASSIFICATION OF WARRANTHOLDERS

Category of Warrantholders	Malaysian No. of warrants held	%	Foreign No. of warrants held	%
1. Individual	1,591,255	10.61	13,800	0.09
2. Body Corporate				
a. Banks / Finance Companies	1,200	0.01	-	-
b. Trusts / Foundation / Charity	1,900	0.01	-	-
c. Private / Limited Company	9,783,860	65.22	1,875,000	12.50
3. Nominees	1,058,581	7.06	674,400	4.50
	12,436,796	82.91	2,563,200	17.09

Size of warrantholdings	No. of warrantholders	No. of warrants	% of warrantholdings
<100	72	1,929	0.01
100 -1,000	456	168,285	1.12
1,001 – 10,000	152	483,140	3.22
10,001 – 100,000	51	1,511,912	10.08
100,001 - < 5% issued shares	9	3,192,830	21.29
5% and above of issued shares	4	9,641,900	64.28
	744	14,999,996	100.00

WARRANTHOLDINGS ANALYSIS

AS AT 26 MARCH 2019
(CONT'D)

LIST OF SUBSTANTIAL WARRANTHOLDERS

	No. of warrants held			
Name	**Direct Interest**	**%**	**Deemed Interest**	**%**
Panama Ventures Sdn Bhd	3,134,000	20.89	-	-
Tanjung Setara Sdn Bhd	2,669,600	17.80	-	-
Veto Growth Sdn. Bhd.	2,321,400	15.48	-	-
EMEF Technology Sdn Bhd	1,516,900	10.11	-	-
CMA i Capital Sdn Bhd			*1,516,900	10.11
Adlin bin Shaharudin			**1,516,900	10.11

DIRECTORS' WARRANTHOLDINGS

	No. of warrant held			
Name	**Direct Interest**	**%**	**Deemed Interest**	**%**
Adlin bin Shaharudin	-	-	**1,516,900	10.11
Ahmad bin Md Daud	-	-	-	-
Nik Md Nor Suhaimi bin Nik Ibrahim	-	-	-	-
Abd Rahim Bin Embi	-	-	-	-

Notes :

* *Deemed interested by virtue of holding substantial interest in the shares of EMEF Technology Sdn Bhd*

** *Deemed interested by virtue of holding substantial interest in the shares of CMA i Capital Sdn Bhd*

WARRANTHOLDINGS ANALYSIS
AS AT 26 MARCH 2019
(CONT'D)

30 LARGEST WARRANTHOLDERS
AS AT 26 MARCH 2019

No.	Shareholders	Shareholding	%
1.	Panama Ventures Sdn Bhd	3,134,000	20.89
2.	Tanjung Setara Sdn Bhd	2,669,600	17.80
3.	Veto Growth Sdn Bhd	2,321,400	15.48
4.	Emef Technology Sdn. Bhd.	1,516,900	10.11
5.	TMF Trustees Malaysia Berhad -Panama Ventures Sdn Bhd	723,200	4.82
6.	TMF Trustees Malaysia Berhad -Tanjung Setara Sdn Bhd	616,100	4.11
7.	DB (Malaysia) Nominee (Asing) Sdn Bhd - Exempt an for Bank of Singapore Limited	611,330	4.08
8.	TMF Trustees Malaysia Berhad Veto Growth Sdn Bhd	535,700	3.57
9.	CIMSEC Nominees (Tempatan) Sdn Bhd - CIMB Bank for Mohammed Amin Bin Mahmud (MM1004)	170,150	1.13
10.	RHB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Mohd Shafei Bin Abdullah	157,990	1.05
11.	TA Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lau Yen Chang	150,000	1.00
12.	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Ong Tee Paan (011)	124,900	0.83
13.	RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for AB Ghaus Bin Ismail (551010)	103,460	0.69
14.	HLB Nominees (Tempatan) Sdn Bhd -Pledged Securities Account for Leong Wye Keong	81,070	0.54
15.	Bijak Tulus Sdn Bhd	71,680	0.48
16.	Astra Taipan Sdn Bhd	55,520	0.37
17.	Amerjeet Singh A/L Naib Singh	55,180	0.37
18.	Lim Lei Send	55,000	0.37
19.	Mokhsen Bin Ibrahim	52,582	0.35
20.	Lau Kim San	49,000	0.33
21.	Lim Yaw Jenn	47,010	0.31
22.	Mohd Noor Bin Bidin	45,100	0.30
23.	Lim Yaw Jenn	45,000	0.30
24.	Public Invest Nominees (Asing) Sdn Bhd - Exempt an for Phillip Securities Pte Ltd (Clients)	45,000	0.30
25.	Lok Wei Seong	42,200	0.28
26.	Selvaraja A/L Krishnan Thevar	40,000	0.27
27.	Ang Ying Ying	38,800	0.26
28.	Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Mohd Yunus Bin Mohd Tasi	36,590	0.24
29.	Lim Yaw Shing	34,200	0.23
30.	HLB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Yaw Shing	33,790	0.22
	TOTAL	**13,662,452**	**91.08**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-Fourth Annual General Meeting ("34th AGM") of the Company will be held at Concorde Hotel Shah Alam, Level 1, Orchid Meeting Room, No. 3, Jalan Tengku Ampuan Zabedah, 40100 Shah Alam, Selangor Darul Ehsan on Friday, 21 June 2019 at 10.00 a.m. for the following purposes:-

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2018 together with the Reports of the Directors and Auditors thereon.

2. To approve the payment of Directors' fees of RM15,500.00 for the year ended 31 December 2018. **Ordinary Resolution 1**

3. To re-elect the following director retiring pursuant to the Company's Articles of Association, and being eligible, offered himself for re-election: - **Ordinary Resolution 2**

   - Encik Ahmad Bin Md Daud (Article 102)

4. To re-appoint Messrs Afrizan Tarmili Khairul Azhar as Auditors of the Company and to authorise the Board of Directors to fix their remuneration. **Ordinary Resolution 3**

AS SPECIAL BUSINESS

To consider, and if thought fit, to pass the following Resolutions:

5. **AUTHORITY TO ALLOT SHARES IN GENERAL PURSUANT TO SECTION 75 (1) OF THE COMPANIES ACT 2016**

   "That pursuant to Section 75 (1) of the Companies Act, 2016 and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to allot new shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten percent (10%) of the issued share capital of the Company thereat and that such authority shall continue in force until the conclusion of the next AGM of the Company and that the Directors be and are hereby further authorised to obtain the approval from Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares so allotted". **Ordinary Resolution 4**

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

6. **PROPOSED ADOPTION OF A NEW CONSTITUTION OF THE COMPANY IN PLACE OF THE EXISTING MEMORANDUM & ARTICLES OF ASSOCIATION ("PROPOSED NEW CONSTITUTION")**

   "THAT approval be and is hereby given to abolish the existing Memorandum and Articles of Association of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company as set out in Appendix II of the Circular to Shareholders dated 29 April 2019 accompanying the Company's Annual Report for the financial year ended 31 December 2018 be and is hereby adopted as the Constitution of the Company AND THAT the Directors of the Company be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing." **Special Resolution**

7. To transact any other business which may properly be transacted at an Annual General Meeting for which due notice shall have been given.

By Order of the Board
LIM SECK WAH (MAICSA NO. 0799845)
M. CHANDRASEGARAN A/L S. MURUGASU (MAICSA NO.0781031)
Company Secretaries

Dated: 29 April 2019

Selangor

Notes:-

1. For the purpose of determining a member who shall be entitled to attend and vote at the Annual General Meeting, the Company shall be requesting the Record of Depositors as at 17 June 2019. Only a depositor whose name appears on the Record of Depositors as at 17 June 2019 shall be entitled to attend the said meeting or appoint proxies to attend, speak and vote on his/her stead.
2. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his/her stead. A member may appoint up to two proxies to attend the same meeting provided that he specifies the proportion of his shareholding to be represented by each proxy. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy.
3. Where a member is an authorised nominee as defined under the Security 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. A member who is an exempt authorized nominee is entitled to appoint multiple proxies for each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing or, if the appointer is a corporation, either under the Corporation's Common Seal or under the hand of an officer or attorney so authorized.
6. The Form of Proxy must be deposited at the Registered Office of the Company at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur not less than 48 hours before the time set for holding the meeting or any adjournment thereof.

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

7. **Explanatory Notes To Special Businesses**

Resolution Pursuant to Section 75 (1) of the Companies Act, 2016

The proposed Ordinary Resolution no. 4 is a renewal of the mandate given to the Company by the shareholders at the previous Annual General Meeting held on 22 June 2018, if duly passed, will give the Directors of the Company the flexibility to issue and allot new shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of next Annual General Meeting of the Company.

The Company continues to consider opportunities to broaden its earnings potential. If any of the expansion/ diversification proposals involves the issue of new shares, the Directors, under certain circumstance when the opportunity arises, would have to convene a general meeting to approve the issue of new shares even though the number involved may be less than 10% of the issued capital.

In order to avoid any delay and costs involved in convening a general meeting to approve such issue of shares, it is thus considered appropriate that the Directors be empowered to issue shares in the Company, up to any amount not exceeding in total 10% of the issued share capital of the Company for the time being, for such purposes. The renewed authority for allotment of shares will provide flexibility to the Company for the allotment of shares for the purpose of funding future investment, working capital and/ or acquisitions.

No shares have been issued and allotted by the Company since obtaining the said authority from its shareholders at the last Annual General Meeting held on 22 June 2018.

PJBUMI BERHAD
(Company No. 141537-M)
(Incorporated in Malaysia)

FORM OF PROXY

(Before completing this form please refer to the notes below)

No. of ordinary shares held	

I/We ______________________________ I.C No./Co.No./CDS No.: ______________________________
(Full name in block letters)

of ____
(Full address)

being a member/members of **PJBUMI BERHAD** hereby appoint the following person(s):-

Name of proxy, NRIC No. & Address — **No. of shares to be represented by proxy**

1. ______________________________ ______________

2. ______________________________ ______________

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at Thirty-Fourth Annual General Meeting ("AGM") of the Company to be held at Concorde Hotel Shah Alam, Level 1, Orchid Meeting Room, No. 3, Jalan Tengku Ampuan Zabedah, 40100 Shah Alam, Selangor Darul Ehsan on Friday, 21 June 2019 at 10.00 a.m. My/our proxy/proxies is/are to vote as indicated below:-

RESOLUTIONS RELATING TO :-	**FIRST PROXY**		**SECOND PROXY**	
	For	**Against**	**For**	**Against**
Ordinary Resolution 1 – To approve Directors' fees				
Ordinary Resolution 2 – To re-elect Encik Ahmad Bin Md Daud				
Ordinary Resolution 3 – To re-appoint Messrs Afrizan Tarmili Khairul Azhar as Auditors of the Company				
Ordinary Resolution 4 – Authority to allot shares				
Special Resolution – Proposed New Constitution				

(Please indicate with a "√" or "X" in the space provided how you wish your vote to be cast. If no instruction as to voting is given, the proxy/proxies may vote or abstain from voting at his/her/their discretion).

Dated this …...….. day of ……….………...…. 2019 ……….....................…………………..
Signature/Common Seal

Notes

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AFFIX
STAMP

The Secretary

PJBUMI BERHAD (141537-M)
Level 15-2, Bangunan Faber Imperial Court,
Jalan Sultan Ismail,
50250 Kuala Lumpur.

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PJBUMI BERHAD (141537-M)

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No. 11, Jalan Ruang U8/109
Seksyen U8, Bukit Jelutong
40150 Shah Alam, Selangor D.E.

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