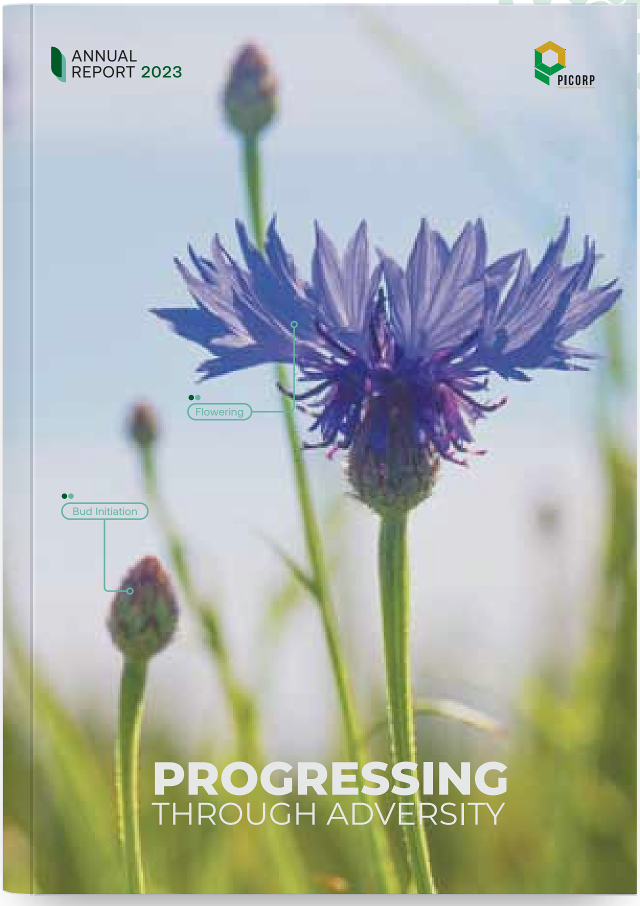
ANNUAL REPORT 2023

PROGRESSING THROUGH ADVERSITY

PROGRESSIVE IMPACT CORPORATION BERHAD | 199001011782 (203352-V)



PROGRESSING THROUGH ADVERSITY.

In a world fraught with volatility, uncertainty, complexity and ambiguity, one trait stands out as essential to achieving success: resilience. The ability to rebound from challenges and setbacks is the linchpin that allows one to maintain a sense of direction in this ever-changing business landscape.

The 2023 Annual Report cover shows the stages of blossoming, capturing nature's remarkable symbolism of resilience. As the process of blossoming plays a crucial role in the survivability of a flower's existence, it depicts a crucial point that reminds us that every majestic bloom was once a fragile bud. And just as sepals protect the nascent flower within, human resiliency, likewise, shields individuals from the challenges and adversities of life, enabling us to flourish despite the odds.

Paired up with Nippon Paint's Dark Green: Colour of the Year 2023. It represents a harmonious combination of nature and human resilience, evoking feelings of stability, growth, and perseverance.

As we venture forth into the new year, we are optimistic with the right mindset and attitude, coupled with effective strategies, prudent actions, and shrewd business acumen, we will progress together to overcome any hurdles that may come our way. And just as nature's beauty emerges from the bud, so too shall our resilience propel us to flourish as we progress through adversity.

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Progressing Through Adversity

1

PICORP's 2024 tagline **"Progressing Through Adversity"** boldly declares our attitude towards challenges and setbacks. It sets the tone for our approach, emphasising resilience as a guiding principle.

At the core of our tagline is the **Resilient Mindset** concept. It is a psychological attitude and approach that enables individuals to effectively cope with and bounce back from adversity, challenges, or setbacks.

2

In today's rapidly changing world full of uncertainties, adopting a resilient mindset **is imperative to navigate challenges with adaptability.**

However, **to fully embrace Resilient Mindset,** one needs to adopt a holistic approach to cultivate stability, adaptability, and optimism in challenges.

3

4

The 8 Pillars of Wellness

- Wellness entails more than merely the absence of disease, illness, and stress; it also encompasses the presence of purpose in life, nurturing relationships, a healthy body, and an optimal living environment.

- It is fortified by a positive belief that even in the face of setbacks or stress, we can persist and demonstrate resilience and mental fortitude. Having someone to support us not only helps us survive but also enables us to thrive.

- A wellness lifestyle refers to the interconnectedness of several aspects of wellness, recognizing that each aspect contributes to overall health and happiness. By addressing all aspects of wellness, individuals can achieve a state of balance and harmony.

Spiritual Wellness	Physical Wellness	Intellectual Wellness	Environmental Wellness	Social Wellness	Emotional Wellness	Financial Wellness	Occupational Wellness

Strengthening Resilience Through Wellness

The 8 Pillars of Wellness:
Essential dimensions of overall well-being, encompassing physical, emotional, social, spiritual, intellectual, occupational, financial, and environmental aspects.

The synergy between a Resilient Mindset and the 8 Pillars of Wellness lies in their reciprocal support and reinforcement of one another, creating a cohesive framework for holistic well-being.

Resilient Mindset:
a psychological attitude and approach that enables individuals to effectively cope with and bounce back from adversity, challenges, or setbacks.

All of us differ greatly in talents, interests and personalities, but everyone can change and grow in every aspect through hardwork and experience.

In continuation with last year's theme: Growth Mindset - refers to the belief that our basic qualities are things we can cultivate through effort and determination.

This year's theme: Resilient Mindset - refers to the ability to bounce back from adversity, to recover quickly from setbacks, and to adapt positively to stress or change.

These two mindsets are interconnected and reinforcing, with individuals who possess one often exhibiting characteristics of the other. Cultivating both mindsets lead to greater resilience, adaptability and success in facing life's challenges.

Resilient Mindset & 8 Pillars of Wellness:
(A Symbiotic Relationship)

Bee as a Resilient Mindset: Just as the bee diligently gathers nectar from each petal of the flower to sustain itself and the hive, a resilient mindset derives strength and sustenance from all dimensions of wellness.

The mutualistic relationship between bees and flowers reflects the interconnectedness found in a resilient mindset and the 8 pillars of wellness. In this symbiotic exchange, flowers provide nectar and pollen to bees for sustenance, while bees, in turn, aid in flower reproduction by acting as pollinators.

Likewise, the interconnectedness of a resilient mindset and the 8 pillars of wellness parallels that of bees and flowers. Individuals who embrace a resilient mindset and actively integrate the 8 pillars of wellness can improve both their mental resilience and physical health, thereby promoting holistic well-being.

Flower as the 8 Pillars of Wellness: Just as the flower relies on the bee as its pollinator for reproduction, the 8 pillars of wellness can be strengthened by adopting a resilient mindset as their mental foundation.

PICORP

PROGRESSIVE IMPACT CORPORATION BERHAD

32ND Annual GENERAL MEETING 2024

Thursday

13 June 2024

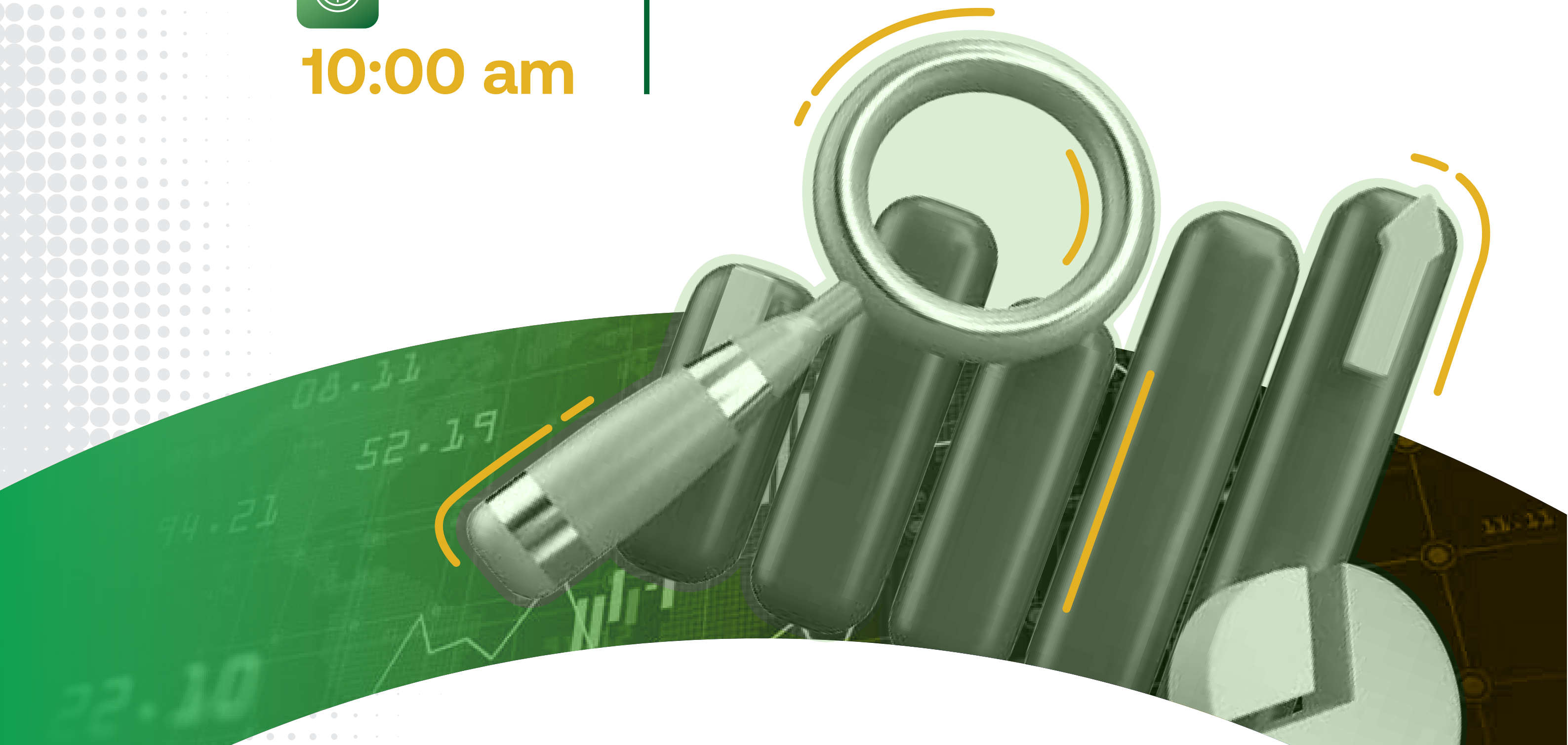
10:00 am

FIND US:

www.picorp.com.my

03-7845 6566

Progressive Impact Corporation Berhad



PROGRESSIVE IMPACT CORPORATION BERHAD

Section 01

Corporate Information

Board of Directors

DATUK SYED HISHAM BIN SYED WAZIR
Chairman
Independent Non-Executive Director

ZAID BIN ABDULLAH
Executive Deputy Chairman

DATO' DR. LUKMAN BIN IBRAHIM
Group Executive Director

KAMARUL BAHARIN BIN ALBAKRI
Independent Non-Executive Director

ZAIDAH BINTI MOHD SALLEH
Non-Independent Non-Executive Director

DATO' HAJJAH ROSNANI BINTI IBARAHIM
Independent Non-Executive Director

USAMAH BIN ZAID
Alternate Director to Zaid bin Abdullah

FATIMAH ZAHRAH BINTI ZAID
Alternate Director to Zaidah binti Mohd Salleh

Audit Committee

Dato' Hajjah Rosnani binti Ibarahim
Chairperson

> Kamarul Baharin bin Albakri
> Zaidah binti Mohd Salleh

Remuneration Committee

Kamarul Baharin bin Albakri
Chairman

> Dato' Hajjah Rosnani binti Ibarahim
> Zaidah binti Mohd Salleh

Nomination Committee

Dato' Hajjah Rosnani binti Ibarahim
Chairperson

> Kamarul Baharin bin Albakri
> Zaidah binti Mohd Salleh

Board Risk Management Committee

Dato' Hajjah Rosnani binti Ibarahim
Chairperson

> Dato' Dr. Lukman bin Ibrahim
> Kamarul Baharin bin Albakri

Company Secretaries

Zaidah binti Mohd Salleh
(MIA 3313)
(SSM PC NO. 202008000882)

Wong Siew Yeen
(MAICSA 7018749)
(SSM PC No. 202008001471)

Tee Thiam Chai
(MAICSA 7066679)
(SSM PC No. 202008002297)

Head Office & Registered Office

Suite 5.02, Mercu PICORP, Lot 10, Jalan Astaka U8/84, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan.

Telephone No. : 03-7845 6566
Facsimile No. : 03-7845 7566

Registrar

Tricor Investor & Issuing House Services Sdn Bhd

Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No 8, Jalan Kerinchi
59200 Kuala Lumpur
Telephone No. : 03-2783 9299
Facsimile No. : 03-2783 9222

Auditor

Messrs Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF No. 0039
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela, Pusat Bandar
Damansara, 50490 Kuala Lumpur
Telephone No. : 03-7495 8000

Principal Banker

AmBank Islamic Berhad

Corporate Structure

PICORP
PROGRESSIVE IMPACT CORPORATION BERHAD

PROGRESSIVE IMPACT
CORPORATION BERHAD
199001011782 (203352-V)

ENVIRONMENTAL MONITORING, CONSULTANCY & SERVICES

MALAYSIA

- Alam Sekitar Malaysia Sdn Bhd — 100%
- Asma Environmental Consultancy Sdn Bhd — 100%
- Alam Sekitar Eco-Technology Sdn Bhd — 90%

INTERNATIONAL

- Asma International Sdn Bhd — 100%
- Saudi Asma Environmental Solutions LLC — 100%

LABORATORY TESTING SERVICES

MALAYSIA

- ALS Technichem (Malaysia) Sdn Bhd — 59%
- ALS Technichem (PG) Sdn Bhd — 59%

INTERNATIONAL

- PT ALS Indonesia — 80%

PROGRESSING THROUGH ADVERSITY

Section 02

ADDITIONAL INFORMATION

Save as disclosed, the Directors/Key Senior Management have:

(i) no family relationship with any Director and/or major shareholder of Progressive Impact Corporation Berhad ("PICORP"), unless otherwise stated;
(ii) no conflict of interest with PICORP;
(iii) no directorship in other public companies and listed issuers;
(iv) not been convicted of any offences within the past five years other than minor traffic offences; and
(v) not been imposed any penalty or public sanction by the relevant regulatory bodies during the financial year ended 31 December 2023.

Details of the Key Senior Management can be obtained in the Executive Leadership Team section.

Board of Directors 2023

FROM LEFT

1. DATO' DR. LUKMAN BIN IBRAHIM
2. DATUK SYED HISHAM BIN SYED WAZIR
5. DATO' HAJJAH ROSNANI BINTI IBARAHIM
6. KAMARUL BAHARIN BIN ALBAKRI

3. ZAID BIN ABDULLAH

4. ZAIDAH BINTI MOHD SALLEH

7. USAMAH BIN ZAID

8. FATIMAH ZAHRAH BINTI ZAID

Board of Directors

DATUK SYED HISHAM BIN SYED WAZIR

CHAIRMAN, INDEPENDENT NON-EXECUTIVE DIRECTOR

AGE : 69 ▲ GENDER : MALE ▲

Date of Appointment : 30 May 2023
Board Meeting Attendance in 2023 : 6/6

Academic/professional qualification/membership(s)

- Master in Business Administration, Ohio State University, USA (1966)
- Bachelor of Science in Mechanical Engineering, Plymouth University, UK (1979)
- Ordinary National Diploma in Engineering, Hastings College of Further Education, UK (1974)
- Member of Beta Gamma Sigma of Ohio University
- Member of the Ohio University Alumni Society in Malaysia
- Member of Institute of Corporate Directors Malaysia

Experience:

- Chairman, Independent Non-Executive Director, MSM Malaysia Holdings Berhad (2020 - Present)
- Independent Non-Executive Director, Bermaz Auto Berhad (2016 - Present)
- Chairman, National Precision Tooling Sdn Bhd (2017 - 2020)

read more >

Experience:

- Independent Non-Executive Director, National Precision Tooling Sdn Bhd (2020 - Present)
- Independent Non-Executive Director, SIRIM Academy Sdn Bhd (2019 - Present)
- Independent Non-Executive Director, SIRIM QAS International Sdn Bhd (2020 - Present)
- Chairman, SIRIM QAS International Sdn Bhd (2017 - 2020)
- Independent Non-Executive Director, SIRIM Berhad (2017 - 2019)
- Group Managing Director, Puncak Niaga Holdings Berhad (2015 - 2016)
- President & Group Chief Executive Officer, UMW Holdings Berhad (2010 - 2015)
- Chief Operating Officer, Naza Kia Sdn Bhd & Naza Kia Services Sdn Bhd
- Managing Director, Edaran Otomobil Nasional Berhad (2005 - 2009)
- President/Chief Operating Officer DRB-HICOM Group, Honda Malaysia Sdn Bhd (2003 - 2005)
- DRB-HICOM Export Corporation Sdn Bhd (1998 - 2003)
- Director, Proton Cars (UK) Pte Ltd, (1997 - 1998)
- Proton Berhad (1983 - 1998)
- SIRIM Berhad (1979 - 1983)

Award and recognition

- International Excellent Award 2012 from Kuala Lumpur Malay Chamber of Commerce
- Value Creation Award from PNB Corporate Excellence Award
- 2013 Best IPO Deal in Southeast Asia by Alpha Southeast Asia Award
- Toyota President's Gold Award 2013 and 2014

ZAID BIN ABDULLAH

EXECUTIVE DEPUTY CHAIRMAN

AGE : 72 ▲ GENDER : MALE ▲

Date of Appointment : 1 November 1990
Board Meeting Attendance in 2023 : 9/9

Academic/professional qualification/membership(s)

- Bachelor of Economics (Accounting), University of Malaya
- Advance Diploma in Accounting, University of Malaya
- Member of Malaysian Institute of Accountants
- Member of Institute of Corporate Directors Malaysia

Experience:

- The founder of PICORP Group of Companies
- Group Executive Director of Shapadu Group of Companies (1982 - 1992)
- Director of Finance in Shapadu Corporation (1978 – 1982)

Award and recognition

- Most Promising Entrepreneurship Award | APEA 2013.

He is the spouse of Zaidah binti Mohd Salleh, father of Usamah bin Zaid and Fatimah Zahrah binti Zaid and a major shareholder of PICORP.

DATO' DR. LUKMAN BIN IBRAHIM

GROUP EXECUTIVE DIRECTOR

AGE : 58 ▲ GENDER : MALE ▲

Date of Appointment : 9 January 2015
Board Meeting Attendance in 2023 : 9/9

Board Committees Membership(s) :
Member of Board Risk Management Committee.

Academic/professional qualification/membership(s)

- PhD in Accountancy, MARA University of Technology (2014)
- Master of Business Administration, Temple University, Philadephia, USA (1990)
- Bachelor of Business Administration (BBA) Magna Cum Laude (majoring in Accounting and Finance), Temple University, Philadephia, USA (1989)
- Fellow Member of Association Chartered Certified Accountants (ACCA), UK
- Member of Malaysian Institute of Certified Public Accountants
- Member of Malaysian Institute of Accountant
- Member of Institute of Corporate Directors Malaysia

Experience:

- Director HIS Toyyiba Sdn. Bhd. (2021 - present)
- Adjunct Professor at Corporate Strategy Centre, Universiti Malaya (2021 – present)
- Group Executive Director, Zaiyadal Group of Companies (2018 – present)
- Director of UKM Holdings (2021 – Feb 2022)
- Adjunct Fellow at Kulliyyah of Economics and Management Sciences, International Islamic University Malaysia (2019 – 2020)
- President of ACCA Malaysia Advisory Committee (2014 – 2016)
- Deputy Chief Executive Officer, Proton Holdings Berhad (2012 – 2014)
- Group Chief Operating Officer, DRB-HICOM Berhad (2011 – 2012)
- Group Chief Financial Officer, DRB-HICOM Berhad (2008-2011)
- Proton Berhad (1991 – 2008 : 17 years)
- Proton Part Centre Sdn Bhd
- PHN Industry Sdn Bhd (last position as Managing Director)
- Automotive Corporation (Malaysia) Sdn Bhd (1990 - 1991)
- Sun Refining and Marketing, Phildelphia, USA (1989 – 1990)

Award and recognition

- Best National Award for Management Accounting
- DRB-HICOM's Best CEO of 2007
- Best Vendor Awards from TOYOTA, Honda, Proton and Perodua

read more >

ZAIDAH BINTI MOHD SALLEH

NON-INDEPENDENT
NON-EXECUTIVE DIRECTOR

AGE : 69 ▲ GENDER : FEMALE ▲

Date of Appointment : 1 November 1990
Board Meeting Attendance in 2023 : 9/9

Board Committees Membership(s) :
Member of Audit Committee, Member of Nomination Committee, Member of Remuneration Committee.

Academic/professional qualification/membership(s)

- University of Malaya with Bachelor of Economics (Accounting) (1977)
- Advance Diploma in Accounting (1978)
- Member of the Malaysian Institute of Accountants
- Chartered Accountant, Malaysian Institute of Accountants
- Member of Institute of Corporate Directors Malaysia

Experience:

- Co-founder of PICORP Group of Companies
- Company Secretary of PICORP Group of Companies
- Group Executive Director, PICORP Group of Companies (2003 - 2009)
- Group Financial Controller, PICORP Group of Companies (1993 - 2003)
- Senior Accountant (Operations), Telekom Malaysia (1989 - 1993)
- Regional Accountant, Regional Accounts Division, Telekom Malaysia (1984 - 1989)
- Financial Controller ("G") Jabatan Telekom (1981 - 1984)
- Accountant, Jabatan Telekom (1978 - 1981)

She is the spouse of Zaid bin Abdullah, mother of Usamah bin Zaid and Fatimah Zahrah binti Zaid and a major shareholder of PICORP.

Board of Directors

DATO' HAJJAH ROSNANI BINTI IBARAHIM

INDEPENDENT
NON-EXECUTIVE DIRECTOR

AGE : 70 ▲ GENDER : FEMALE ▲

Date of Appointment : 14 May 2012
Board Meeting Attendance in 2023 : 9/9

Board Committees Membership(s) :
Chairperson of Board Risk Management Committee, Member of Audit Committee, Chairperson of Nomination Committee, Member of Remuneration Committee.

Academic/professional qualification/membership(s)

- Bachelor of Science Degree in Chemical Engineering, University of Leeds, United Kingdom
- Member of Institute of Corporate Directors Malaysia

Experience:

- Director General of the Department of Environment Malaysia (1998 to 2011)

Award and recognition:

- Asian Environmental Compliance and Enforcement Network (AECEN) Award for Excellence for Environmental Governance in Malaysia (2011)

KAMARUL BAHARIN BIN ALBAKRI

INDEPENDENT
NON-EXECUTIVE DIRECTOR

AGE : 61 ▲ GENDER : MALE ▲

Date of Appointment: 1 January 2022
Board Meeting Attendance in 2023 : 9/9

Board Committees Membership(s) :
Chairman of Remuneration Committee, Member of Audit Committee, Member of Nomination Committee, Member of Board Risk Management Committee.

Academic/professional qualification/membership(s)

- Bachelor of Commerce (Accounting) with Honours, the University of Birmingham, England
- Fellow of The Chartered Association of Certified Accountant
- Chartered Accountant of Malaysian Institute of Accountants
- Member of Institute of Corporate Directors Malaysia

Experience:

- Executive Director and Chief Financial Officer, Acorn Renewable Ltd (2021-present)
- Executive Director and Chief Financial Officer, TRX City Sdn Bhd (2016 – 2019)
- Executive Director and Chief Financial Officer, CLIQ Energy Berhad (2012 – 2016)
- Executive Director and Chief Executive Officer, Petra Energy Berhad (2010 – 2011)
- Chief Executive Officer, TH Technologies Sdn Bhd (1996 - 2009)
- Investment Banking and Corporate Finance, Arab-Malaysian Merchant Bank Berhad (now known as AmInvestment Bank Berhad) (1994 - 1996)
- Audit and Business Advisory, Arthur Andersen & Co. (1988 - 1994)

USAMAH BIN ZAID

ALTERNATE DIRECTOR TO
ZAID BIN ABDULLAH

AGE : 40 ▲ GENDER : MALE ▲

Date of Appointment : 1 July 2020

Academic/professional qualification/membership(s)

- Master in Business Administration, Management & Science University (2015)
- General Islamic Studies, Darul Uloom Zakariya Islamic University, South Africa (2010)
- Member of Institute of Corporate Directors Malaysia

Experience:

- General Manager - Special Projects, Progressive Impact Corporation Berhad (March 2024 - present)
- Chief Executive Officer, Alam Sekitar Malaysia Sdn Bhd (2021 - March 2024)
- Deputy Chief Executive Officer, Alam Sekitar Malaysia Sdn Bhd (2020)
- Senior General Manager, Zaiyadal Keluarga Sdn Bhd (2020)
- Chief Executive Officer, Intelligent Aqua Sdn Bhd (2018 - 2019)
- General Manager (Business Development), Alam Sekitar Malaysia Sdn Bhd (2016 – 2018)
- Business Development Executive, Alam Sekitar Eco-Technology Sdn Bhd (2013 – 2016)
- Business Development Executive, PJ Bumi Berhad (2010 - 2013)
- Syariah Advisor to the Group, Progressive Impact Corporation Berhad (July 2010 – October 2010)

Usamah is the son of Zaid bin Abdullah and Zaidah binti Mohd Salleh and brother of Fatimah Zahrah binti Zaid.

FATIMAH ZAHRAH BINTI ZAID

ALTERNATE DIRECTOR TO
ZAIDAH BINTI MOHD SALLEH

AGE : 39 ▲ GENDER : FEMALE ▲

Date of Appointment : 9 April 2015

Academic/professional qualification/membership(s)

- Bachelor Degree in Engineering (Chemical), University of Malaya
- Master in Business Administration, Putra Business School, University of Putra Malaysia (UPM)
- Member of Institute of Corporate Directors Malaysia

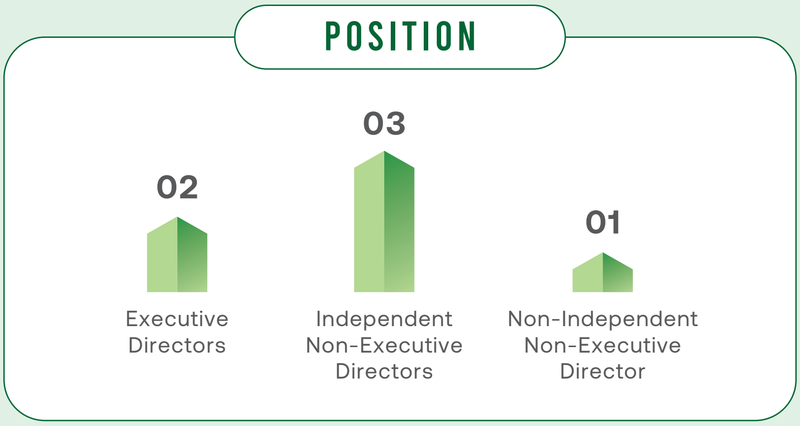
Experience:

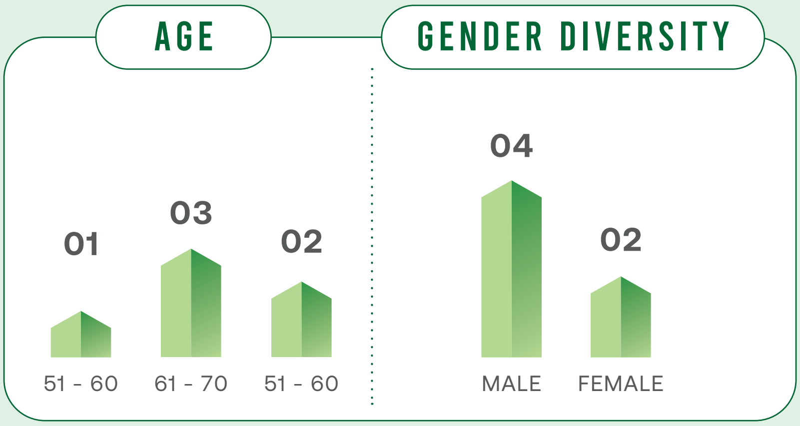
- General Manager, Zaiyadal Sdn Bhd (2017 - present)
- Proposal Engineer, Foxboro (Malaysia) Sdn Bhd (2010 - 2013)
- Project Engineer, Foxboro (Malaysia) Sdn Bhd (2007 - 2010)

Fatimah Zahrah is the daughter of Zaid bin Abdullah and Zaidah binti Mohd Salleh and sister of Usamah bin Zaid.

Board DIVERSITY

2023





Executive Leadership Team

DATO' DR. LUKMAN BIN IBRAHIM

Group Executive Director
Progressive Impact Corporation Berhad

AGE : 58	GENDER : MALE	

Date of Appointment : 1 March 2018

Note: The full profile is available at the Board of Directors Section of the Annual Report 2023.

DR. CHIN TEEN TEEN

Chief Executive Officer
ALS Technichem (Malaysia) Sdn Bhd
& PT ALS Indonesia

AGE : 60 | GENDER : FEMALE

Date of Appointment : 1 November 1998

Academic/Professional Qualification(s)

- PhD in Analytical and Inorganic Chemistry, University of Vermont, USA.
- MSc (Chemistry), University of British Columbia, Canada.
- BSc, University of New Brunswick, Canada.

Experience:

Joined ALS in March 1997 and has held the current position since November 1998.

AZHAR BIN TAIB @JALAL

Chief Executive Officer
Alam Sekitar Malaysia Sdn Bhd

AGE : 52 | GENDER : MALE

Date of Appointment : 1 March 2024

Academic/Professional Qualification(s)

- Master of Management, Asia Metropolitan University
- Chartered Accountant, Malaysia Institute of Accountant
- Bachelor of Accountancy (Hons.), University Utara Malaysia

Experience:

Joined PHN Industry Sdn Bhd, a DRB-HICOM subsidiary, in 2004, serving as both CEO and CFO. Transitioned to the MITI Government Agency as Deputy CEO in 2018. Later, joined Silver Ridge Holdings Berhad as CFO in 2022 before joining Dagang NexChange Berhad as Head of Corporate Planning and Governance in 2023. In 2024, joined PICORP as General Manager - Special Projects and later appointed as CEO at Alam Sekitar Sdn Bhd.

HAMSIAH BINTI KHALID

Group Chief Financial Officer

AGE : 52 | GENDER : FEMALE

Date of Appointment : 16 June 2020

Academic/Professional Qualification(s)

- Bachelor of Accountancy, Universiti Pertanian Malaysia
- Master in Business Administration, Management & Science University
- Certified Chartered Accountant, Malaysian Institute of Accountants

Experience:

Joined PICORP as an Internal Auditor in 2001 and later in 2008, she was appointed as the Group Financial Controller of PJBumi Berhad until PICORP's divestment in the company. Since 2014, she has served as the Group Financial Controller of Progressive Impact Technology Sdn Bhd, an associate company of PICORP.

ABDULLAH BIN OMAR

Chief Executive Officer
Saudi Asma Environmental Solutions LLC

AGE : 41 | GENDER : MALE

Date of Appointment : 1 January 2022

Academic/Professional Qualification(s)

- MBA (Islamic Finance), IIUM, Malaysia
- M.A. (Hadith), Darul Ulum, Pakistan
- B.A. (Fiqh), Darul Ulum, Pakistan

Experience:

Joined Bank Islam in 2011 as part of the Bank's Product Development Department. Subsequently joined Al Rajhi Bank (Malaysia) in 2016 with his last position as Head of Shariah Advisor until 2019. Joined Zaiyadal Group as General Manager of Benta Mining Sdn Bhd from 2018 until 2021. Appointed as COO of SAES in 2022 and subsequently as CEO.

PICORP Management Team

From Bottom Left to Top Right

1. **NADZRAH HASHIM**
   Senior General Manager - GED Office
2. **AHMAD SHAHDAN BIN KASSIM**
   Senior General Manager - Research & Development
3. **USAMAH BIN ZAID**
   General Manager - Special Projects (GED Office)
4. **AZLI BIN MOHD ZIN**
   Senior Manager - Group Legal, Secretarial and Human Capital
5. **ABD. RAZAK BIN MASIRUN**
   Manager - Group IT Support
6. **ZAIRULZAHAIRY BIN ZAINOL**
   Manager - Group Risk & Compliance
7. **AZIZAH BINTI SALLEH**
   Senior Manager - Finance
8. **NIK AZRAN IZHAR BIN NIK AHAMED**
   Manager - Facilities and Building Maintenance
9. **NUR AISYAH BINTI AZIZI**
   Acting Manager - Group Corporate Communication & Digital Marketing

Environmental Monitoring, Consultancy & Services Team

AZHAR BIN TAIB @JALAL
Chief Executive Officer
Alam Sekitar Malaysia
Sdn Bhd

ARDI BIN BAKHTIAR
General Manager
▸ Marketing & Sales

SUZANA BINTI SHAARI
Acting General Manager
▸ Execution

IZHAN ZANI BIN MOHAMAD REDUAN
Acting Deputy General Manager
▸ Marketing & Sales

NUR RABIATOL NAFISAH BINTI SUDIN
Finance Manager
▸ Finance

MUHAMAD RODZAKIE BIN ABAS
Acting Manager II
▸ Water and Wastewater

ZAFINA BINTI ZAINOL ABIDIN
Acting Manager II
▸ Air and EMS

MIMI SHUHAIDAH BINTI YUSOF
Manager I
▸ Engineering & Technical

NORMASZILINA BINTI MAAROF
Acting Manager I
▸ Contract Management & Procurement

Environmental Monitoring, Consultancy & Services Team

ABDULLAH OMAR
Chief Executive Officer
Saudi ASMA Environmental Solutions LLC
ASMA Advanced Solutions LLC

MUHAMMAD BIN ISMAIL
Senior Executive
Finance

EHAB IBRAHIM HASAN BAITALMAL
Human Resource Manager

YOUSSIF ELSMANI
Project Manager
▸ Jeddah KPI

MOHAMED IBRAHIM
Shared Service Manager

DR. MONER TAGELSIR
Project Manager
▸ Makkah KPI

SAIF ALMAJALI
Technical & Operation Manager
▸ Integrated Pest Management

ENG RANI SAEED
Senior Executive
▸ Business Development

Laboratory Testing Services Team

DR. CHIN TEEN TEEN
Chief Executive Officer
ALS Technichem (Malaysia) Sdn Bhd
& PT ALS Indonesia

SUZANA OTHAMAN
Finance & Admin Manager

YAP CHEN LOON
Technical Business Manager

CHRIS LIM ENG HWA
Sales Manager - Food

ABDUL QAIYUM BIN MUSA
Technical Sale Manager
▸ Environment

DR. CH'NG AI YING
Laboratory Manager
▸ Food

HANNAH YASMIN ANNE BINTI ABDULLAH LEE
Laboratory Manager
▸ Microbiology

NAZIRAH BINTI ARIFFIN
Laboratory Manager

DANNY YEO SIOW YAK
Quality Manager

FAISAL BIN HUSSIN
Senior Chemist

SUZILAWATI BINTI SUTRISNO
Team Leader
▸ Sample Login

RAJA ZUBAIDAH BINTI RAJA SABARADIN
Research & Development Chemist

Laboratory Testing Services Team

JONES HUTAGAOL
Finance & Admin Manager

SUZANNA O.R. LUMME
Business Manager

SISCA NURHAFIFA
Laboratory Manager
▸ Sentul

ASYIK AULADI
Project Manager

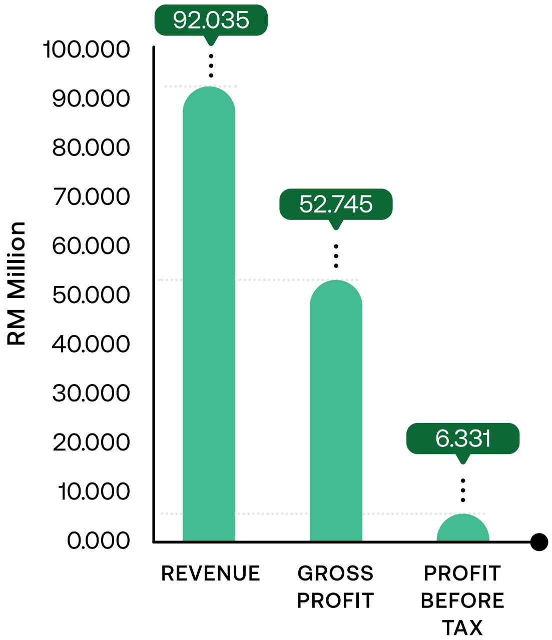
ENDANG AYU SULISTYANINGSIH
Senior Quality Coordinator

GEORGIANA PAULUS MOLIMBO
Laboratory Manager
▸ Pekanbaru

Section 03

MANAGEMENT DISCUSSION & ANALYSIS STATEMENT

FINANCIAL HIGHLIGHTS



Order Growth
3%

Gross Profit ("GP") Margin
57%

Revenue Growth
2%

Profit Before Tax ("PBT")
7%

FINANCIAL PERFORMANCE

Progressive Impact Corporation Berhad ("PICORP") is pleased to present its review of the Group's performance for the Financial Year Ended 2023 ("FY2023") alongside an overview of its financial performance for the preceding 5-Financial Year ended 2019 – 2023.

Amidst challenging and uncertain global economic, PICORP has registered an overall increase in its financial performance for the FY2023. PICORP's book order has increased slightly by 3% as compared to FY2022 whilst PICORP's revenue has increased by 2%. GP margin has increased to 57% (FY2022: 52%) resulting in PICORP registered a PBT margin of 7% (FY2022: PBT -1%).

FIVE-YEAR PERFORMANCE REVIEW

The momentum of the previous outcome of growth strategic initiatives undertaken by PICORP to grow its business in the environmental monitoring and consultancy segment in particular, has further been strengthened with the implementation of the Group 3-year turnaround plan – Road to Profitability.

Our turnaround strategy encompasses the following areas:

a. Revenue Growth:

Environmental Monitoring, Consultancy and Services ("EMCS")

The Company is strategically poised to navigate the uncertain economic climate by focusing on core sectors. In Malaysia, EMCS will drive growth through drinking water and waste water treatment solutions.

In respect of environmental training and equipment trading, we will focus on key clients to ensure continuity and recurring of job orders. For environmental monitoring services, we will focus on development of strategic projects ie. Environmental Digitalisation for potential clients.

In Saudi Arabia, leveraging its recognition as the top Integrated Pest Management ("IPM") entity by Ministry of Municipal, Rural Affairs and Housing ("MOMRA"), we will fuel expansion in public and private sectors.

Laboratory Testing Services ("LTS")

Lab testing services will maintain dominance in environmental, food safety, and pharmaceutical testing via innovative methods and streamlined report delivery. Efforts to enhance operational efficiency, cost management, and Customer Relationship Management ("CRM") integration will further solidify the Company's resilience.

In Indonesia, PT ALS Indonesia ("ALS Indonesia") has successfully secured a three-year project with Pertamina Hulu Rokan, an Indonesian state-owned energy company. This contract entails providing environmental sampling and laboratory analysis services valued at 52.526 billion Indonesian Rupiah (approximately RM15.729 million). It symbolises the ongoing collaboration between ALS Indonesia and Pertamina Hulu Rokan, highlighting the company's venture into the Indonesian market.

Our new focus will be on halal segment whereby we will explore development of halal trading platform and halal testing services for global market. Furthermore, with the Group's expansion into the agrochemical segment through the recent acquisition of ALS Technichem (PG) Sdn Bhd ("ALS PG") (formerly known as Merieux NutriSciences Malaysia Sdn Bhd) will have positive impact to the Group's financial performance.

b. Cost Optimisation and Margin Improvement

PICORP has undertaken a thorough review of its cost structure, identifying areas of inefficiencies and cost overruns. We have implemented various cost-cutting measures, including renegotiating supplier contracts, hiring freeze and optimising manpower.

As a result of these efforts, we managed to make significant reduction in overall operating expenses during the first half of the year.

c. Product/Service Innovation

Innovation plays a pivotal role in our turnaround strategy, and we have invested significantly in research and development initiatives.

Notably, we have recently launched a wastewater treatment product to address the pollution arising from palm oil mill effluent and has the potential to become a key revenue driver with the impending revision of Water Services Industry Act 2006 as well as the Environmental Quality Act 1974 on the effluent standard for Palm Oil Mill Effluent.

d. Streamlined Operations

Improving operational efficiency is a fundamental aspect of our turnaround plan. We have undertaken a comprehensive review of our internal processes and identified areas for optimisation.

Lean management principles have been implemented across various departments, resulting in improved productivity, reduced lead times, and enhanced overall operational efficiency.

We have also invested in advanced technology and automation solutions to streamline workflows and enhance productivity.

e. Improved Liquidity

Addressing our financial obligations is paramount in our turnaround efforts. We have managed to renegotiate favourable terms with our creditors. As a result, we have successfully restructured a substantial portion of our debt, resulting in improved cash flow management and reduced financial strain.

Additionally, we managed to secure new financing arrangement to further improve our liquidity. We also propose to execute a corporate exercise in respect of specific issuance of ordinary shares to specific shareholders.

f. Corporate Governance and Risk Management

As part of our turnaround strategy, we have strengthened our corporate governance practices and implemented a robust risk management framework to safeguard our stakeholders' interests.

In general, PICORP's book order registered an improving trend year on year as reflected by the significant jump from -37% in FY2020 to 3% in FY2023.

Similarly, even though overall revenue growth in the last 4 years showed decreasing trend, PICORP has managed to reduce the deficit as reflected in improvement of year on year growth from -12% in FY2020 to 2% in FY2023.

PICORP GROUP AT A GLANCE

Market Capitalisation

RM 66 Million

As at 31 December 2023

Key Business Activities

1. Environmental Monitoring, Consultancy & Services
2. Laboratory Testing Services

Market Presence

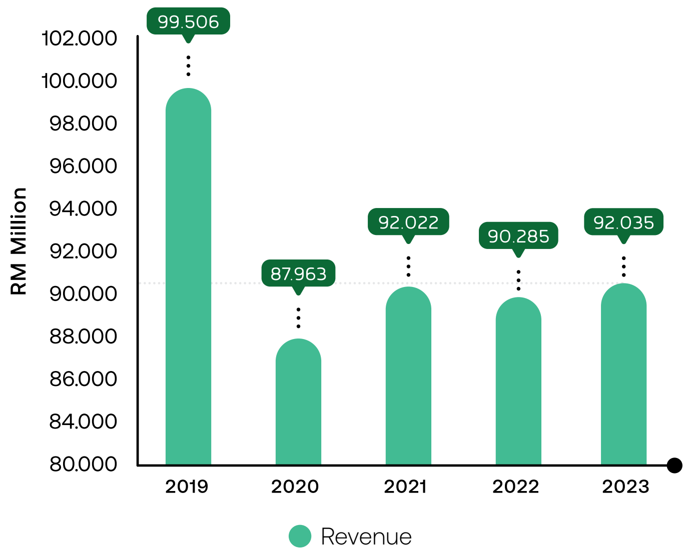
1. Malaysia
2. Indonesia
3. Saudi Arabia

FIVE-YEAR GROUP FINANCIAL SUMMARY

FINANCIAL YEAR ENDED 31 December 2023	**2019**	**2020**	**2021**	**2022**	**2023**
Key operating results (RM thousand)					
Order	144,921	90,657	81,039	80,597	82,858
Revenue	99,506	87,963	92,022	90,285	92,035
Costs of sales	(34,079)	(35,616)	(39,531)	(43,059)	(39,290)
Gross profit	65,427	52,347	52,491	47,226	52,745
Other income	1,973	1,097	2,356	3,076	4,736
Administrative and other operating expenses	(49,787)	(42,271)	(46,672)	(46,282)	(45,681)
Zakat	(782)	(533)	(403)	(601)	(517)
Profit from Operations	16,831	10,640	7,772	3,419	11,283
Finance costs	(2,134)	(2,956)	(3,962)	(3,931)	(4,952)
Profit / (Loss) before tax	**14,697**	**7,684**	**3,810**	**(512)**	**6,331**
Tax expense	(7,048)	(4,611)	(4,053)	(2,838)	(3,726)
Profit / (Loss) after tax	7,649	3,073	(243)	(3,350)	2,605
Profit / (Loss) attributable to:					
- Owners of the company	1,934	(2,813)	(6,129)	(9,737)	(3,582)
- Non-controlling interests	5,715	5,886	5,886	6,387	6,187
Profit / (Loss) after tax	**7,649**	**3,073**	**(243)**	**(3,350)**	**2,605**

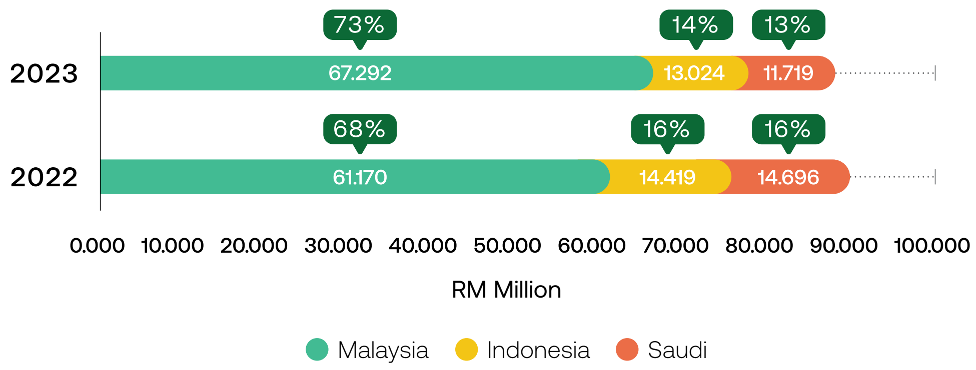
FINANCIAL YEAR ENDED 31 December 2023	2019	2020	2021	2022	2023
Other key data (RM thousand)					
Total assets	163,363	178,114	183,360	177,250	184,556
Cash and bank balances	22,207	27,788	30,572	31,248	39,037
Total liabilities	53,105	74,130	86,861	93,525	104,387
Bank borrowings	27,629	48,399	56,915	58,411	58,886
Shareholders' equity	80,227	73,532	65,289	52,229	47,726
Gross profit margin	66%	60%	57%	52%	57%
PBT margin	15%	9%	4%	-1%	7%
Financial Ratios					
Order growth	50%	-37%	-11%	-1%	3%
Revenue growth	14%	-12%	5%	-2%	2%
Current ratio	1.79	1.44	1.23	1.10	0.98
Debt / equity ratio	0.25	0.37	0.43	0.45	0.46
Share Statistics					
Net dividend per share (sen)	0.55	0.30	0.30	0.30	-
Dividend yield	4.58%	2.73%	2.73%	1.15%	-

2023 FINANCIAL PERFORMANCE REVIEW



The increase in PICORP's revenue for FY2023 to RM92.035 million from RM90.285 million for FY2022 was due to higher revenue contribution by the local operations from both the environmental and lab testing services segments. The newly acquired subsidiary, ALS PG also contributed an additional revenue of RM0.922 million to the Group after its acquisition on 29 September 2023.

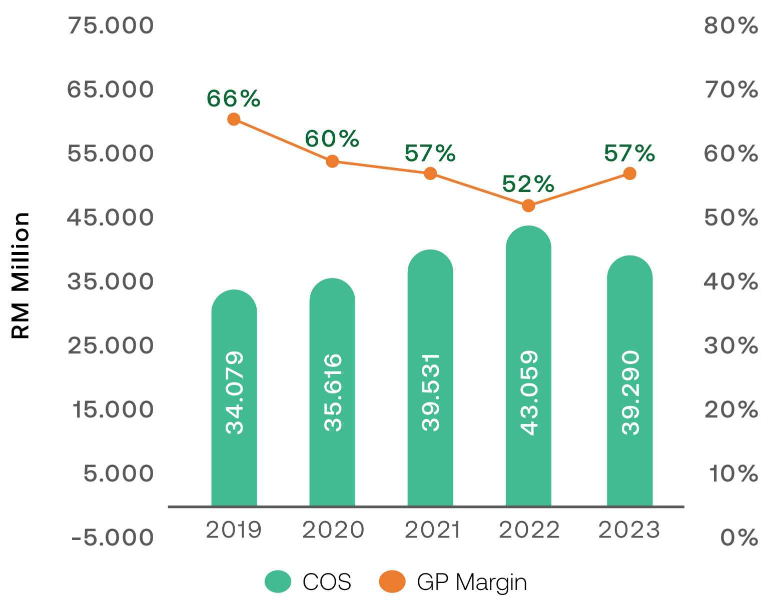
Revenue Contribution by Geographical Breakdown (RM Million)



In terms of geographical breakdown, the overall increase in revenue by 2% or RM1.750 million was attributed to the increase in revenue from Malaysia operations by RM6.122 million which was offset by decrease in revenue contribution from Indonesia and Saudi operations by RM1.395 million and RM2.977 million respectively.

Significant changes in the geographic percentage composition were noted in FY2023, with Malaysian operations taking the lead and contributing 73% of total revenue, an increase from 68% in FY2022. Meanwhile, revenue from Indonesia operation accounted for 14%, slightly decreased from 16% in FY2022. Similarly, Saudi operations contributed 13% to the revenue, experiencing a slight decrease from the FY2022 of 16%.

Cost of Sales ("COS") / Gross Profit ("GP") Margin



PICORP registered lower COS of RM39.290 million as compared to RM43.059 million in FY2022 albeit marginal increase in revenue by 2%. This was due to higher margin contributed by projects secured and executed by the environmental segments and no more provision for an onerous contract as recorded in FY2022 by the Saudi operations amounting to RM1.216 million.

PICORP's COS mainly comprised of subcontractor costs, manpower costs, equipment cost, consumables and lab cost.

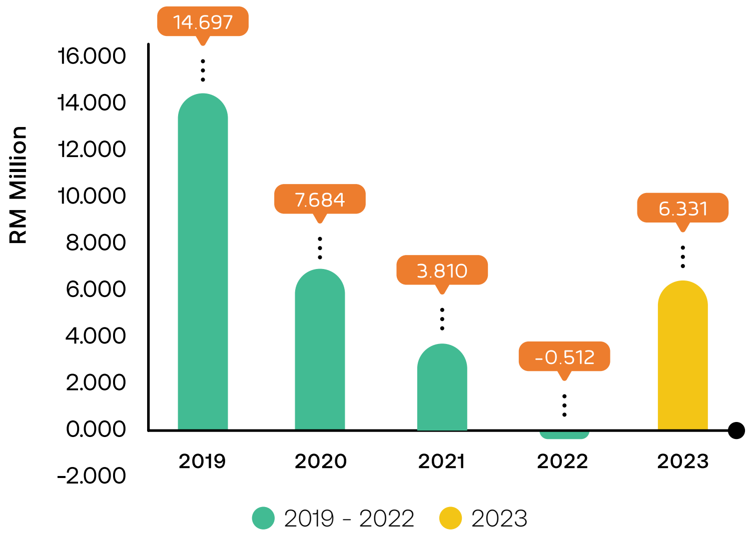
- Subcontractor costs include the costs for the technical consultancy, laboratory analysis and testing services as well as installation of the environmental monitoring equipment.
- Manpower costs refers to wages, benefits and compensations paid to lab and execution staff who provided the services to our clients.
- Equipment costs refers to the environmental equipment (analysers and censors).
- Lab consumable costs consists of chemicals, field supplies, and lab expendables.
- Other expenses include royalties, travelling rental costs and repairs & maintenance.

Subcontractor costs are the major component of PICORP's COS structure and accounted for 38% (FY2022: 33%) of the total COS for the year followed by manpower costs which accounted for 24% (FY2022: 31%) of the total COS. Consumables and lab costs are the third highest component of PICORP COS and accounted for 16% (FY2022: 15%). Equipment costs made up 8% (FY2022: 8%) of the total COS for the year while the remaining others accounted for 14% (FY2022: 13%).

GP Margin

Increase in the GP margin to 57% from 52% in FY2022 resulted from significant improvement in the GP margin recorded by the environmental segment, both Malaysia and Saudi operations, in FY2023.

Profit / (Loss) Before Tax ("PBT / (LBT)")



PICORP has achieved a turnaround, posting a Profit Before Tax ("PBT") of RM6.331 million, in contrast to a Loss Before Tax ("LBT") of RM0.512 million in the FY2022. The PBT margin has improved significantly to 7%, an increase from -1% in FY2022. Furthermore, the Group's Profit After Tax ("PAT") rose to RM2.605 million, recovering from a Loss After Tax ("LAT") of RM3.350 million in the preceding year, with the PAT margin enhancing to 2.8% from a negative 3.7% in FY2022.

Other Income

Other income mainly consists of unrealised forex exchange gain, profits from placement of deposit with financial institutions, gain from the revaluation of other financial assets, disposal of fixed assets and income from the provision of IT support services to related companies. In FY2023, other income increased to RM4.736 million (FY2022: RM3.076 million) due to higher gain on disposal of motor vehicles recorded by the Saudi operations of RM1.211 million (FY2022: RM0.137 million), higher gain on foreign exchange and profit income from deposit amounting to RM0.328 million as compared to FY2022.

Finance cost

Finance cost has increased significantly by 26% to RM4.952 million in FY2023 (FY2022: RM3.931 million) due to higher facility utilisation to support operation and increase in borrowing profit rate.

Administrative and Other Operating Expenses

Administrative and other operating expenses have slightly decreased by 1% to RM45.681 million (FY2022: RM46.282 million) mainly resulted from reduction in depreciation and amortisation costs by RM1.608 million arising from fully depreciated assets offset by higher other operating expenses of RM0.974 million during the year.

Zakat

Zakat for FY2023 was recorded at RM0.517 million, 14% lower than FY2022 at RM0.601 million due to lower net current assets recorded by the environmental segment.

Tax Expenses

Tax expenses incurred during the year amounted to RM3.726 million as compared to RM2.838 million recorded in FY2022. The increase was mainly due to lower deferred tax assets recognised in FY2023 for local environmental segment as a result of lower losses recorded during the year.

WORKING CAPITAL MANAGEMENT

PICORP Group's business has been financed via a combination of internal and external sources of funds. The internal sources comprise shareholders' equity and cash generated from the business operations while external sources are from various credit facilities extended to PICORP Group by the financial institutions. PICORP Group's principal utilisation of funds has been for its business growth and operations.

PICORP's financing structure is largely made up of short-term borrowings which is used to finance the business operations. The total borrowings as of FY2023 had slightly increased by 1% to RM58.886 million as compared to RM58.411 million in FY2022. Higher facility utilisation and increased profit rate charged by the banks have resulted in higher finance costs incurred amounting to RM4.952 million (FY2022: RM3.931 million).

In FY2023, PICORP's cash and bank balances grew to RM39.037 million, an increase of 25% from RM31.248 million in FY2022. However, PICORP's liquidity position has slightly decreased to 0.98 times in FY2023 as compared to 1.10 times in FY2022 with marginal increase in debt gearing ratios of 0.46 times (FY2022: 0.45 times) arising from the new borrowings.

The Board of Directors of PICORP is of the opinion that, after taking into consideration the cash and cash equivalents, trade receivables, expected funds to be generated from operating activities and amount unutilised under the existing banking facilities, PICORP Group will have adequate working capital to meet their present and foreseeable requirements for a period of 12 months from the date of this Annual Report.

PICORP Core Businesses

PICORP's major businesses are the provision of EMCS and LTS. PICORP presence in the environmental segment is represented by the operations in Malaysia namely Alam Sekitar Malaysia Sdn Bhd ("ASMA") and the operations in Saudi Arabia namely Saudi Asma Environmental Solutions LLC ("SAES") and Asma Advanced Solutions LLC ("Asma Advanced") while the laboratory testing segment is represented by ALS Technichem (M) Sdn Bhd ("ALS Malaysia") and ALS PG, which was newly acquired on 29 September 2023, in Malaysia and PT ALS Indonesia ("ALS Indonesia") in Indonesia.

PICORP provides services to various sectors such as environmental, oil and gas, power, utility, food, pharmaceutical and agrochemicals. These clients are mainly private sectors, state governments and municipalities in Malaysia, Indonesia and Saudi Arabia.

The EMCS include monitoring services (air, water, noise, and vibration), monitoring equipment and system integration (continuous air/water quality monitoring system), consultancy services (environmental impact assessment and environmental management plan), and environmental data management and environmental training.

The scope of supply and services under EMCS within Malaysian operations comprises air monitoring, water monitoring, domestic wastewater treatment, and water & industrial wastewater treatment, while Saudi operations focuses more on the supply of public health management and integrated pest management services.

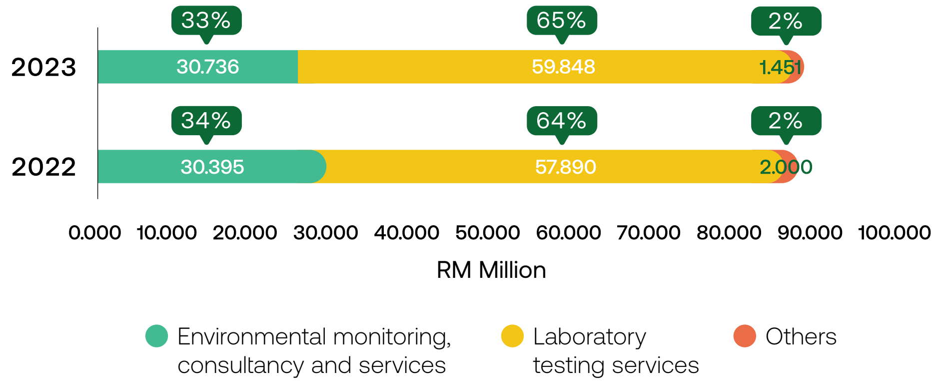
In the environmental segment, ASMA maintained its position as the Department of Environment's ("DOE") strategic partner for Environmental Sustainability in 2023. ASMA has held this role as the DOE's strategic partner for Environmental Sustainability since 2016.

LTS include provision of environmental sampling & testing, food safety testing including halalan toyyiban assurance testing and pharmaceutical & medical devices testing. In the food and pharmaceutical industry, the segments are further broken down into Nutrition and Contaminants. Similarly, in the environmental industry, the segments comprise Air Industrial Hygiene, Environmental Health, Organics and Inorganics. The Company has also expanded its scope of service covering agrochemical testing with the recent acquisition of ALS PG.

The laboratory testing segment continues to operate as one of Malaysia's largest analytical and testing services businesses and our partnerships span across major sectors including environmental, food, pharmaceutical industrial and tribology services. Its presence in the strategic locations in Malaysia comprising 1 hub and 3 spokes, makes it accessible to customers. The Company has also expanded its footprint in the northern region, increasing its market share.

Backed by strong brand presence and outstanding quality services, ALS Malaysia alongside its subsidiary company, ALS Indonesia, are among the top laboratory testing providers in the environmental, food, pharmaceutical as well tribology sectors in Malaysia and Indonesia. ALS Malaysia is also recognised as Makmal Panel Halal Malaysia by the Department of Islamic Development Malaysia ("JAKIM") and received other recognitions from Kementerian Kesihatan Malaysia (Bahagian Keselamatan Makanan, Air), National Institute of Occupational Safety and Health ("NIOSH"), BioNexus Partners ("BNP") Status Laboratory by Bioeconomy Development Corporation, Ministry of Environment and Water, National Pharmaceutical Regulatory Agency ("NPRA") and GMP Plus Registered Laboratory "(GMP+)" for mycotoxin, heavy metals and pesticides. Additionally, ALS PG is the only lab in Malaysia with Good Laboratory Practice ("GLP") under Department of Standards Malaysia ("DSM"), allowing it to conduct lab testing of agrochemicals such as pesticides and fertilisers.

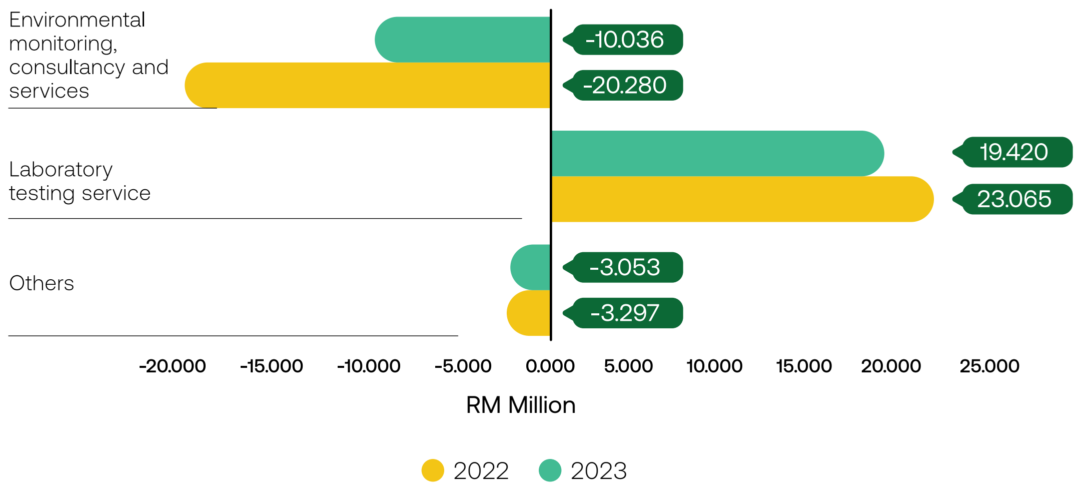
Revenue Contribution from Core Businesses



Generally, PICORP's segmental revenue composition for FY2023 indicate marginal variance as compared to FY2022 with the LTS being the main contributor for revenue for both years. The overall increase in revenue by 2% in FY2023 has resulted in minimal changes to the contribution composition as reflected in a slight increase of 1% in laboratory testing services segment to 65% (FY2022: 64%) and a small decrease in the EMCS segment by 1% to 33% (FY2022: 34%). Other supporting products and services accounted for 2% of the total revenue in both financial years.

The revenue from LTS segment has increased by 3% to RM59.848 million from RM57.890 million in FY2022 whilst revenue from EMCS segment has increased marginally to RM30.736 million from RM30.395 million in FY2022.

PBT / (LBT) Contribution From Core Businesses

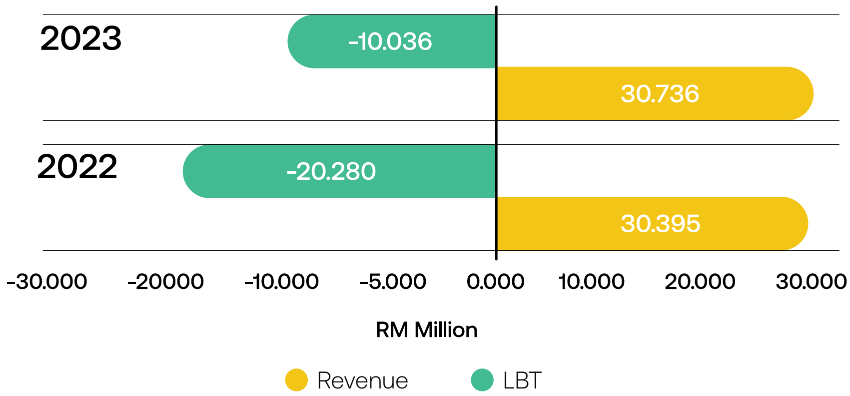


In terms of profitability, similar to revenue, the LTS remained the major contributor for PICORP's PBT in FY2023. However, the segment's PBT contribution has decreased to RM19.420 million from RM23.065 million in FY2022.

The EMCS segment continued to incur losses in FY2023. Nevertheless, the losses had significantly improved by 51% to RM10.036 million in FY2023 from RM20.280 million in FY2022 mainly due to improved GP margin and lower OPEX contributed by both the Malaysia and Saudi operations.

The PBT from Others included the net of results from office rental, investment activities and corporate elimination.

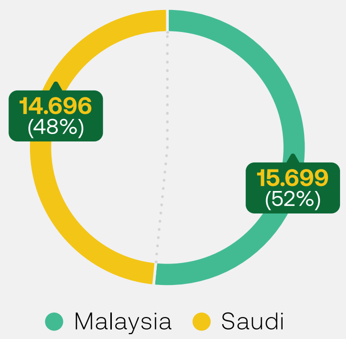
ENVIRONMENTAL MONITORING, CONSULTANCY AND SERVICES



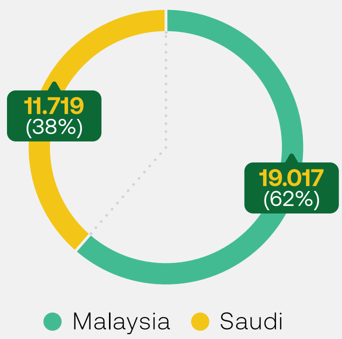
For FY2023, the EMCS revenue has slightly increased to RM30.736 million from RM30.395 million in FY2022. However, the segment's LBT has significantly improved to RM10.036 million as compared to LBT of RM20.280 million in FY2022.

Revenue Contribution by Geographical Breakdown

2022 TOTAL REVENUE OF RM30.395 MILLION

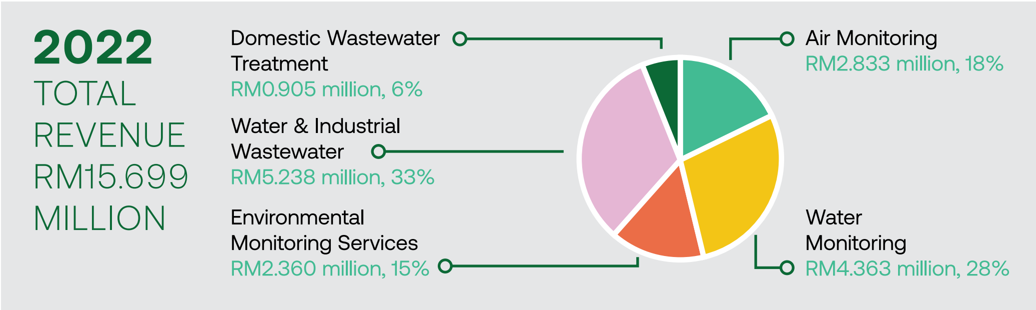


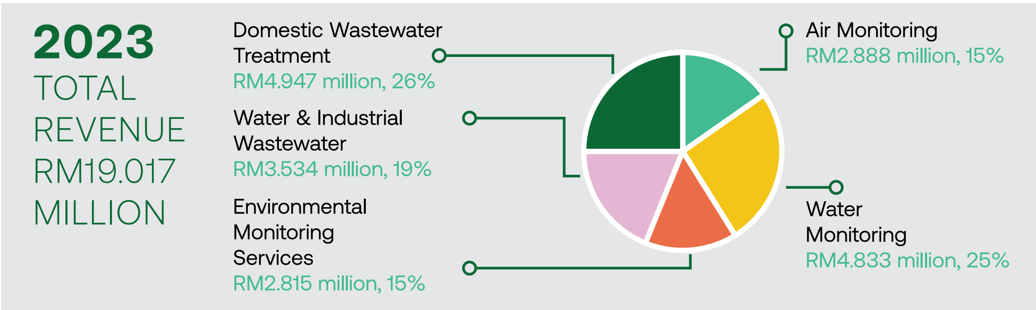
2023 TOTAL REVENUE OF RM30.736 MILLION



For FY2023, EMCS segment generated a slightly higher revenue of RM30.736 million (FY2022: RM30.395 million) which was mainly due to 21% increase in contribution from Malaysian operations. Nevertheless, revenue from Saudi operations has decreased by 20% to RM11.719 million in FY2023 as compared to RM14.696 million in FY2022.

Revenue Contribution from Malaysia Operations by Sub-Segment

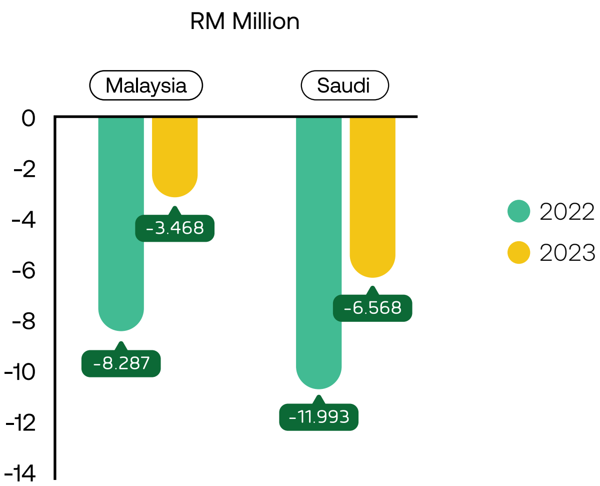




Major revenue contributors for EMCS segment in Malaysia for FY2023 were domestic wastewater treatment and water monitoring, with both contributing RM4.947 million (FY2022: RM0.905 million) and RM4.833 million (FY2022: RM4.363 million) representing 26% and 25% of total revenue from this segment respectively.

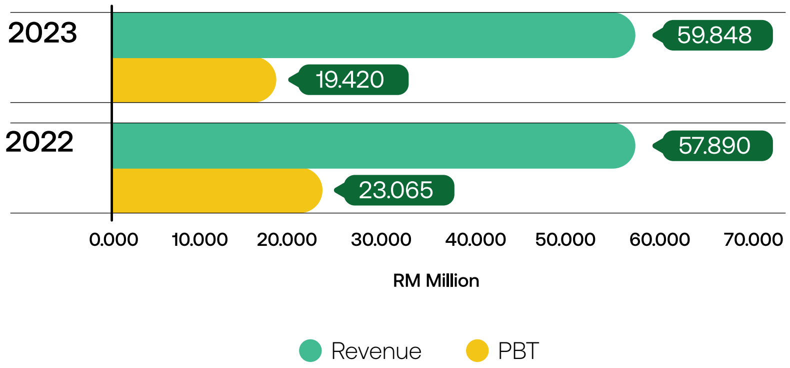
The higher revenue registered in FY2023 by RM3.318 million was due to execution and completion of high value project from the domestic wastewater treatment division, which shows a significant improvement in its revenue contribution by more than 100% in the current year as compared to FY2022.

LBT Contribution by Geographical Breakdown



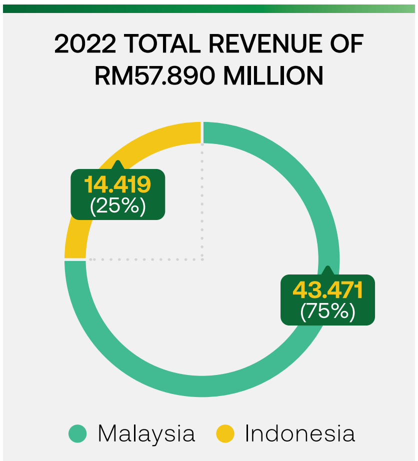
Malaysian operations reported an improved LBT of RM3.468 million (FY2022: RM8.287 million) and similarly, Saudi operations reported lower losses in FY2023 of RM6.568 million (FY2022: RM11.993 million) as a result of improved GP margin and lower OPEX in FY2023 as compared to FY2022.

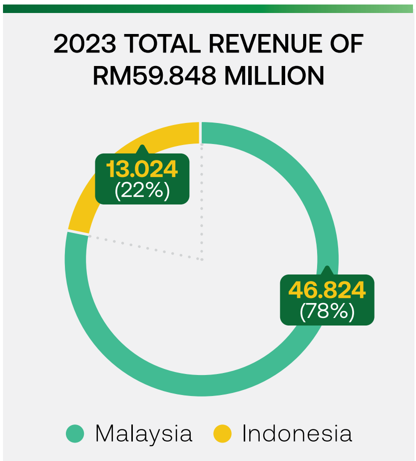
LABORATORY TESTING SERVICES



For FY2023, the LTS revenue has increased by 3% to RM59.692 million from RM57.890 million in FY2022. However, the segment's PBT has decreased by 16% to RM19.420 million (FY2022: RM23.065 million).

Revenue Contribution by Geographical Breakdown

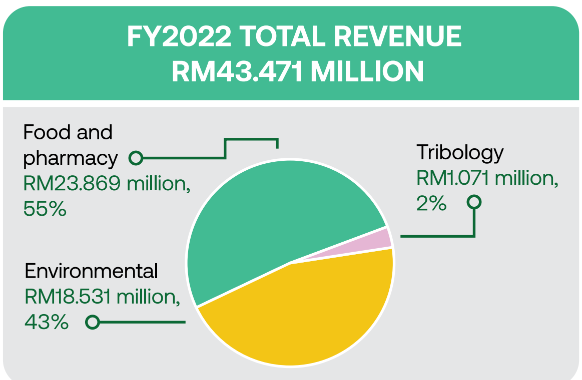


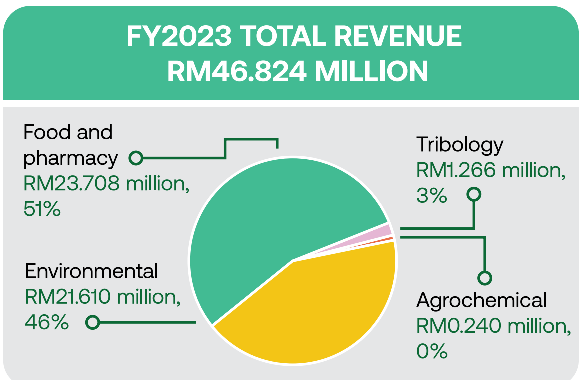


On the other hand, the lower revenue generated from Indonesian operations was mainly due to the lower test samples received in the FY2023 as compared to FY2022.

Malaysian operation continues to register higher revenue contribution arising mainly from the environmental division coupled with revenue contribution from the newly acquired subsidiary, ALS PG.

Revenue Contribution from Malaysian Operations by sub-segment

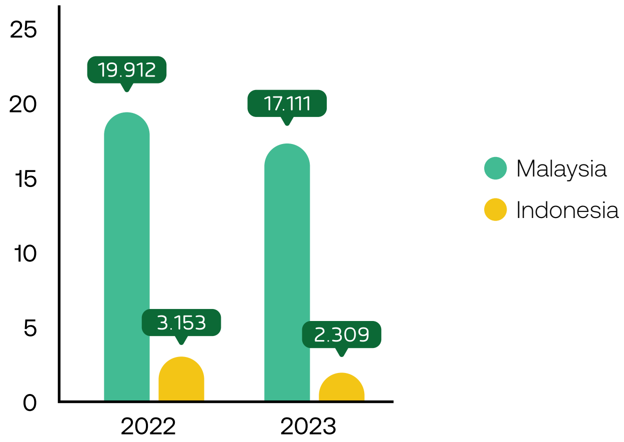




Major revenue contributors for laboratory testing in Malaysia for FY2023 were food and pharmacy division and environmental segments with both contributing RM23.708 million (FY2022: RM23.869 million) and RM21.610 million (FY2022: RM18.531 million) representing 51% and 46% of total revenue from this segment respectively.

The increase in revenue from environmental division by 17% to RM21.610 million (FY2022: RM18.531 million) was mainly contributed by new client secured in the current year. Revenue from food and pharmacy division has slightly decreased by 1% to RM23.708 million (FY2022: RM23.869 million) mainly due to lower test samples received as compared to FY2022.

PBT Contribution by Geographical Breakdown



For FY2023, PBT from Malaysian operations had decreased to RM17.111 million (FY2022: RM19.912 million) due to higher OPEX recorded in the current year mainly resulted from higher personnel cost. PBT from Indonesia operations had decreased by 27% to RM2.309 million (FY2022: RM3.153 million) due to lower revenue and higher COS recorded during the year.

BUSINESS OUTLOOK

The global economic outlook for 2024 is cautiously optimistic, with slower growth expected compared to recent years, but also a gradual decline in inflation. Most experts project global growth around 3% in 2024, which is lower than the historical average but still positive. This is following to slow growth in advanced economies, volatile financial market due to tightening monetary policy, prolonged geopolitical tensions and increasing climatic changes.

This slower pace reflects factors like central banks raising interest rates to combat inflation and decreased government support compared to the pandemic era. Inflation is expected to continue falling in 2024, reaching an estimated 5.8% globally. This is a decrease from previous years, but still above pre-pandemic levels. The outlook faces several downside risks, including weaker-than-expected economic activity, further declines in commodity production, and the possibility of a more severe than anticipated slowdown in China.

Source: International Monetary Fund (IMF): World Economic Outlook Update (January 2024)

Source: Ministry of Finance Malaysia: Economic Outlook 2024 (October 2023)

Malaysia's economic outlook for 2024 is generally positive, with expectations for moderate growth amidst a challenging global environment. Most experts predict 4% - 5% GDP growth in 2024, supported by continuous expansion in private sector expenditure and resilient domestic demand as consumer spending is expected to remain strong due to steady employment and wage growth. In addition, partial recovery in exports particularly in the electrical and electronic (E&E) sector will be a great help to strengthen the economy. However, risk of external headwinds like slowing global growth and potential inflationary pressures could dampen these projections.

Headline inflation is expected to moderate further in 2024, potentially reaching 2.7%. However, uncertainties remain subject to the government policies regarding subsidies and price controls, also global commodity price fluctuations and financial market developments. Overall, the Malaysian government is aiming for a fiscal consolidation path to manage debt and reduce fiscal risks. Continued economic diversification will be crucial to ensure longer-term resilience.

Source: Bank Negara Malaysia (BNM): Economic and Financial Developments in Malaysia in the Third Quarter of 2023 (November 2023)

Source: Ministry of Finance Malaysia: Economic Outlook 2024 (October 2023)

The Malaysian Ringgit ("MYR") has experienced a decline in 2024, and its future direction is uncertain. This could increase the cost of doing business and cost of living. But, potential changes in U.S. monetary policy, like possible interest rate cuts in the latter half of 2024, could make the MYR more attractive to investors seeking higher returns. Malaysia's strong economic fundamentals, including low unemployment and manageable government debts, could boost investor confidence and strengthen the MYR. However, risks such as global economic slowdowns or geopolitical tensions could lead to further depreciation. Analysts generally maintain a cautiously optimistic outlook on the MYR for the rest of 2024, with forecasts ranging from MYR4.5 to MYR4.55 per USD, although external factors may pose risks to this forecast.

Source: Rakunten Trade -Second Quarter Market Outlook (March 2024)

Source: Website bnm.gov.my - BNM Governor's Quote on the ringgit development (February 2024)

Consequently, the company will be continuously observing our strategies and implementing necessary measures to grow the business amidst the unpredictable economic landscape. The primary objective is to achieve continues prosperity through the company's core business segments, namely EMCS and LTS, operating in Malaysia, Indonesia and the Kingdom of Saudi Arabia.

EMCS

The EMCS capitalises on the increasing industry interest in complying with DOE regulations, particularly those outlined in the Environmental Quality Act 1974, Environmental Quality (Sewage) Regulations 2009, Environmental Quality (Industrial Effluent) Regulations 2009, and Environmental Quality (Prescribed Premises) (Crude Palm Oil) (Amendment) Regulations 1982, among others.

In Malaysia, PICORP, operating through its subsidiary ASMA, prioritises crucial sectors like water and wastewater. The recent launch of the MYHERO series, designed to address effluent compliance issues, enables industrial water recycling and provides solutions that adhere to drinking water standards, presenting a significant market opportunity for ASMA in the water and industrial wastewater industry. Furthermore, the successful completion of projects in Kelantan highlights our capability to provide water treatment solutions meeting the international standards, enhancing our credibility and competitiveness, specifically in water industry. Simultaneously, ASMA remains committed to pursuing projects within the domestic wastewater industry, aligning with a forecasted growth rate of 4.7% CAGR for the development market in 2024 by capitalising on past successes and emphasising environmental benefits.

In Saudi Arabia, SAES, a subsidiary of PICORP, focuses on expanding the integrated pest management business segment, offerings including pest control, pest surveillance and pest laboratory services, tailored for both public and private sectors. Additionally, SAES aims to explore opportunities within the environmental business sector, aligning with Vision 2030 goals to enhance environmental protection and improve the citizens' quality of life. Meanwhile, Saudi Arabia's efforts to strengthen its position in the halal industry present an opportunity for Saudi Asma to distribute integrated halal digital solutions across Middle Eastern markets.

In parallel, both operations will continue implementing various prudent measures in an effort to reduce the cost of doing business, improve margin and preserve cash flows. Among the initiatives currently implemented include improving the project management effectiveness and efficiency to improve project delivery and cost, and enhancing features in CRM system to maximise the value derived from their CRM system and drive better business outcomes.

Recognising the global trend towards sustainability, encompassing initiatives to address environmental, social, and economic challenges, we anticipate sustained demand for our essential services. Leveraging our established network, experience, expertise, and commitment to green technologies, we are confident in our ability to achieve steady growth in these segments both locally and globally.

LTS

The LTS, particularly in food, pharmaceutical and environmental segments, continue to be a significant revenue generator for the group, driven by increased demand. Developments in the regulatory landscape, such as the Food Safety Act 1983, Halal certification under JAKIM and Foreign Certification Bodies, DOE's Quality Act 1974, and DOE's Guided Self-Regulation 2017, and many others remain key drivers in the laboratory testing services business.

In Malaysia, our operations remain focused on existing businesses, with continuous efforts to enhance operational efficiency through effective cost management. We aim to improve market penetration by enhancing CRM system, quality services, price competitiveness, and turnaround time. Additionally, ALS Malaysia will capitalise on more business opportunities and complete business integration following the acquisition of the ALS PG. This acquisition strengthens our market position in the Northern region and allows us to develop pesticides and agrochemical services in Malaysia and Indonesia. ALS Malaysia also aims to enhance market capabilities in emerging contaminants analysis in the food and water industry.

In Indonesia, our operations are focused on improving our market share in the environmental segment, particularly in the oil & gas, palm oil, and pulp and paper industries in Sumatra. We also aim to explore opportunities, particularly in industrial hygiene monitoring in new industrial estates, mostly factories located in the eastern part of Indonesia. The regulations by the Indonesian government, making Halal certification mandatory for various consumer goods, presents an opportunity for ALS Indonesia, particularly in Halal and Toyyiban testing services.

Overall, we believe these segments will continue to strive and grow, strengthening its position as a technical market leader in both Malaysia and Indonesia.

BUSINESS RISKS

As the Group operates within complex and constantly evolving business environments, it has established a comprehensive risk management framework to effectively deal with the inherent risks. This framework aids in the identification, assessment, and management of risks specific to the industry in which the Group operates.

Consistently applying this risk management framework allows the Group to take proactive measures in managing key business risks, ensuring that they are kept at an acceptable level of exposure. Below are the Key Business Risks and its mitigation plans:

Key Business Risks	Description	Key Risk Mitigation Plans
Business Continuity Risks	The ability of the Group to continue operating as usual, secure sustainable sources of business, and expand through business diversification.	i. Diversification strategies are in place to alleviate over-concentration on any one single brand or products. ii. Close monitoring of competitors' strategies to sharpen understanding of industry and market trends. Then work with strategic clients & partners in pursuing business with those clients & partners. iii. Continue to work with key principals to enhance price competitiveness. Then, promote to existing key customers the integrated solution and create new installed base for the business long run. iv. Step up digitalisation to leverage on innovative solutions that streamline operations and optimise costs. v. Maximising digital marketing strategies through virtual platforms such as social medias, website, and CRM system to enable seamless, quicker and wider reach-out to potential clients. vi. To ensure the pursued projects as approved in the Annual Business Plan are secured.
Liquidity Risks	The ability to build up liquidity reserves	i. To prepare and update rolling cashflow forecast on a regular basis. ii. To come up with action plans to intensify collection efforts and to monetise balance sheet items. iii. To embark on cost containment measures for both capital and operating expenditures by allowing only spending on essential and critical expenditure. iv. To ensure project milestones are adhered and to bill the completed job as per the payment terms in a timely manner.

Key Business Risks	Description	Key Risk Mitigation Plans
Human Capital Management	Human capital risk pertains to the potential challenges that could influence the employees of a company and hinder their effectiveness in performing their duties.	i. Continuous training and development programmes to be conducted to enhance the employees' skills, knowledge and reskilling activities using webinar and other virtual training. ii. Accelerate the Competency Management initiative to other functions within the company/group in order to ensure the employees are able to perform at the expected performance standards and to reach its optimum. Hence, it is crucial for the employees to have full capabilities and competencies to perform the assigned jobs. iii. Succession planning has been established, where key positions and internal staff for each of these positions have been identified.

DIVIDEND

PICORP has a dividend policy to pay a total net dividend pay-out of not less than 40% of its net PAT and non-controlling interest.

The Board of Directors, in line with the negative retained earnings of PICORP as a result of impairment of investment in subsidiaries in FY2022, does not recommend the payment of dividend for financial year ended 31 December 2023.

The Group maintains its steadfastness amid challenging local and global market environments by focusing on executing the Group 3-year turnaround plan – Road to Profitability and building on a stronger platform. Nonetheless, the Management wishes to emphasise that the preparation of the Management Discussion & Analysis Statement is based on information and outlook prevailing at the time of writing and therefore should be read with due care in judgement and interpretation.

Section 04

SUSTAINABILITY STATEMENT

SUSTAINABILITY AT PICORP

Progressive Impact Corporation Berhad ("PICORP") or ("the Group") places substantial importance on operating sustainably, responsibly, and ethically. Our commitment to sustainability is woven into every aspect of our operations, aligning with the Group's core values and principles. At PICORP, sustainable value creation is not just a goal; it is integrated into our governance functions, business strategy, and daily operations.

Since our inception in 1993, we have actively embraced sustainability practices, recognising their relevance and benefits. Our overarching objective is to ensure both short-term and long-term success whilst contributing positively to society, the environment, and the economy. We understand the importance of managing our impacts, and this commitment underscores our dedication to responsible business practices.

To realise our sustainability value creation and its goals, PICORP approaches and views sustainability as a shared commitment that extends through every layer of our organisation. From boardrooms to operational teams, each plays a pivotal role in championing and embodying sustainable practices. We strive to support and emulate sustainable practices throughout our business facets, fostering a culture that goes beyond mere compliance and aiming for a positive impact on the world.

Our sustainability statement considers the economic, environmental, social and governance aspects in creating values to further demonstrate our overall sustainability progress. At PICORP, our sustainability efforts are based on how we can best contribute to a better Malaysia, as demonstrated in our three (3) value creations:

Sustainability Value Creations

- SUSTAINABLE SYSTEM & INFRASTRUCTURE
- SUSTAINABLE PROCESSES
- SUSTAINABLE PRODUCTS & SERVICES

SUSTAINABILITY DISCLOSURES

Coverage

This statement covers the business operations of PICORP and all its subsidiaries. Unless otherwise stated, the information presented in this report covers our businesses in Malaysia, Indonesia and Saudi Arabia where there is readily available data in place. We also include sustainability initiatives from other business units and subsidiary companies in greater detail to reflect the Economic, Environmental, Social and Governance performance where available and relevant, historical data of the preceding year has been included for comparison.

References and Guidelines

This Sustainability Statement ("this statement") has been prepared in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") through Bursa Securities' Sustainability Reporting Guide 3rd Edition guided by the Malaysian Code on Corporate Governance ("MCCG") to address material issues or those that reflect economic, environmental, social and governance impacts and issues that significantly influence our stakeholders.

Reporting Period

This report covers PICORP Group's performance from 1 January 2023 to 31 December 2023 ("FY2023"), unless otherwise stated.

Statement of Assurance

This statement has not undergone internal review by Internal Auditors. However, it has been thoroughly examined by the Board Risk and Management Committee, as well as the Board Audit Committee. Subsequently, it has received approval from the Board, ensuring alignment with Main Market Listing Requirements and providing an accurate representation of the Group's sustainability efforts. Moving forward, PICORP aims to enhance its assurance process by incorporating internal review from Internal Auditors in future reports.

Sustainable Impact

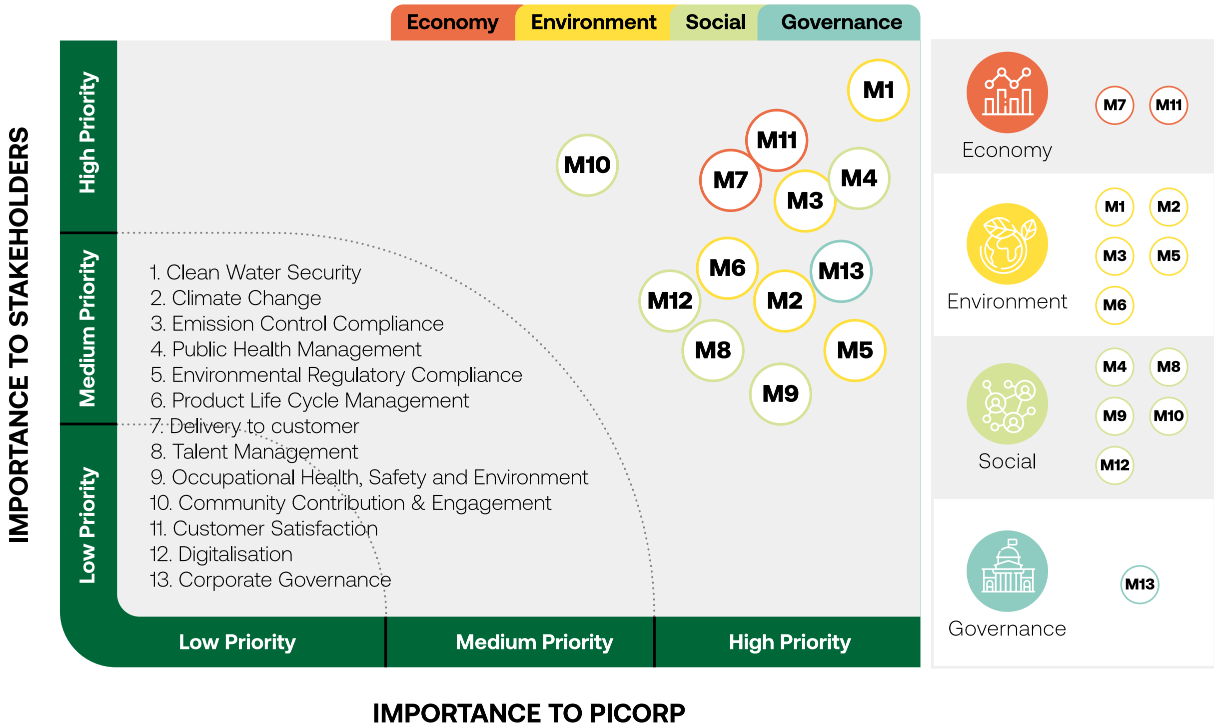
The PICORP Sustainability Statement 2023 outlines various steps we have taken to create sustainable values: aligning sustainability considerations to our business strategies; focusing on the material matters affecting stakeholders and business value and creating a positive impact in a challenging business environment.

Our sustainability statement considers the Economic, Environmental and Social ("EES") impacts on value creation whilst incorporating the governance element of Environment, Social and Governance ("ESG") as it is a crucial tool in sustainability to address our financial and business resilience. Each organisation is deeply intertwined with EES and ESG concerns hence, it makes sense, therefore, that a strong Economic, Environmental, Social and Governance ("EESG") proposition can create value. Throughout the report, the impacts of our sustainability initiatives and value creations are derived from EESG and indicated with the following icons:

MATERIAL SUSTAINABILITY MATTERS

To identify issues that are most material to the business, a materiality assessment was performed guided by Bursa Securities' Sustainability Reporting Guide. The findings from the review of past materiality assessments were further refined with an analysis of internal policies, documents, and comments from various departments. PICORP's commitment to sustainability focuses on significant areas based on the importance to PICORP and stakeholders. Key sustainable issues are identified based on the degree of impact each sustainability matter has on PICORP to produce a materiality matrix. The matrix identifies sustainability matters according to their importance to both PICORP and its stakeholders.

The outcome of the materiality assessment is illustrated below:



As shown in the materiality matrix, we have identified thirteen (13) material matters that are of high priority. These material matters are integrated into our business strategies and action plans. More details on how we addressed our material matters are discussed across three (3) value creations: Sustainable System & Infrastructure, Sustainable Processes and Sustainable Products & Services based on the EESG pillars as clustered above.

SUSTAINABILITY FRAMEWORK

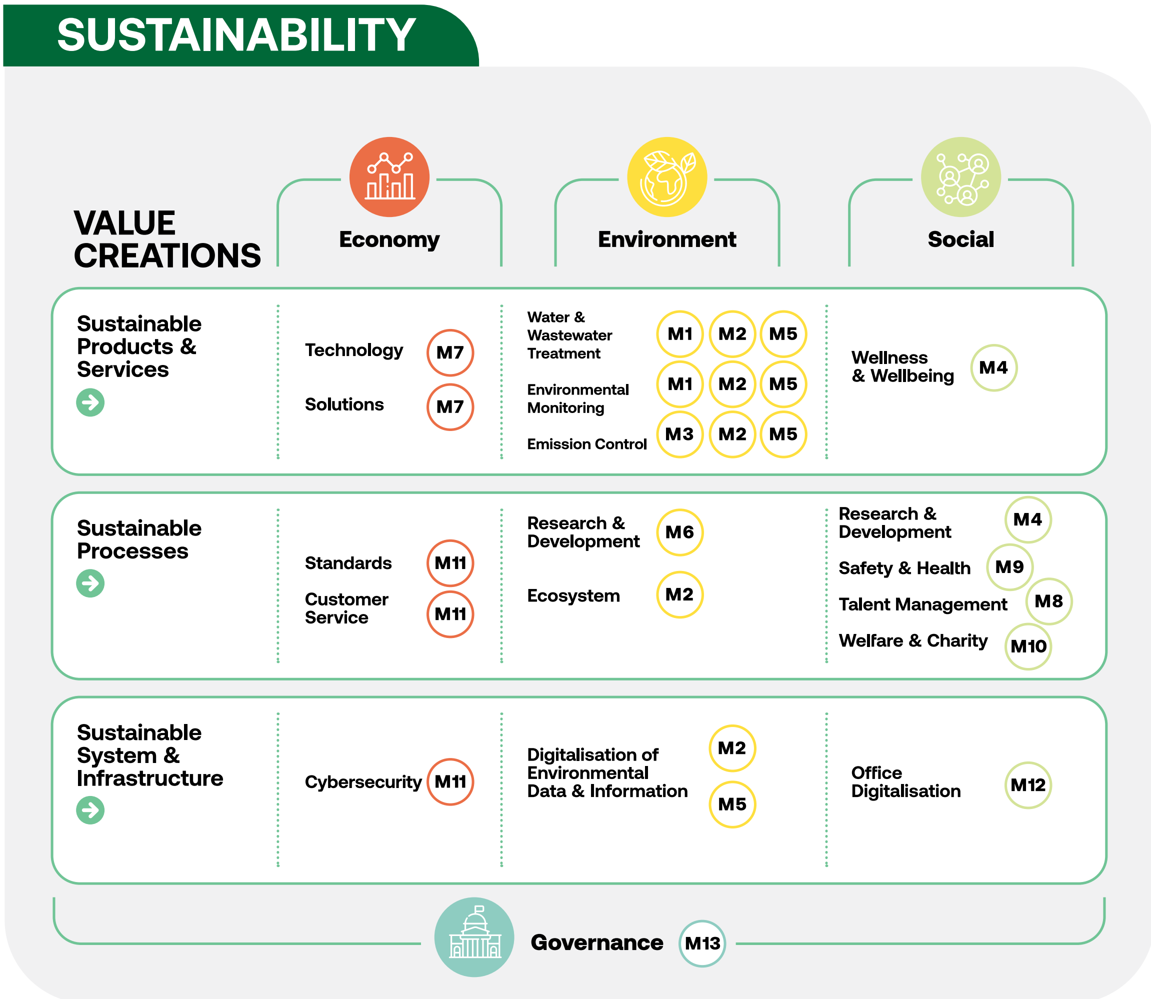
Statement of purpose

At PICORP, we strive to establish sustainable systems and infrastructure, execute sustainable processes and offer sustainable products and services, by integrating economic, environmental, social and governance sustainability concerns into all we do, infusing every thought and guiding every action, so we shall continue to keep the best interests at heart, for now, and the future. This vision shapes PICORP's Sustainability Framework which is built on our EESG pillars and the value creations.

PICORP's Sustainability Framework

Sustainability covers all three timeframes: rectifying past mistakes; reducing or eliminating current problems; building legacies for future generations. The undeniable need for sustainable development has generated the establishment of an array of sustainability frameworks that are designed to be the guidance for all organisations to move the world towards a more sustainable future.

In 2023, we ascertained PICORP's Sustainability Framework to effectively plan and execute our sustainability strategies and meet the objectives. This is aligned with PICORP's business priorities to address EESG's impact that will catalyse our sustainability journey. Likewise, PICORP's sustainability considerations and efforts are centred around four (4) key sustainability pillars of EESG which link to three (3) value creations as demonstrated further below. This sustainability framework is embedded into the Group's Business Plan, strategies and key performance indicators. In short, the PICORP's sustainability framework is crafted by adopting the EESG pillars and incorporating the 3 value creations to address the pillars as illustrated below.



PICORP's Sustainability Framework

SUSTAINABILITY GOVERNANCE

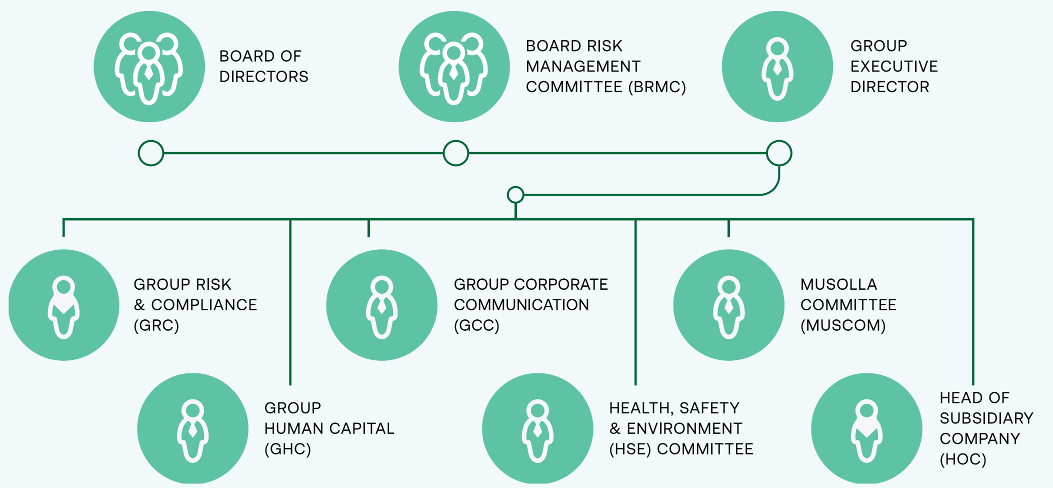
Our commitment to sustainability starts at the peak of our organisational hierarchy with PICORP's Board of Directors ("the Board"). The Board is responsible for the overall oversight of the Group's material sustainability matters and strategic direction. Spearheading these efforts is the Group Executive Director ("GED"), who strategically manages the Group's material sustainability matters.

Under the purview of the GED is the Sustainability Working Group ("SWG"), comprised of Group Risk and Compliance ("GRC"), Group Human Capital ("GHC"), Group Corporate Communication ("GCC"), Health, Safety, and Environment ("HSE") Committee, Musolla Committee ("MUSCOM") and Head of Company ("HOC") who are responsible for executing and improving PICORP's overall sustainability initiatives and reporting the outcomes to the Board via the Board Risk Management Committee ("BRMC").

PICORP's SUSTAINABILITY GOVERNANCE STRUCTURE

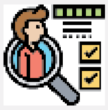
Board of Directors	Provides leadership and vision in shaping sustainability strategies, championing good governance and ethical practices, and ensures the effective execution of these strategies, to enhance the shareholders' value and ensure the long-term sustainable development and growth of the Group.
Board Risk Management Committee	Monitors the implementation of EESG, including corporate governance practices consistent with the sustainability risks and corporate governance policies and practices approved by the Board, guided by applicable laws and regulations.
Group Executive Director	1. Accountable for the Group's oversight of sustainability matters, including sustainability strategy and targets, materiality assessment, and climate-related risks and opportunities. 2. Ensures sustainability matters are considered within the Group and its respective business segments, and progressively embeds strong sustainability culture throughout the entire organisation.
Sustainability Working Group	1. Aligns on-the-ground practices with the organisation-wide sustainability agenda and strategy. 2. Coordinates the management of material matters and conducts the materiality assessment process.

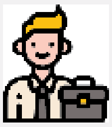
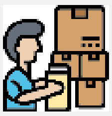
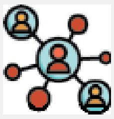
PICORP's SUSTAINABILITY WORKING GROUP

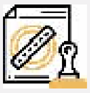


STAKEHOLDER ENGAGEMENT STATEMENT

We define our stakeholders as those who are impacted by and/or who impact our business and performance. With consistent and constructive stakeholder engagements, we are able to address their expectations and concerns which are keys to ensuring continuity in PICORP's sustainability journey. We also believe in maintaining transparent communication with our stakeholders to ensure that they are aware of our performance and support our growth as we progress.

Stakeholder	Mode of Engagement	Frequency of Engagement	Scope of Interest
Customers 	Website	Continuous	• Customer satisfaction • Quality of products and services • Credibility and trust of PICORP brand • Project delivery
	Social media platforms	Continuous	
	Customer Satisfaction Survey	Continuous	
	Appointment of a key account manager for each customer	As needed	
	Roadshow and Exhibition	As needed	
	Technical Training/ Knowledge Sharing Session	As needed	
	Regular meetings/ engagements with customers to obtain feedback	As needed	
	Top Management engagement	As needed	
Employees 	SharePoint site	Weekly/Monthly/ As needed	• Employee benefits and rights • Culture, diversity and inclusion • Employee grievances • Health, safety and wellbeing • Talent acquisition & retention • Career development • Work-life balance • Equal workplace opportunity
	Town Hall meeting	Annually/ As needed	
	Family Day/ Annual Dinner	As needed	
	PICORP Talent Management Programme	Annually	
	Training programmes	Continuous	
	360 Employee Assessment	Annually	

Stakeholder	Mode of Engagement	Frequency of Engagement	Scope of Interest
Employees 	Employee Satisfaction Survey	Annually	• Employee benefits and rights • Culture, diversity and inclusion • Employee grievances • Health, safety and wellbeing • Talent acquisition & retention • Career development • Work-life balance • Equal workplace opportunity
	Code of Ethics and Business Practice	Annually	
	Anti-Bribery and Corruption Policy	Annually	
	Whistleblower Policy	Annually	
	Musolla Committee Programmes	Continuous/ As needed	
	Wikitoria (Senior Management Engagement Session)	As Needed	
	Sexual Harassment Policy	Annually	
	HSE Programmes	Continuous	
Suppliers and subcontractors 	Business Negotiation	As needed	• Occupational Health, Safety and Environment • Sustainable Value Chain Management • Anti-bribery and corruption
	Suppliers & subcontractors' assessment	Continuous	
	Vendor database through prequalification	As needed	
Local community 	Charity giving and donations	Annually / As needed	• Community Engagement • Community Contribution • Environmental Awareness • Management of environmental issues • Management of complaints and feedback • Environmental Regulatory Compliance
	Participation in and sponsorship of community service events / NGO	As needed	
	Internship Opportunities	As needed	
	Public events e.g. Hari Raya Open House	Annually	
	Training on environmental compliance and best practices	As needed	
	Health, Safety and Environment campaigns and programmes	As needed	

Stakeholder	Mode of Engagement	Frequency of Engagement	Scope of Interest
Shareholders/ Investors 	Announcements to Bursa Securities	As needed	• Corporate governance • Ethics & compliance • Economic performance • Business strategy • Financial performance
	Annual General Meeting	Annually	
	Investor Relations Programme	As needed	
	Website (Investor Relations page)	Continuous/ As needed	
	Annual Report	Annually	
Regulators / Government Authorities 	Corporate governance compliance	As needed	• Environmental Regulatory Compliance • Ethics and corporate governance • Anti-corruption and bribery • Training and education
	Regular meetings, workshops and seminars with regulatory agencies to stay abreast of any regulatory requirements	As needed	
	Environmental compliance at project sites	Continuous/ As needed	

1.0 Embedding integrity & ethics in business practices

At PICORP, we are committed to achieving the highest standard of corporate governance and transparency. We embrace the culture of doing the right thing where honesty, fairness, and responsibility are valued and expected from all employees at all levels. Integrity and ethics are not only a matter of moral imperative but also one that leads to a smart business. Supported by relevant framework and management policies, we will be persistent with how we conduct ourselves; to ensure we continue to act in an ethical, transparent, and accountable manner.

GOVERNANCE

M13 Corporate Governance

Good governance fosters a culture of integrity that is crucial to a sustainable business environment. PICORP's sustainability governance allows us to integrate EESG considerations into our business priorities. Since its founding, PICORP's business practices have been governed by the Core Value's Obedient to Allah which refers to enjoining what is right and forbidding what is wrong and full compliance with all applicable laws. PICORP employees worldwide have upheld and lived this commitment in their everyday responsibilities. This is the pillar in conducting our business activities with integrity and takes precedence over any other matters.

Corporate Governance

PICORP adopts the Main Market Listing Requirements of Bursa Securities and best practices illustrated in the latest MCCG.

PICORP Core Values

PICORP Core Values are the set of principles and behaviours that we uphold throughout our operations and business worldwide. These values govern and streamline the work culture, people and processes within the Group towards achieving the Group's goals and objectives.

PICORP Control Measures

PICORP's Code of Conduct

Demonstrates our commitment to business dealings in a high ethical business standard that is efficient, effective and fair and provides a set of rules, principles, values, employee expectations, behaviours, and relationships that is considered important and believed necessary.

No Gift Policy

Embraces a ZERO TOLERANCE POLICY against all forms of bribery and corruption and elaborates upon those principles, providing guidance to employees concerning how to deal with situations relating to the receiving and/or providing gifts that may arise in the course of business.

Sexual Harassment Policy

Aims to prevent sexual harassment of employees in the workplace and provide an effective mechanism to eliminate such harassment; and educate all employees to recognise that sexual harassment in the workplace is a demeaning practice that constitutes a profound affront to the dignity of persons.

Anti-Bribery and Corruption Policy

Sets out PICORP's principles in dealing with improper solicitation, bribery, and other corrupt activities and related issues that may arise in PICORP's course of business.

Whistleblowing Policy

Provides an avenue for employees to disclose their concerns involving any improper conduct within the company.

Risk Management Framework

Adopts a risk management framework that is integrated into and where appropriate embedded into the day-to-day business activities and management decision framework of the Group. Our risk management practices are generally aligned with the principles of ISO 31000:2010 and COSO 2004 Enterprise Risk Management Integrated Framework (2017 update).

YEAR	2021	2022	2023
Percentage of Employees Who Have Received Training on Anti-Corruption by Employee Category.			
General Manager & Above	100%	100%	100%
Manager	100%	100%	100%
Executive & Below	100%	100%	100%

YEAR	2021	2022	2023
Percentage of Operations Assessed for Corruption-Related Risks	-	-	100%

YEAR	2021	2022	2023
Confirmed Incidents of Corruption and Action Taken	0	0	0

2.0 Establishing sustainable systems & infrastructure

Every organisation requires a strong foundation that can lead to promoting good business conduct, healthy corporate culture, and effective and efficient business processes. A solid system and good infrastructure are necessary parts of business operations and management. An effective and sustainable system and infrastructure continue to serve the companies, employees, and clients through all the changes we experience.

In 2023, PICORP invested approximately RM922,092.85 to upgrade IT hardware and software that enhance our data, network, and device security protection and also to digitise non-digital systems by creating new or modifying existing processes, systems, and operations.

Year	2021	2022	2023
IT Invesment	RM 617,588.12	RM 729,672.40	RM 922,092.82

CYBERSECURITY

M1 Customer Satisfaction

Cybersecurity plays a critical role in protecting the confidentiality, integrity, and availability of computer systems, networks, and valuable data. Today, more than ever before, we feel the urgency to have a strong, fast, and reliable cybersecurity to protect our key enablers: digital features and digital transformation.

Our Approach

Modern business operations heavily depend on information security to safeguard sensitive data from cyber threats, data breaches, and other security risks. In response to these threats, PICORP Group IT has established a comprehensive policy with the following objectives:

1. To provide PICORP with a controlled and secured integrated IT environment to support the business operations' needs and to enable a seamless flow of information across the organisation in a timely, accurate, and cost-effective manner.
2. To safeguard the privacy, confidentiality and reliability of the information.
3. To protect and optimise the outcome of PICORP investment in IT Resources.
4. To define the responsibility and the requirements for the use of IT Resources within PICORP.

This policy serves as a crucial framework for the proper handling of sensitive information and provides clear direction, value, and guidance to employees regarding security practices. Furthermore, our commitment to safeguarding our intangible assets extends beyond policy establishment, encompassing a proactive approach of regular investment and modernisation of our IT systems, along with consistent reinforcement and upgrade of our IT infrastructure.

In 2022, our cybersecurity investment prioritised the establishment and maintenance of our infrastructure whilst in 2023, our focus shifted to network assessment and device technological expansion. We aim to enhance device protection by integrating newer safety systems and features, upgrading servers, and amplifying IT awareness within the Group. The cybersecurity measures deployed throughout 2023 are outlined as follows:

PICORP's Cybersecurity Initiatives	
IT Enhancement	**Description**
Network Protection	**Vulnerability Assessment** provides better transparency on cybersecurity by identifying, quantifying, and prioritising the vulnerabilities in a system, resulting in a more robust and resilient IT infrastructure. **Network Assessment** provides better transparency on network-related processes by conducting Wi-Fi and network assessment, resulting in better evaluation of current network issues, network degradation, and improvement.
Devices Protection	**Antivirus with EDR** improves hardware protection from virus and software by integrating Endpoint Detection and Response ("EDR"), resulting in increased threat visibility, rapid incident detection, and enhanced response capabilities. The **upgrade of HR2000 server** enhances server hardware and operation system by adding new built-in features, resulting in minimisation of risks and threats or effective alleviation of emerging threats. The **upgrade of Active Directory** replaces obsolete operating system by introducing a new server and operating system to the existing Active Directory, resulting in a smoother directory service whilst minimising downtime and risk.
IT Awareness	Group IT amplifies IT awareness and teamwork **by leveraging centralised platforms such as Microsoft Teams and SharePoint** to disseminate crucial IT information and streamline employee collaboration.

As of 31st December 2023, there were zero substantiated complaints concerning breaches in customer privacy or data loss.

YEAR	2021	2022	2023
Number of substantiated complaints - privacy breaches or data loss	0	0	0

PICORP Group IT also ensures that any IT General and IT Upgrade and Maintenance requests are responded within a certain timeline. These IT enhancement initiatives have strengthened the protection of all network devices, hence minimising network interruption and downtime.

YEAR	2021	2022	2023
IT Response Time (General)	N/A	94%	98%
IT Response Time (Upgrade /Maintenance)	N/A	93%	92%

DIGITALISATION AND DIGITISATION

M2 M5 M12 Digitalisation

In today's contemporary business landscape, PICORP understands that the adoption of digitalisation and digitisation has become imperative for the Group to thrive and remain competitive, benefitting both the Group and its stakeholders. Digitalisation involves the integration of digital technologies into various aspects of a business, transforming traditional processes and operations, whilst digitisation focuses on converting and recording data.

Our Approach

The Group continues to strengthen its value creation processes by digitalising and digitising its two core pillars which are environmental data and information, and office processes by taking proactive measures such as implementing information management system, utilising data collection and standardisation technologies, and embracing cloud computing.

DIGITALISATION OF ENVIRONMENTAL DATA & INFORMATION

M2 M5 Digitalisation

1. ASMA Integrated Environmental Information Management System ("AIEIMS") provides integrated and centralised environmental data, real-time basis, automatic data collection, quality assurance, alert notification and auto-synchronisation for the backup data centre.

2. The early warning systems in AIEIMS are key elements of climate change adaptation and disaster risk reduction to minimise the impacts and reduce the risk of the hazard by encouraging an appropriate and timely behavioural response. This is in tandem with Malaysia's effort to improve the existing communication system and create a faster and more effective early warning system for disasters for the benefit of the people. This includes adopting the concept of SMS blasting so that we can send early warnings quickly and accurately.

3. The digitalisation helps reinvent processes, improve quality and promote consistency. By going digital, ASMA enables our clients to have access to all the information they need anytime, anywhere from any device.

OFFICE DIGITALISATION

M12 Digitalisation

Office digitalisation has various advantages, including increased efficiency, increased productivity, lower operational costs, improved customer experience, higher agility, enhanced employee morale, improved communication, increased transparency, improved competitive advantage, and faster decision making.

In 2022, our primary objective was to maintain the digitalisation of business processes. Looking forward to 2023, our focus shifted towards enhancing system infrastructure for data security and protection, ensuring access and backup continuity for uninterrupted business operations. The Group also implemented new automation tools into selected business processes such as marketing and sales, as well as integrated pest management.

PICORP's DRIVING ACTION TO OFFICE DIGITALISATION & DIGITISATION	
Initiatives	**Description**
Digitalisation of Office Processes	Leveraging on **Microsoft Office 365** to boost employees' productivity and efficiency by utilising its features such as cloud storage (One Drive), real-time collaboration tools (MS Team, SharePoint), latest applications (Outlook, Words, PowerPoint, Power BI), and advanced security feature (Microsoft Admin Centre). This allows our workforce to be mobile and flexible when working as they are able to work, collaborate, and access files from any device, anywhere at any time. Utilising idea management software, **ALS Viima**, to facilitate the collection, organisation, and evaluation of ideas, resulting in a structured and collaborative environment.

PICORP's DRIVING ACTION TO OFFICE DIGITALISATION & DIGITISATION	
Initiatives	**Description**
Digitalisation of Customer Relationship Management	Shifting to a new system to improve Customer Relationship Management (CRM), ASMA transitioned from previous system to HubSpot in pursuit of improved marketing and sales processes. The new system allows ASMA to reduce data redundancy, improve data transparency, and optimise lead management for increased efficiency. Utilising **Bigin by Zoho** and **Webtrieve** as CRM platforms, ALS Technichem (Malaysia) Sdn Bhd ("ALS Malaysia") is able to streamline sales processes, close more deals and accelerate growth.
Digitalisation of Enterprise Risk Management	Shifting to a new system to enhance our Enterprise Risk Management ("ERM"), the Group migrated from EMS.Net to **TRICORRADAR** system in 2023. The move was prompted by the discontinuation of support for the old system. The TRICORRADAR system not only boosts the Group's digitalisation of risk management processes but also introduces improved features for enhanced system functionality, a superior user experience, enhanced process automation, improved reporting capabilities, and heightened system stability.
Digitalisation of Human Capital Processes	Contributing to improved efficiency, compliance, and overall workforce management, **HR2000** acts as a centralised Human Resources Management System ("HRMS") platform for Malaysia operations. Assisting two-way communication, Saudi Asma Environmental Solutions LLC ("SAES") leverages on **Ekteefa** as the software is available in dual language thus ensuring convenience of speaking between non-Arabic speaking employees. As a result, a significant number of employees have begun using it.
Digitalisation of Finance and Supply Chain Management Processes	Utilising a flexible Entreprise Resource Planning ("ERP") system, namely **SAGE X3**, the Group is able to control the bottom line with accuracy and real-time global visibility whilst accommodating local operational requirements. The Group is also able to keep up with demand and ensure optimal efficiency through real-time monitoring of inventory status.
Digitalisation of Laboratory Processes	Utilising **Angle LIMS (Laboratory Information Management System)**, ALS Malaysia integrates all laboratory instruments that enable direct data import from the instrument to reporting and billing, which eliminates human intervention and increase data integrity which in turn improves turnaround time from 94% to 100%.
Digitalisation of Pest Control Management	Migrating to **PestPro**, SAES is able to streamline and optimise Integrated Pest Management ("IPM") operations from start to end. PestPro helps automate repetitive and time-consuming tasks, such as job scheduling, invoicing, customer management, onsite job management, and report generation. Through automation, PestPro ensures that SAES's ground team is constantly performing at their best, and customer needs are satisfied.

3.0 Executing sustainable processes

In today's global market, competition between businesses is a battle of the fittest. PICORP understands that customers are constantly seeking quality products and services that can fulfil their needs and requirements. In order to meet these needs and deliver on the promises that can delight our customers, a set of guidelines and winning strategies must be established and implemented, we must always strive to improve our processes.

Sustainable processes are the set of activities that are required in order for the organisation to create long term values for stakeholders and at the same time provide sustainable benefits to the environment and society. These processes need to be efficient and effective in order for an organisation to produce quality products and services that meet customer requirements.

STANDARDS

M7 Delivery to Customer

PICORP acknowledges that, in our pursuit of sustainable growth and in fostering confidence among our clients, we must proactively and deliberately emphasise the need to adhere and to uphold proper standards so that we can create values that not only meet regulatory requirements but also exceed customer expectations. Standards, therefore, stand as the cornerstone for us to achieve sustainable processes, helping deliver business excellence.

Our Approach

In our approach to achieving and maintaining these crucial standards, the Group has strategically identified three key areas of management: Strategic Performance Management, Effective Value Chain Management, and Quality Management System, aimed at aligning our operations with overarching organisational goals.

Strategic Performance Management

Achieving overall organisational strategic business objectives

Since 2019, PICORP Group has adopted a systematic and structured **Strategic Performance Management** process led by the Group Executive Director.

PICORP Group Strategic Performance Management

1. Brainstorming sessions

These sessions are conducted from department level up to company level

2. Presentation of Business Plan

The Business Plan is presented to Group Management first before it is presented to the Board of Directors for approval.

3. Establishment of a Balanced Scorecard

Upon approval of the Business Plan by the Board, the Balanced Scorecards ("BSC") for each company and function will be reviewed and approved accordingly.

4. Periodical tracking of performance achievement

BSC is then used to monitor and track organization performance on monthly basis. The organisation is required to provide a recovery plan for any non-achievement so that the performance gap can be closed out or narrowed down.

Effective Value Chain Management

Ensuring Sustainable Solutions and Efficient Deliverability

PICORP is dedicated to providing sustainable and environmentally friendly products and services. Through effective Value Chain Management ("VCM"), we ensure cost-effective solutions with efficient and quality deliverability, providing us with a good competitive advantage.

Control Measure

- Our VCM practices are guided by the Integrated Management System Policy ISO 14001: 2015 and Environmental Management ISO17025 (Laboratory analysis and consultancy where applicable).
- PICORP provides fair and equal opportunities to all vendors and suppliers who are interested to provide their services by submitting PICORP Vendor's Prequalification Questionnaire and complying and pledging with our Environmental Pledge and Anti-Bribery Pledge for the Vendors and Suppliers.
- ALS Malaysia employs Supplier Corrective Action Request ("SCAR") to all their suppliers when any problem or issue arises in order to delve into the root cause so both parties will be able to get the corrective and preventive actions. This process allows both the company and its supplier to work for a better solution and foster relationship and trust with one another.

EFFECTIVE VALUE CHAIN MANAGEMENT ACHIEVEMENTS

	Year	2021	2022	2023
ASMA	Delivery on Time (>90% On time)	93%	100%	56%
	Quality of Items Delivered (<2% Rejected items)	100%	100%	100%
	Procurement Cost Saving	14%	10%	8%
	Proportion of Spending on Local Suppliers	96%	95%	89%
ALS	Delivery on Time	100%	100%	100%
	Quality of Items Delivered	100%	100%	100%
	Procurement Cost Saving	2%	3%	3%
	Proportion of Spending on Local Suppliers (Malaysia)	98%	98%	88%
	Proportion of Spending on Local Suppliers (Indonesia)	18%	85%	87%
SAES	Delivery on Time	100%	100%	100%
	Quality of Items Delivered	100%	100%	100%
	Procurement Cost Saving	N/A	N/A	N/A
	Proportion of Spending on Local Suppliers	100%	51%	100%

The results above proved that we had an effective and efficient VCM as of 2023; PICORP, through its subsidiaries, achieved 100% on-time delivery (except for ASMA) and 100% delivery of quality items to their customers. Besides that, ASMA spent 96% on local suppliers whilst, ALS spent 88% on local suppliers in Malaysia and 87% in Indonesia, and SAES fully engaged with local suppliers in the Kingdom of Saudi Arabia. This demonstrates our effort to support local businesses and create a sense of community ownership and responsibility.

Quality Management System

Conforming to outstanding quality of service

PICORP is committed to consistently providing quality data and services to meet customer and regulatory requirements effectively and efficiently.

Alam Sekitar Malaysia Sdn Bhd ("ASMA")

ASMA Integrated Management System has been developed in line with the requirements from the ISO 9001:2015 Quality Management Systems, as well as ISO 14001:2015 Environmental Management Systems and ISO 45001:2008 Occupational Health and Safety Management Systems.

Conforming to the outstanding quality of products & services, ASMA expands its services to the associate companies of PICORP as a consultant and advisor in various areas in the realm of quality. In relation to conformance with the Standards, ASMA endeavours to enhance its internal processes by integrating the various internal processes within the organisation and providing a process approach for project execution.

ASMA Quality Management Activities	
Activity	**Date**
External Audit by LRQA 2nd Surveillance to ASMA Integrated Management System (ISO 9001:2015 QMS & ISO 14001:2015 EMS) standard requirements on scope of certification	30 - 31 January
Conducted Quality Management System awareness to all staff during stand-up meeting.	13 February
Attended Vendor Audit to the sub-contractor NSR Construction Sdn Bhd.	15 March
Coordinated Baker Tilly's Audit for IT systems & processes and its implementation.	28 March
Coordinated Baker Tilly's Audit for IT systems & processes and its implementation.	18 May
Coordinated Baker Tilly's Audit for Business Development & Sales, Project Implementation and Revenue & Receivables	7 – 14 June
Conducted Internal Audit Programme ISO 9001:2015 and ISO 14001:2015	14 July
Conducted vendor visit for compliance	15 – 16 August
Baker Tilly's Follow – up Audit	25 – 26 September
Executive Project Management Workshop	2 – 10 October

To encapsulate, the outcomes of these activities proved that ASMA Integrated Management System is effective and running well.

Recognitions: Accreditation, Award & Certification (ASMA)

Special recognition award for Water Quality Assets and Services from Pengurusan Air Selangor Sdn Bhd as the main contractor of Hybrid Distribution Water Quality Real Time Analyser ("HYDRA") project.

ALS Technichem (Malaysia) Sdn Bhd ("ALS Malaysia"), ALS Technichem (PG) Sdn Bhd ("ALS PG") (fka Merieux NutriSciences Malaysia Sdn Bhd) and PT ALS Indonesia ("ALS Indonesia") (collectively, "ALS")

The ALS Quality Management System ("QMS") is structured to include the needs of clients and ALS corporate policies, as well as accreditation, licensing, and certification requirements. ALS achieves and maintains its high standard through a quality system focus combined with documented policies and procedures. The system is supported by a dedicated team of highly experienced professionals who maintain the QMS, conduct internal audits and proficiency programs, control documentation, identify improvement opportunities and assist in training and compliance.

Analytical methods

All analytical methods used at ALS undergo validation prior to their approval for use in the laboratory. The approved methods contain criteria for quality control and performance criteria that provides information on each preparation and analytical stage of analysis. Data generated are compared to data quality objectives. This is in line with ALS policy to generate scientifically sound and legally defensible data, and to provide high-quality testing services in compliance with accreditation and regulatory requirements.

Internal audits

Scheduled internal audits are performed on all quality management system elements. System audits are qualitative evaluations of all components of the laboratory systems. They determine if the measurement systems are being used appropriately. Such audits typically involve a comparison of the activities given in the Quality Assurance ("QA") Manual with those actually scheduled or performed and are conducted by a QA Manager at each facility. Audit findings are used by ALS to improve process performance.

Business opportunities

ALS focuses on driving growth by successfully operating their existing businesses unceasingly whilst pursuing new opportunities. ALS management team is highly experienced in managing the companies through all economic cycles and has swiftly moved to strategically align operations to different client demands in each market. ALS shall continue to focus on the food and pharmaceutical sectors for growth in the Life Sciences division. Despite this challenging economic environment, the key elements of their long-term strategy remain on track, with a continued focus on organic growth opportunities and developing new capabilities and markets.

Recognitions: Accreditation, Award & Certification (ALSM)

Outstanding achievements

2023: IKM Laboratory Excellence Award by Institute Kimia Malaysia (IKM)

1. IKM Laboratory Excellence Award for ALS Shah Alam
2. IKM Laboratory Excellence Award for ALS Johor Bharu
3. IKM Laboratory Excellence Award for Asiatest at Kota Kinabalu

Accreditations

1. ALS Malaysia and ALS PG are accredited under SKIM Akreditasi Makmal Malaysia (SAMM) which meets the requirements of MS ISO/IEC 17025:2005 'General requirements for the competence of testing and calibration laboratories',
2. ALS Indonesia is accredited under Komite Akreditasi Nasional (KAN) which meets the requirements of SNI ISO/IEC 17025:2017 'General requirements for the competence of testing and calibration laboratories. These standards are identical to ISO/IEC 17025:2005 published by the International Organisation for Standardisation ("ISO").
3. ALS PG is the only commercial laboratory in Malaysia being recognised with **OECD Good Laboratory Practice ("GLP")** by Department of Standards Malaysia.

Panel Laboratory for

- Ministry of Health, Malaysia (Health Certificate & Food Safety)
- Ministry of Health, Malaysia (COVID-19 RT-PCR)
- Ministry of Health, Malaysia (NPRA)
- Department of Fishery (Health Certificate – Diseases Testing)
- Recognised Analysts by Department of Environment Malaysia, Department of Occupational Safety and Health Malaysia
- Ministry of Environment and Forestry Indonesia

Saudi ASMA Environmental Solutions LLC ("SAES")

SAES Quality Management System is in accordance with the international standard certification, the Company's ISO9001:2015 for Public Health & Integrated Pest Management and ISO 14001:2015 Environmental Management System have successfully been reissued. At the same time, we have also recently been certified with ISO 45001:2018 for Occupational Health & Safety Management System.

SAES demonstrates its highest commitment to promote best practices in its Integrated Pest Management services. This is evident via its certification as an Observer Member with the British Pest Control Association and its membership with the National Pest Management Association, United States, reflecting our continuous effort towards providing highest quality of services through continuing education, access to pest management research and keeping abreast with the relevant pest management and treatment recommendations as well as adherence to the Codes of Best Practice of these internationally recognised Pest Control Association organisations.

Moreover, SAES has been recognised as a Grade B pest control company by the Ministry of Municipal and Rural Affairs in the Kingdom of Saudi Arabia , reflecting high level of competency in our pest control services.

CUSTOMER SERVICES

Customers have always been at the core of our interests. We place a great emphasis on taking care of our customers' needs and ensuring that our customers are satisfied with the services that we provide, as they are key factors for our long-term success. Aside from adhering to the quality standards, we take our customers' feedback thoughtfully as we value the information, insights, issues, and input our customers share. This helps to shape our businesses in the direction that creates a strong connection and attachment between us and our customers, ultimately, gives a positive financial impact.

Our Approach

Our commitment to enhancing customer service experience is reflected through diverse channels, including regular feedback via Customer Satisfaction Survey ("CSS") and Star Rating methods.

Delighting Customers

Customer Service ASMA

For the environmental monitoring, consultancy, and services segment, 2023 CSS was conducted by ASMA to gauge its performance in project delivery with the objective target of 85% in rating. The Quality Assurance department oversees this particular area and carried out a series of programmes in 2023 to meet the set KPIs. The results are as shown below:

Customer Satisfaction Survey Result

2021	2022	2023
87%	90%	95%

Customer Service ALS

For the laboratory services segment, 2023 CSS was conducted by ALS Malaysia and ALS Indonesia to gauge its performance in three categories which are Number of Complaints, Turnaround Time, and Top 3 Ratings. The results are as shown below:

Customer Satisfaction Survey Result

Description	2021	2022	2023
No. of Complaints	1	3	10
TAT Compliance	97%	95% to 96%	95% to 99%
Top 3 Ratings	1. Quality 2. Pricing 3. Client Services	1. Quality 2. Pricing 3. Client Services	1. Quality 2. Pricing 3. Client Services & Scope of Services

Customer Service SAES

For the integrated pest management segment, 2023 client feedback was conducted by SAES to gauge its performance by utilising the Star Rating method with the targeted KPI of 3 stars. The results are as shown below:

Star Rating Result

NIL	3.1	3.4
2021	2022	2023

ECOSYSTEM

M2 Customer Satisfaction

Energy is one of the key factors for the development of society and economic growth in Malaysia. The use of energy must be rational and productive to avoid unnecessary wastage of depleting fuel resources and harmful environmental impact such as pollution and global warming. In line with our commitment to protect the environment, several initiatives have been taken to ensure that our offices are managed in an environmentally responsible way.

Our Approach

These green actions are demonstrated in our own operations and infrastructure, across all our offices.

Towards an environmentally friendly building

Mercu PICORP	Wisma ALS	SAES Office
Replacing old air conditioners contributes to lower power consumption as the new units perform efficiently.	Tracking of mileage travel and optimisation of logistics to reduce gas consumption.	Utilisation of LED lights, reducing power consumption and having longer lifespan.
Daily auto-shutdown for centralised air conditioners by 6 p.m. and turning off all lights or non-centralised air conditioners after use.	Installation of PV Solar system to reduce power consumption and carbon footprint.	Turning off all lights or air conditioners after use.
Paperless meetings (except for Board Meetings) and paperless initiatives (HR process digital-isation).	Digitisation of documents, promoting paperless initiative. ALS recycles sampling containers and glass solvent bottles.	Tracking of mileage travel and optimisation of logistics to reduce gas consumption.

Virtual meetings are highly encouraged to reduce the use of meeting rooms.

5S workstation (Sort, Set in Order, Shine, Standardise, Sustain)

3R (Reduce, Reuse, Recycle)

Our 3R initiative focuses on the usage of paper, the implementation of the 3R principle brings significant impact on how we manage our paper usage to reduce environmental harm.

The first "R: reduce" - we adopt paperless alternatives to reduce paper usage i.e. electronic documents and emails.

The second "R: reuse" - we repurpose used paper or damaged paper as a scratch paper.

The third "R: recycle" - we dedicate a special space to pile up used paper where it is then recycled and turned into new paper products.

Power Consumption (MWh)

Description	2021	2022	2023
Mercu PICORP	1,521	1,551	1,462
ALS Malaysia	1,325	1,577	1,734
ALS Indonesia	59	54	50
SAES	-	-	-

Water Usage (m3)

Description	2021	2022	2023
Mercu PICORP	8,191	9,441	7,656
ALS Malaysia	8,585	9,744	9,900
ALS Indonesia	-	-	-
SAES	-	-	-

Based on the data presented for power consumption and water usage in a comparison between three fiscal years (2021, 2022, and 2023), the Group managed to reduce its overall operational consumptions in the three key areas across all our offices, with the exception for water and power consumption by ALS Malaysia in 2023. This exception is attributed to the nature of ALS Malaysia's business, indicating an upswing in projects that led to an unavoidable increase in power consumption and water usage. Additionally, a portion of the decrease observed in 2021 can be attributed to the impact of Covid-19.

Waste Management

Description		2021	2022	2023
Mercu PICORP	Paper Waste (kg)	700	418	182
	E-Waste (kg)	200	500	5
ALS	Paper Waste (kg)	-	1300	787
	PP Plastic Waste (kg)	-	706	304
	Mixed Plastic (kg)	-	450	270

Based on the data presented for waste management (specifically for waste directed from landfill) between three fiscal years (2021, 2022, and 2023), the Group managed to reduce its overall waste generation by prioritising initiatives focused on waste reduction, reuse, and recycling. Moving forward, the Group is planning to devise a strategy to tackle landfill-bound waste, as it is imperative for us to have a comprehensive waste management approach that aligned with sustainability goals.

The Group remains steadfast in its commitment to intensifying efforts to reduce power consumption, water usage, and overall carbon footprint across all offices, whilst ensuring revenue is not comprised by promoting collaboration among stakeholders, improving the efficiency of raw materials and resources utilised in daily operations, and fostering a culture of responsibility.

RESEARCH AND DEVELOPMENT

M6 Public Life Cycle Management

M4 Public Health Management

Research & Development ("R&D") plays a very important role in the success and sustainability of a business. R&D is essential for gaining and maintaining a competitive edge, business growth, and increased long term bottom-line profitability. R&D sets a roadmap and creates a long-term vision and strategy for a company seeking innovation whilst shaping the path for the organisation to gain a better foundation, understanding, and future capabilities and potential.

PICORP Corporate R&D, a division under PICORP which was officially established on 25 March 2019 to serve the Group, is an integral part of the Group innovation ecosystem. Understanding the importance of Product Life Cycle Management ("PLM"), this division addresses product management through all life cycle in a more comprehensive and sustainable way.

Our Approach

PICORP Corporate R&D undertook key activities throughout 2023 to develop new ways and support the enhancement of MyHERO® series.

Innovating Today for a Sustainable Future

PICORP Corporate R&D has completed the development of:

A MyHERO® 1.1, a cutting-edge wastewater treatment system for Palm Oil Mill Effluent ("POME") that complies with the Department of Environment ("DOE") requirements in keeping with the environmental sustainability goal. The development including for semi-auto variant.

B MyHERO® 2.1, that extends the capabilities of MyHERO® 1.0 to a new level, from compliance discharge to recycling level for reuse, thereby lowering industry's dependency on raw water.

MyHERO® 3.1, that provides water treatment solution that adheres to the international drinking standard.

C PICORP Corporate R&D also explored, tested and adjusted the pretreatment solution before the POME effluent is fed into the MyHERO® system. The pretreatment solution's goal is to protect MyHERO® from being overburdened by higher parameters in the POME. The necessity for this approach stems from the need to manage or reduce the POME parameter to an acceptable level for use with MyHERO® equipment. This will ensure that the MyHERO® continues to perform at the optimal level as intended.

ALS Research & Development

Meanwhile, ALS continuously improves their operations by developing innovative technologies for the benefit of employees, customers and shareholders. For the year 2023, ALS concentrated its research on the analysis of food, environmental, microbiology and biotechnology, with the goal of expanding specific test methods based on clients' specific demands and broadening the scope to cover a wider array of sample matrices. Ongoing efforts will also be directed towards improving existing methods in these areas, as well as in microplastics and tribology laboratories. Additionally, ALS plans to enhance its testing services through the recently acquired laboratory specialising in pesticide and agrochemicals testing, incorporating its existing testing services into the ALS portfolio.

ALS embraces technology as part of a normal business practice by:

1. Adopting global standards for new instrumentation.
2. Sharing global methods across fixed equipment platforms.
3. Implementing process standardisation and continuous improvement by utilising one playbook, global supplier equipment agreements, customer centric communication and technical manager innovation reports.

In 2023, ALS successfully achieved its target to develop several new test methods encompassing the following sectors:

Environmental:104 Food:14 Microbiology:12 Biotech:2

To ensure the quality of their service is maintained, ALS has made several optimisation and improvement of processes for existing laboratory methods:

Environmental:4 Food:4 Microbiology:3 Microplastic:3 Biotechnology:1 Tribology:1

ALS Research and Development Achievements			
	2021	2022	2023
New Test Methods	138	37	132
Optimisation and Process Improvement	-	37	14

SAFETY & HEALTH

M9 Occupational Health Safety and Environment

Across all of our operations, safety and health are the number one priority. PICORP does not compromise when it comes to its employees' safety and health to ensure that our businesses can be operated in a safe, reliable, and secure manner. Our dedication to preventing illness and injuries among our workforce is not only an ethical stance but also a strategic decision to guarantee the secure and dependable functioning of our businesses, ultimately leading to increased efficiency and optimal output.

Health, Safety and Environment is the fundamental concern in all aspects of work in PICORP; however, we embed the culture of safety as a shared responsibility throughout the workforce. The nature of our industry poses plethora of hidden and apparent risks, our employees and sub-contractors work in a complex and fast-moving environment with regular exposure to hazardous odours and hazardous testing materials either at sites or laboratories.

Our Approach

To address these risks, we have formed the Group's Occupational Health and Safety Working Committees ("HSE"), fostering a safety-conscious environment that improves awareness, boosts morale, reduces costs, maintains a positive safety reputation, and ensures compliance with regulation.

Our commitment to addressing health, safety, and related concerns is further reflected through various HSE initiatives, such as meetings, inspections, training, and toolbox talks.

Ensuring the health and safety of employees

SAFETY AND HEALTH
Collaborative Action Towards a Shared Responsibility 2023

Training	Execution	Check For Improvement
24 Toolbox Sessions	7 HSE Inspections	12 HSE Committee Meeting
17 HSE Training Sessions	2 HSE Programs	12 HSE Review Meeting
		12 HSE Performance Reporting

Safety & Health Achievements

Description		2021	2022	2023
ASMA	Number of Work-Related Fatalities	0	0	0
	Lost Time Incident	0	0	0
	Compliance to OSH	Yes	Yes	Yes
	Compliance to EMS 14001	Yes	Yes	Yes
	Number of Employee Trained on HSE Standards	-	-	113
ALS	Number of Work-Related Fatalities	0	0	0
	Lost Time Incident	0	0	0
	Compliance to OSH	Yes	Yes	Yes
	Compliance to ALS Portal Compliance Portal	Yes	Yes	Yes
	Number of Employee Trained on HSE Standards	-	292	315
SAES	Number of Work-Related Fatalities	0	0	0
	Lost Time Incident	0	0	0
	Compliance to OSH	Yes	Yes	Yes
	Number of Employee Trained on HSE Standards	-	-	6

TALENT MANAGEMENT

M8 Talent Management

People are a crucial factor in PICORP's shared success. PICORP's business continuity and sustainability can only be achieved through its committed, passionate, and dedicated workforce. We strive to ensure that our talents' personal growth and development are taken care of, and we put our best efforts to boost engagement, increase retention, and create a diverse and inclusive workplace through effective talent management.

Our Approach

Our talent management initiatives involve adherence to local labour and employment-related laws in all our human resources practices and management. Moreover, they are guided by a strategic approach that comprises three (3) main scopes: Talent Acquisition, Talent Development, and Talent Retention. The objective is to safeguard the completeness of the management and development initiative on human capital, supported by the Human Capital Information System to facilitate efficient talent management.

Sustainable Talent Management in Action

Talent Acquisition

Talent Acquisition is one of the key strategies in our talent management. It involves several ongoing strategic processes that focus on the long-term Human Capital planning to acquire the right talent with the right knowledge, right skills, and the right attitude. New employees are given a comprehensive on-boarding program to align themselves with the company's culture and system.

Effective talent acquisition is important in acquiring the right talents, and ultimately, supporting business growth and sustainability. We equipped our Talent Acquisition team with the right training and skills to enable them to execute PICORP's strategy to identify internal and external talent to fulfil business requirements.

Talent Development

A high skilled workforce allows high level of operations; this in return generate a larger profit margin. Therefore, Talent Development is a crucial strategic approach of our talent management in order to retain talented employees and nurture them.

Talent Development refers to the process of managing the competencies of our talents through an effective assessment approach and investment towards their growth and development by providing appropriate training programs, leadership development, and mentoring with the aim to enhance workforce capabilities and improve organisational performance and compliance.

PICORP has successfully designed its own customised Competency Management initiative to ensure the availability of a competent workforce which shall lead to the enhancement of individual and organisational performance. Competency Management is an approach to assessing and developing the workforce in meeting specific performance standards to achieve organisational objectives. It supports the alignment of internal knowledge, skills, behaviour with the strategic direction of the organisation as a whole.

Moreover, PICORP continuously develops and strengthens a talent pool with the current-competent and future-ready workforce by outlining a set of required competencies. This competency model is an effective measurement tool that helps employees agree on a common language and comprehend what is understood by superior performance. It helps to communicate culture and values as well as to better explain the expectations that the leadership entails. There are three (3) types of competencies that have been identified namely:

1. **Technical competencies** refer to a skill or area of knowledge used in the occupations of a specific function.
2. **Leadership competencies** comprise the leadership and managerial skills as well as behaviour that contribute to superior performance.
3. **Core competencies** are the resources and capabilities that comprise the strategic advantages of a business.

Delivering personalised experiences through the guidance of Subject Matter Experts ("SMEs") has always been the top priority in developing our people. Through this approach, the company is able to expedite the dissemination of applied knowledge to improve its organisational performance.

Training and Development

Total Training Hour		Total number of trainings		Total training expenses	
2021	15,230	2021	218	2021	RM 81,842
2022	14,601	2022	603	2022	RM 152,072
2023	36,624	2023	3,712	2023	RM 100,104

(for total training hour by employee category, please refer sustainability performance data table.)

In 2023, PICORP initiated their career growth program called Executive Development Program ("EDP"), which is a structured and comprehensive initiative designed to enhance the business skills and leadership capabilities among senior-level executives, high-potential leaders, and managers. The EDP comprises several modules, including Leadership and Management, Balanced Scorecard, Self-esteem, Communication and Presentation, Project Management, Finance for Non-finance, and Strategic Performance Management.

Talent Retention

Talent retention focuses on retaining high skilled and talented employees. As a responsible organisation, we strive to create a work environment that is both attractive and sustainable for the long-term operation by executing effective; engagement activities, employee welfare plan, employee performance management system, competitive compensation and benefits package including opportunities for career growth.

Total number of employee turnover by employee category			
	2021	2022	2023
General Manager & Above	-	-	2
Manager	-	-	12
Executive & Below	-	-	67

Number of substantiated complaints concerning human rights violations		
2021	2022	2023
0	0	0

2023 Employee Satisfaction Survey

In 2023, key performance indicators ("KPIs") were aligned towards the company's strategy, with long-term focus areas on the financial, customer, internal process and learning and growth. PICORP channels newer approaches to enhance performance management which includes regular reviews of the company's and department's achievements. This was done through a regular series of management meetings. PICORP also aligned performance with rewards involving pay for performance which provides a clearer link of view to drive performance.

Compensation and benefits are other important aspects of Human Capital Management that act as a medium to keep the workforce motivated. Compensation and benefits are allotted to employees based on their performance and actions to bring the best out of employees at the workplace. In the year 2023, PICORP had allocated provisions for salary increment, salary adjustment, bonus/ex-gratia and 13th-month salary pay-out for eligible employees to reward their continuous commitment and contribution towards the achievement of business objectives. In addition, PICORP secures employees' benefits to be on par with the market offering through the revision of employees' tangible and intangible benefits lines. This includes the provision of improved medical and insurance benefits.

Career progression denotes the growth of employees in an organisation. It is an effective means to achieve the company's future growth and success through the orderly movement of employees to the right positions they are qualified for. In August 2023, PICORP boarded the upgrading and promotion initiative across the Group guided by dynamic selection criteria to reward the right talent and to accord them with a good career path. It can either be vertically, for positions of greater responsibility or horizontally, for positions encompassing a breadth of the relevant functions.

Based on the results of the 2023 Employee Satisfaction Survey ("EES"), there are three (3) dimensions that were identified as needing improvement. These dimensions are Compensation and Benefits, Confidence in Leadership and Performance Management. To address these dimensions, we have developed several plans as follows:

Compensation & Benefits

- GHC will conduct briefing on the mechanisms behind Upgrading and Promotion exercises including the application of Responsibility and Acting Allowances.
- Insurance briefing on coverage package applicable to employees and dependents.

Performance Management

- GHC to conduct briefing to all employees on
  (a) Improvement for 2024 APM by January 2024:
  (b) Appraisal Mechanism by February 2024 and;
  (c) APM Moderation session with HOD/HOC by March 2024.

Confidence in Leadership

- The 2024 Employee Development Plan will be devided into three (3) proficiency levels focusing on the following:-
  (a) Basic - Non-Executive level
  (b) Intermediate - Executive level
  (c) Advanced - Managerial level
- The aim is to equip all employees with the necessary knowledge and skill to enhance individual growth, team effectiveness and overall organisational success.

Workplace Diversity And Inclusion

Promoting diversity and equal opportunity

Inclusive and equitable work environment enhances working experience. PICORP strives to create a diverse and inclusive workplace where all employees are valued by providing a workplace that is fair, flexible, safe, supportive, and free of discrimination, and employment disadvantages. We ensure every employee is valued irrespective of gender, age, ethnicity, religion and nationality.

Workforce Breakdown by Gender

2021	M : 70.6%	F : 29.4%
2022	M : 65.5%	F : 34.5%
2023	M : 62.4%	F : 37.6%

Workforce Breakdown by Nationality

	2021	2022	2023
Malaysian	47.5%	53.5%	59.4%
Indonesian	23.1%	19.5%	20.3%
Saudi Arabian	10.0%	8.0%	6.0%
Others	19.3%	17.0%	14.7%

Workforce Breakdown by Age Group

	Millennials & Gen-z	Gen-X	Baby Boomers
2021 :	64.0%	22.0%	2.0%
2022 :	78.0%	20.0%	2.0%
2023 :	82.3%	16.7%	1.0%

Total Workforce

2021 : 661	2022 : 589	2023 : 556

Women Empowerment

Female representation at PICORP

at Board level		in Top Management		in Management	
2021	37%	2021	33%	2021	48%
2022	28%	2022	40%	2022	50%
2023	33%	2023	33%	2023	53%

WELFARE & CHARITY

M8 Community Contribution & Engagement

We have a strong ethos of caring for the community, which is an extension of our belief in democratising privileges. Everyone is important to us, and we demonstrate this by contributing our profit and knowledge to the community to serve the underserved and bring people of the world closer together. PICORP aims to set an example as a good corporate citizen, by working together with the community for its growth towards the improvement of life quality.

Our Approach

Corporate Social Responsibility ("CSR") has become an integral part of PICORP's business. Whilst CSR is a voluntary action, we understand that it holds great importance in demonstrating our commitment to social and environmental responsibility.

Our CSR initiatives are meant to create a better future not only for us, the industry, and the environment but also for the communities. We believe that every small act of kindness or contribution can make a big difference. We aim to give back one-third of our income to the community, with hope to serve the underserved.

Enhancing community livelihoods

YEAR	2021	2022	2023
Total amount invested in the community where the target beneficiaries are external to the listed issuer.	MYR496,555	MYR638,732	MYR659,659
Total number of beneficiaries of the investment in communities	3	4	5

In 2023, PICORP allocated RM659,659.00 for charity through Lembaga Zakat Selangor and a charity foundation, with 98% directed to the community. These entities distribute funds to various beneficiaries, including nonprofits, zakat authorities, elder care homes, orphanages, and madrasahs.

4.0 Offering sustainable products and services

At PICORP, we put greater focus on offering sustainable products and services to customers. We believe that these products and services can generate measurable social and environmental benefits alongside financial returns, creating long-term value for shareholders and society at large.

This is part of our commitment to protect the environment and preserve the planet for our children and future generations, to the well-being of society – a clean and safe environment, clean and safe food and good health. This is in line with our vision to be a world-class business organisation focusing on cost-effective environmental solutions which shall benefit the environment and mankind.

TECHNOLOGY

M7 Delivery to customer

Technology is an essential part of any organisation's success. Whilst technology is evolving rapidly, organisations need to make continuous investments in technology to maintain a competitive edge and stay relevant. Technology drives innovation and never stops, and to keep current, we need to continually review our systems and processes and the technology that enables them.

Delivery to customer

Our Approach

R&D is an important driver of economic growth as it spurs innovation, invention, and progress. R&D is the part of a company's operations that seeks knowledge to develop, design, and enhance its training products, services, technologies, or processes. PICORP Corporate R&D drives the innovation activities in PICORP to expand and strengthen existing products and services whilst making strides in helping reduce the environmental impact and build a circular economy.

In 2023, PICORP invested RM 903,171 into R&D in environmental segment and new equipments for lab and testing.

R&D Invesment					
2021	RM 431,450	2022	RM 1,844,424	2023	RM 967,780

In 2023, ASMA expanded its training module offerings to eight (8) modules to broaden their services in environmental consultancy and training, catering to a wider spectrum of environmental practitioners.

ALS Indonesia has strengthened its laboratory capabilities by adding several new sampling and laboratory equipment such as Centrifuge, TSS meter, Portable Spectrometer and Portable Indoor Air Qualification Meter.

SOLUTIONS

M7 Delivery to customer

It is important for PICORP to provide solutions that can address market unmet needs and fulfil market demand to sustain business growth, maintain relevance, and achieve long-term success in a competitive market landscape.

Our Approach

AI-Water Quality Monitoring Programmes

As water pollution issues are becoming more critical, water quality monitoring programmes are vital to control and reduce its impact to a minimum level. Running on artificial intelligence ("AI") technology, River Pollution Load Analysis System (R+PLAS) is a sophisticated tool with self-learning capability to indicate the assimilative capacity of a river as well as the segregation of pollutant sources according to the characterisation flow. R+PLAS is capable to assess pollutant load in real-time with the integration to geographic information system ("GIS") for point source mapping, net promoter score ("NPS") prediction model and early warning system.

Accredited test methods

In order to ensure the laboratory testing services, remain relevant and provide a competitive edge in the market for business sustainability, ALS R&D team constantly develops new test methods and validates their existing test methods. In 2023, 46 accredited test methods by ALS Malaysia were added in Skim Akreditasi Makmal Malaysia ("SAMM") extension of scopes. Additionally, for ALS Indonesia, 106 accredited test methods were added in Komite Akreditasi Nasional ("KAN") extension of scopes whilst 33 test methods were removed and no longer offered due to less market demand and being updated to comply with the latest standard.

Extension of SAMM Scope			
Malaysia	26 Food	9 Microbiology	11 Environmental
Extension of KAN Scopes			
Indonesia	2 Microbiology	104 Environmental	
Deletion of KAN Scopes			
Indonesia	3 Microbiology	30 Environmental	

ALS Accreditation Test Methods			
	2021	2022	2023
Extension of SAMM Scopes (ALS Malaysia)	50	25	46
Deletion of SAMM Scopes (ALS Malaysia)	10	1	0
Extension of KAN Scopes (ALS Indonesia)	125	80	106
Deletion of KAN Scopes (ALS Indonesia)	5	0	33

ENVIRONMENTAL MONITORING AND EMISSION CONTROL

M1 Clean Water Security
M2 Climate Change
M3 Emission Control Compliance
M5 Environmental Regulatory Compliance

Our environmental monitoring and services encompass air quality management, water quality management, laboratory testing and environmental consultancy, which have tremendously helped evaluate and assess the environmental conditions in providing useful data to the authorities and respective organisations to perform preventive measurements.

We leverage the growing interest within the industry to comply with the DOE regulations on the Environmental Quality Act 1974, as well as ISO 14001:2015 Environmental Management System which requires the provision of environmental monitoring services. Reliability and data integrity have always been our primary aim in providing timely professional services, well supported by ALS's SAMM accredited lab.

Our Approach

Air Quality Management

Our air quality management services offer a sustainable solution for industries like oil and gas, energy and manufacturing, helping them comply with environmental regulations, especially Environmental Quality Act 1974 (Clean Air Regulation 2014). Our air quality management services comprise of ambient air quality monitoring services, emission monitoring services, weather monitoring services and emission system audit.

Predictive Emission Monitoring Solutions ("PEMS") lie at the heart of our offerings. These cutting-edge solutions are designed to provide advanced emissions monitoring capabilities whilst ensuring compliance with regulatory standards.

he features of PEMS, including their accuracy, reliability, and early warning system, translate into tangible advantages for our clients:

1. **Accurate Monitoring for Compliance.** By leveraging PEMS, industries can accurately monitor their emissions, ensuring adherence to regulatory standards and avoiding potential fines. PEMS are designed to provide advanced and superior emissions monitoring capability and are guaranteed to pass the certification testing. PEMS has been demonstrated to be accurate and highly reliable compared to Continuous Emission Monitoring Solutions ("CEMS") in independent field tests conducted in accordance with U.S. EPA tests methods and procedures.

2. **Robust and Cost-Effective Solution.** PEMS offer a robust and cost-effective alternative to traditional CEMS. Average 500W/day is required to run PEMS whereas an average of 20,000 to 50,000W/day is required to run CEMS. With minimal maintenance requirements and lower operational costs, our clients can achieve significant savings whilst maintaining efficient emissions monitoring capabilities. This translates into long-term cost savings and improves financial performance.

3. **Enhanced Environmental Performance.** Implementing PEMS enables industries to optimise their processes for better performance, leading to reduced emissions and resource consumption. By actively monitoring and mitigating emissions, our clients can minimise their environmental footprint, contributing to overall sustainability efforts and positioning themselves as leaders in green production and energy efficiency.

4. **Streamlined Compliance and Operational Efficiency.** PEMS streamline the compliance process, providing real-time data and insights that empower our clients to make informed decisions. This not only simplifies regulatory reporting but also enhances operational efficiency, allowing businesses to focus on their core activities whilst meeting environmental obligations seamlessly.

Through our extensive experience and track record of over 40 PEMS-related projects approved by DOE nationwide, we demonstrate our commitment to reduce environmental impact and promoting sustainable practices across industries. Our air quality management services, not only benefit clients from state-of-the-art technology but also contribute to a healthier environment and a more sustainable future.

Water Quality Management

Water is at the core of sustainable development and is critical for socio-economic development, healthy ecosystems, and human survival itself. It is vital for reducing the global burden of disease and improving the health, welfare, and productivity of populations. In response to challenges surrounding water quality, our water quality management system has led the way to provide technological breakthrough for drinking water, river, lake, marine water, and industrial effluent.

We have installed more than 100 units of online water quality monitoring systems for drinking water, river, lake, marine water, and industrial effluent. We take pride in having installed the first online monitoring system for the drinking water distribution network in the country for Air Selangor and online lake water quality monitoring system for Putrajaya Lake & Wetlands.

The core features of our water quality management system, including online monitoring instruments and network systems, directly translate into significant advantages for our clients and the environment:

1. **Efficient Resource Management and Pollution Prevention.** By providing real-time monitoring capabilities, our system enables efficient resource management and proactive pollution prevention. This helps reduce the carbon footprint associated with extensive remediation efforts, ultimately leading to a healthier environment and more sustainable water ecosystems.

2. **Preservation of Water Ecosystems.** Our built-in early warning system acts as a guardian for water ecosystems, ensuring that water quality is maintained at levels conducive to biodiversity and ecosystem health. By protecting healthy aquatic ecosystems, which serve as vital carbon sinks, our system indirectly contributes to carbon footprint reduction and climate change mitigation.

3. **Comprehensive Monitoring for Safe Water.** With over 100 units installed across various water bodies, including drinking water distribution networks and lakes, our system ensures comprehensive monitoring of crucial parameters such as pH, Dissolved Oxygen, Total Suspended Solids, Ammoniacal Nitrogen, and Temperature. This not only safeguards water quality but also supports sustainable social and economic growth by fostering a safe and healthy environment.

2023 Project: Continuous River Water Quality Monitoring Station at Batu River

The station is a part of China Communications Construction ("ECRL") Sdn Bhd initiatives aimed at improving the river water quality upstream of Batu River. The station monitors crucial parameters such as pH, Dissolved Oxygen, Total Suspended Solids, Ammoniacal Nitrogen and Temperature. This comprehensive monitoring ensures the river's safety and protection from nearby development, fostering not only the health of the river ecosystem but also supporting sustainable social and economic growth in the area.

Through partnerships with organisations like Air Selangor and initiatives such as the Batu River project with CCC ECRL, we are at the forefront of driving positive environmental impact and promoting sustainable water management practices.

Biodiversity Management

Biodiversity is essential for sustainable development and human well-being. It underpins the provision of food, fibre and water; it mitigates and provides resilience to climate change; it supports human health, and provides jobs in agriculture, fisheries, forestry and many other sectors. We provide the first integrated biological monitoring provider for man-made wetlands and lakes in Malaysia since 2001, in Putrajaya.

Our offering extends to include lake and wetland biodiversity, ensuring the preservation of these vital ecosystems. By monitoring biodiversity indicators and environmental parameters, we contribute to the conservation of species diversity and the overall health of lake and wetland ecosystems. This not only enhances ecological resilience but also supports sustainable tourism and recreational activities, enriching the lives of local communities and visitors alike.

2023 Project: Putrajaya Lake and Wetland Biodiversity Monitoring

Putrajaya Wetland is the first man-made wetland in Malaysia and the largest constructed freshwater wetland in the humid tropics. The Putrajaya Lake and Wetland is well-designed to simulate a natural wetland condition, acting as the breeding and nursery grounds, as well as home to numerous plants, invertebrates (particularly insects), frogs, reptiles, fish, small mammals and birds.

Our team of experts has been working with Putrajaya Corporation on lake and wetland biodiversity monitoring to maintain ecological life support that supplies clean air, water, plants pollination, pest control and wastewater treatment in Putrajaya. Number of species found in Putrajaya Lake and Wetland as per table below:

Description	2021	2022	2023
Bird	81	72	74
Reptiles	9	6	7
Mammals	6	5	8
Amphibia	12	6	6
Insects	898	814	1158

Environmental Laboratory

Our environmental laboratory provides full analytical testing services specialising in metals, volatile and semi-volatile organics, inorganics, nutrients and microbiological analysis in a wide range of sample matrices covering soil, surface water, wastewater, groundwater, drinking water, seawater, sediments, waste, air, and biota.

Our commitment to sustainability extends beyond regulatory compliance; it encompasses proactive measures to mitigate environmental impact and promote sustainable practices within industries. Through our chemical expert, we assist clients in identifying potential pollutants and contaminants, facilitating informed decision-making to minimise environmental degradation.

We provide accredited testing services according to the American Public health Association, United States Environmental Protection Agency ("USEPA"), American Society for Testing & Material, MS ISO/IEC 17025:2005 General Requirements for Competence of Testing and Calibration Laboratories and Japanese Industrial Standard as part of our global commitment in meeting industry requirements in both local as well as international arenas enabling stakeholders to make evidence-based assessments and enact effective environmental management strategies.

Moreover, our laboratory's specialisation in various industries, including chemical, electronics, petroleum, mining, and agriculture, positions us to address a wide spectrum of environmental challenges. Whether it's assessing soil and water quality, monitoring air pollutants, or evaluating waste management practices, we provide actionable insights to promote sustainable development and mitigate adverse environmental impacts.

Furthermore, our emphasis on microbiological analysis underscores our commitment to public health and ecosystem resilience. By monitoring microbial communities in diverse environments, we contribute to the understanding of ecological dynamics and support initiatives aimed at biodiversity conservation and ecosystem restoration.

Number of Samples in Environmental Sector

2021	2022	2023
396,972	484,086	516,532

In essence, our environmental laboratory serves as a cornerstone of sustainability, facilitating informed decision-making, promoting responsible stewardship of natural resources, and fostering a healthier, more resilient planet for current and future generations.

Environmental Consultancy and Training

Creating a learning culture is one strategy to improve organsational performance and maintain long-term sustainable advantage. Organisational learning includes creating, retaining and transferring knowledge to benefit individuals, groups and organisations. To empower more environmental practitioners in the industry, ASMA has developed eight environmental training modules in 2023:

1. Stack Emission Monitoring and Modelling
2. Water Quality Analysis in Industrial Effluent
3. Green Productivity
4. Environmental Noise and Vibration
5. Powering Up ESH Professional into Sustainability Driver
6. Air Quality 101
7. Green Waste Management Practices
8. Water Quality Sampling

Number of Environmental Related Trainings Conducted by ASMA

2021	2022	2023
2	3	7

WATER AND WASTEWATER TREATMENT

M5 Environmental Regulatory Compliance

M1 Clean Water Security

M2 Climate Change

Our comprehensive solutions and services in water treatment, domestic wastewater treatment and industrial wastewater treatment comprise consultation, designing, planning, project management, operations and maintenance for plants that have been contaminated by anthropogenic industrial, household sewage or commercial activities prior to their release into the environment or its recycling and reuse. This is in line with DOE requirements on Environmental Quality (Sewage) Regulations 2009, Environmental Quality (Industrial Effluent) Regulations 2009 and Environmental Quality (Prescribed Premises) (Crude Palm Oil) (Amendment) Regulations 1982.

Our Approach

Bi-Act Super Dissolved Oxygen ("Bi-Act SDO®")

Sustainable domestic wastewater management refers to the process of treating and managing wastewater from households in a manner that minimises environmental impact, conserves water resources, and promotes long-term community health and resilience. Bi-Act SDO® is an award-winning and SPAN-approved hybrid wastewater technology promoted by ASMA since 2014. It is a simplified, modernised aerator for adding oxygen into bio-waste treatment which incorporates a combination of two (2) biological wastewater treatment processes; fixed film process and activated sludge process.

This innovative system epitomises our commitment to sustainable practices in wastewater treatment, revolutionising bio-waste treatment with its numerous benefits:

1. **Low Power Consumption.** With over 50% reduction in energy consumption, Bi-Act SDO® sets a new standard for energy-efficient wastewater treatment, significantly reducing our carbon footprint and promoting sustainable energy usage.
2. **Land Saving.** Through its streamlined design, Bi-Act SDO® saves over 50% in land area compared to conventional systems, optimising land usage and minimising environmental disruption.
3. **Low Sludge Yield.** With desludging required only once every 3-5 years, our system minimises waste generation and promotes resource efficiency, reducing operational costs and environmental impact.
4. **Excellent Effluent Quality.** Bi-Act SDO® consistently delivers high-quality effluent, meeting stringent regulatory standards and safeguarding environmental integrity.
5. **Zero or Low GHG Emission.** These hybrid processes require lower hydraulic retention time (HRT), between 7.5 to 8 hours compared to a conventional system that requires 18 to 24 hours. As a result, Bi-Act SDO requires a smaller tank volume and smaller footprint.
6. **Minimisation of Environmental Degradation.** By treating wastewater effectively and minimising pollution especially odour pollution, our system helps preserve ecosystems and protect human livelihood, fostering a healthier environment for all.

Centralised sewage treatment plant ("STP") at Pasir Gudang

- Managed to reduce footprint by 25%, reduce sludge by 30%, reduce power consumption by 15% compared to the conventional system.

Upgrading of STP Bandar Tiram, Johor

- Managed to reduce footprint by 30%, reduce sludge by 30%, reduce power consumption by 20% compared to the conventional system.

Bi-Act SDO® is a green technology that provides sustainable domestic wastewater solutions with significant values that help minimise the environmental impacts contributing to climate change.

Intelligent Aqua ™ ("IA")

Intelligent Aqua™, also known as IA, is a water treatment system that adopts a hybrid concept of combining special blended adsorption techniques and ion-exchange methods to treat and purify contaminated and polluted water into drinking water.

At its core, IA symbolises more than just a water treatment system—it signifies a departure from conventional practices towards a sustainable future. By sidestepping cumbersome processes like sedimentation, aeration, and coagulation/flocculation, IA reduces its environmental footprint, preserving ecosystems whilst meeting the dire need for clean water.

SPAN-approved efficient and cost-effective solution, IA is designed to remove a vast range of contaminants from wastewater, groundwater, and contaminated river. IA generates no scheduled waste, operates at low operational expenditures, and is equipped with an automated system for seamless functionality. This in turn provides cost saving for operators and stakeholders.

IA's compliance with regulatory standards ensures environmental responsibility and suitable for both water treatment plant ("WTP") and containerised water treatment system. With its big capacity, flexible design, and fully or semi-automated systems, IA can cater to both new projects and retrofitting existing water treatment infrastructure. IA's versatility and user-friendly design empower water operators to adapt to evolving needs, optimising resource allocation and operational efficiency.

Meanwhile for containerised water treatment system, IA can customised solutions and automation capabilities, enhances water management practices and ensuring the sustainable utilisation of precious resources. IA's containerised system, housed within a 20 ft module, features automated functionality and utilises gravity flow for streamlined operation. The containerised design makes IA particularly suitable for remote areas, where access to clean water is limited, addressing water scarcity challenges with efficiency.

Construction of Loji Rawatan Air Mini, Kelantan

- Managed to lower impact to local ecosystem by reducing sludge production.

IA is a beacon of sustainability, offering innovative solutions to water treatment challenges empowering underserved communities and promoting equitable resource distribution.

MyHERO®

MyHERO® represents an innovative solution developed by ASMA to tackle any effluent-related to compliance issues, aid industries in recycling process plant water for industrial purposes and serve as a water treatment facility in meeting drinking water standards. MyHERO® has several designs to meet specific customer needs, determined by incoming water characteristics, desired water quality, and quantity requirements.

1. MyHERO® offers **retro-fitting capabilities, seamlessly integrating** into existing infrastructure, minimising the need for extensive renovations and reducing the carbon footprint associated with infrastructure development. In addition, the system is also able to extend the lifespan
2. of industrial facilities and minimising waste generation, thereby promoting circular economy principles.
3. MyHERO® employs modular systems, allowing for scalable deployment **tailored to specific customer needs and adaptable to varying water characteristics and quality requirements.** This will enable industries to adjust treatment capacities according to fluctuating demands, thus optimising resource utilisation and reducing excess capacity.
4. MyHERO® utilizes dual processes, harnessing the synergy between different treatment methodologies to achieve **superior effluent quality** and compliance with regulatory standards, mitigating the risk of pollution and ensuring the sustainable utilization of water resources, thereby fostering long-term environmental sustainability.
   MyHERO® boasts a **smaller footprint**, optimising land use and reducing environmental impact whislt maintaining high treatment efficiency and capacity. By minimising land use, MyHERO® promotes sustainable development practices, preserving natural habitats and ecological balance, thereby supporting biodiversity conservation and ecosystem resilience.

With its advanced features, tangible advantages, and far-reaching benefits, MyHERO® paves the way towards a more sustainable future, where water resources are preserved, and environmental integrity is upheld for generations to come.

Wellwater Desalination Project at Kelantan

- Managed to produce RO water, reduce footprint by 20%, and improve water quality in the area.

2023 Water & Wastewater Projects and Benefit (Others)

Project Name	Project Benefit
Rejuvenation and Upgrading of Shrimp Breeding Project	Managed to increase shrimp survivability by 30%.
Upgrading of IWK STP at Kulim, Kedah	Improved water discharge Standard A from para 3 to para 1 and extending system lifespan using concrete structure.

OUR APPROACH

Integrated Pest Management

We have been providing pest control surveillance in Saudi Arabia since 2008 to the government sector. However, driven by the increasing demands in pest control and also part of our initiatives to widen the pest control services in Saudi Arabia, SAES manoeuvres the business by redefining its role, strengthening its customer focus and building integrated services to deliver integrated pest management solutions, covering from pest control, surveillance and pest lab, to both government and private sector whilst improving the quality of life and protecting the environment where we live, work and play. SAES strives to work closely with customers to become the partner of choice in providing solutions that best satisfy the customers' needs.

Food Safety

The main objective of food safety is to protect consumers of food products from foodborne diseases or injuries related to food consumption. We provide a range of food analyses, including nutritional labelling, microbiological, contamination testing, and emergency contaminant testing such as melamine, malachite green, Sudan red, nitrofurans and antibiotics.

ALS Malaysia, which is also JAKIM's lab panel provides a range of tests to assist in Halal verification. Our SAMM accredited methods will provide assurance for food consumption in line with "Halal" and "Toyyib". Halal (Arabic: halal, "permissible") refers to what is permissible or lawful in traditional Islamic law and it is frequently applied to permissible food and drinks. It is also associated with being wholesome, just and all things that are pure and good (Toyyib). Today, halal covers a wide range of products from foods to toiletries, personal care items, pharmaceuticals and health supplements. We take Halal & Halalan Toyyiban services are as part of our commitment to protect Muslims' interests, especially in halal assurance on products they consume or used.

Pharmaceutical & Healthcare

ALS has the resources, facilities and capabilities to carry out testing and analysis of medical devices, pharmaceuticals, health care, Chinese proprietary medicine and cosmetic products. The laboratory staff are extensively trained and committed to providing professional testing services to clients. The testing methods are set up in accordance with United States Pharmacopeia and European/British Pharmacopeia standard testing methods. The laboratory setup and process flow also meet the regulatory requirement for a Good Manufacturing Practice quality control laboratory.

Industrial Hygiene

ALS offers a wide array of analytical testing services to support industrial hygiene testing services and to assist our clients in promoting human health. Our counterpart lab in the United States has been accredited by the American Industrial Hygiene Association since 1974 and served as the primary method development contract laboratory for the National Institute for Occupational Safety and Health for over 30 years. We provide accredited testing services on hazardous chemicals in the workplace following NIOSH, OSHA, and USEPA criteria in a wide range of sample matrices covering airborne contaminants (sorbent tubes, passive samplers, impinger solutions), swabs, surface wipes, bulk samples and biological fluids (blood and urine).

Agrochemicals

Following the acquisition of ALS PG by ALS Malaysia, the Group has expanded its lab testing offerings into agrochemical sector. The safety and sustainability of agrochemicals are important in promoting responsible agricultural practices and safeguarding both human health and the environment. Our laboratory adheres to rigorous testing protocols, ensuring that only approved and safe agrochemicals are utilised in agriculture, contributing to sustainable and responsible farming practices.

Semi-Conductor

Semi-conductor is also a new sector ventured by ALS following the acquisition of ALS PG. Lab testing of semiconductors is a critical process in the semiconductor manufacturing industry to ensure the reliability, functionality and quality of electronic components.

There has been a 4% increase in number of samples in Food Safety, Pharmaceutical and Healthcare samples in 2023 as compared to 2022. This can be attributed to an increase in awareness of public welfare and stringent regulations from authorities on food safety, pharmaceutical and healthcare industries.

Number of samples in Food, Pharmaceutical and Healthcare

2021	2022	2023
-	488,183	462,113

5.0 Stakeholder engagement

Stakeholder engagement is a crucial component in creating and maintaining a positive organisational environment. PICORP aims to actively build positive stakeholder relationships with both internal and external parties, ensuring a supportive environment that contributes to the betterment of our social responsibility, employee morale, and customer satisfaction.

INVESTORS AND SHAREHOLDERS ENGAGEMENT

Investors and shareholders play a major and vital role in the success and growth of PICORP. Hence, it is of the utmost importance for PICORP to maintain strong, transparent relationships with investors and shareholders.

Date	Programme	Venue	Company
12 May 2023	Director Farewell Reception	Mercu PICORP	PICORP
30 May 2023	PICORP 31st Annual General Meeting	Virtual	PICORP

PICORP 31st Annual General Meeting

Farewell Reception of Datuk Abdul Hamid Sawal and Mr Lee Weng Chong

Date	2021	2022	2023
Number of Investors and Shareholders Engagement	1	1	2

EMPLOYEE ENGAGEMENT

PICORP views employee engagement as a strategic approach that can promote a positive work environment and culture. Employee engagement and sustainability are closely linked to one another as engaged employees are more likely to have a positive work-life balance, which can lead to improved physical and mental well-being. This, in turn, can reduce absenteeism and decrease turnover, leading to a more stable and motivated workforce. Strong focus on employee engagement can enhance PICORP reputation as a socially responsible and sustainable organisation.

In 2023, employee engagements were made ranging from internal communication engagement, motivational talks, and appreciation events to healthy lifestyle activities. These engagements encompass the three (3) dimensions of an employee engagement which are cognitive, emotional, and physical, that can help increase employees' satisfaction and improve organisational performance.

2023 Marketing and Sales Retreat

PICORP Pre-Aidilfitri

Monthly Zumba Session

Human Capital and HSE Day

Date	Programme	Venue	Company
31 January 2023	ALS Malaysia Chinese New Year Celebration	ALS Shah Alam	ALS
17 February 2023	ASMA 2023 Townhall	Mercu PICORP	ASMA
1 March 2023	Marketing & Sales Retreat	Janda Baik	All
4 March 2023	ASMA Hiking Programme at Setia Alam Community Forest	Setia Alam Community Forest	ASMA
4 April 2023	SAES Iftar With Mecca KPI Team	Millenium Hotel, Mecca	SAES
18 April 2023	Zaiyadal Pre-Aidilfitri	Mercu PICORP	All
9 May 2023	KSS: Return-To-Work (RTW) program	Virtual	ASMA
23 June 2023	KSS: Cybersecurity Awareness: Protecting Yourself Online	Virtual	ASMA

Date	Programme	Venue	Company
27 June 2023	Ping Pong Tournament 2023	Mercu PICORP	All
1 July 2023	Berkat Qurban 2023	ZT Warehouse	All
17 August 2023	Human Capital & HSE Day	Mercu PICORP	All
24 August 2023	Employees football match	Football field	SAES
24 August 2023	Office Training & Farewell Mohd Ibrahim	Shangrila	SAES
25 & 26 August 2023	Finance Conference	Janda Baik	All
31 August 2023	Malaysia Independence Day celebration	SAES HQ	SAES
11 September 2023	Company breakfast	SAES HQ	SAES
23 September 2023	Saudi National Day	SAES HQ	SAES
18 October 2023	Zumba Exercise	Mercu PICORP	All
30 October 2023	Business brainstorming session	Radisson Blu	SAES
6 December 2023	Fire and Rescue training	Bukit Jelutong Fire Station	All
21 December 2023	KSS: Stack Monitoring	Virtual	ASMA

Date	2021	2022	2023
Number of Employee Engagement	3	18	21

ENVIRONMENTAL ENGAGEMENT

Environmental engagement is an important part of PICORP sustainability initiatives. By engaging in environmental programmes, we can help mitigate the negative impacts of climate change, preserve natural resources, and ensure a safe and healthy future for all. Our environmental engagement can help increase awareness of environmental issues; helping to create a culture of sustainability and promote the adoption of environmentally responsible behaviors. Moreover, it allows us to equip ourselves with the knowledge that will lead to better products and services that meet the needs and expectations of our customers and clients who value environmentally friendly practices.

In 2023, environmental engagements were made ranging from environmental trainings to industry practitioners, visit to sites related to environmental activities, and participation in seminars, symposium and exhibitions organised by authorities, regulators and government agencies.

CSR River Clean Up Program

MoU with Sunway University following microplastic project completion

Date	Programme	Venue	Company
11 January 2023	MoU with Landasan Lumayan Sdn Bhd	i-City Hotel	ASMA
18 January 2023	MoU with UniSZA (FSK) with Food Pharma ALS	UniSZA, Kampus Gong Badak	ALS
7 March 2023	MoU with Sunway University following microplastic project completion	Sunway University	ALS
20 March 2023	Sesi Libat Urus Bersama Stakeholders by SATU	Hotel Permai	ASMA
12 April 2023	Webinar: Powering up ESH professional into sustainability driver	Virtual	ASMA
1 June 2023	Webinar: Clean air healthy living	Virtual	ASMA
9 April 2023	Opening ceremony of the first Reverse Osmosis Water Treatment Plant in FGV	Ladang Felda Aring, Kelantan	ASMA
25 April 2023	MoU with Universiti Malaysia Pahang	UMP	ALS
26 September 2023	ESG for a Sustainable Future: Integrating Environment, Social and Governance Principles	Concorde Hotel	ASMA
June-July 2023	Green 5S Programme 2023	Zaiyadal offices	All
16 October 2023	Air Selangor Business Partners Engagement and Recognition Award 2023	A St Giles Signature Hotel & Residences	ASMA
24 October 2023	CSR River Clean Up Program	Sungai Batu	ASMA
7 November 2023	Ministry of Agriculture - Pesticide Board Technical Visit	ALS Shah Alam	ALS
10 November 2023	Insulet - Supplier Audit (JB)	ALS (JB)	ALS
24 November 2023	MoU with UKM	UKM	ASMA
1 December 2023	Putrajaya Lake and Wetland Explorace	Putrajaya Wetland	ASMA
5 December 2023	Ishihara Sangyo Kaisha LTD (ISK) - Customer Visit (Japan)	ALS Shah Alam	ALS
26 December 2023	Guest Speaker in UUM "Sayangi Alam Sekitar Forum"	Virtual	ASMA

Number of Environmental Engagement

2023	2022	2021
18	21	15

COMMUNITY ENGAGEMENT

Giving back to the community can foster a sense of social responsibility within the Group. This is important as it enhances corporate reputation and improve employee satisfaction. This, in turn, can lead to increase of productivity and retention among employees. Our community engagements help us create positive impacts that benefit both the company and wider community.

In 2023, the Group conducted community engagements that mostly consist of spiritual engagement, religious celebration, and webinars that cover on environmental topics.

PICORP Raya Open House

ALS PAWS Malaysia Volunteering

Date	Programme	Venue	Company
12 May 2023	PICORP Raya Open House	Mercu PICORP	All
3 March 2023	ALS Kind Malaysia 2023	MITEC	ALS
25 March 2023	ALS PAWS Malaysia Volunteering	PAWS	ALS
23-25 June 2023	Penang International Halal Expo & Conference 2023	Setia Spice Convention Centre Penang	ALS
14 June 2023	Technical Webinar	Virtual	ALS
11-13 July 2023	Workshop	Hotel Best Western i-City, Shah Alam	ALS
21-22 August 2023	Seminar & Exhibition	Renaissance Hotel, Permas Jaya, Johor	ALS

Number of Community Engagement

2023	2022	2021
7	5	7

ENRICHING SPIRITUAL PERFORMANCE

One of PICORP Core Values-Obedient to Allah, which refers to enjoining what is right and forbidding what is wrong is the pillar of the Group in conducting its business activities and takes precedence over any other matters. Hence, it is of great concern to PICORP that the core value is promulgated within the companies.

The Musolla Committee or better known as MUSCOM in short, with oversight of the PICORP GED actively coordinates various religious programmes in PICORP tailored towards the spiritual needs of the employees.

MUSCOM ACTIVITIES IN 2023

1. Congregational prayer: Mercu PICORP, Jeddah office and Sentul office.
2. Virtual Laman Hidayah: via Microsoft Teams
3. Virtual Yasin recital (Every Friday): Mercu PICORP and Microsoft Teams

LAMAN HIDAYAH'S TOPIC

1. Al-Quran
2. Tajwid
3. Sirah
4. Fiqh
5. Aqidah
6. Hadith
7. Islamic History

Number of Laman Hidayah Session	
2021 ►	170
2022 ►	159
2023 ►	160

Number of Attendance for Spiritual Activity	
2021 ►	1,114
2022 ►	3,263
2023 ►	2,412

Number of Attendance for Spiritual Activity by Gander			
2021	M : 263	2021	F : 851
2022	M : 501	2022	F : 2,761
2023	M : 352	2023	F : 2,060

Number of Laman Hidayah Session

2021	2022	2023
160	159	170

Number of Attendance for Spiritual Activity

2021	2022	2023
2,412	3,263	1,114

Number of Attendance for Spiritual Activity

2021	2022	2023
2,412	3,263	1,114

Number of Attendance for Spiritual Activity by Gender

	2021	2022	2023
Male	352	501	263
Female	2,060	2,761	851

6.0 Sustainability performance data table

As a Listed Issuer, PICORP is obligated to provide mandatory ESG disclosures in accordance with the Main Market Listing Requirements, aligning with the enhanced Sustainability Reporting Guide 3rd Edition. The subsequent performance data table, sourced from the ESG Reporting Platform, encapsulates indicators pertinent to our Material Matters.

Indicator	Measurement Unit	2021	2022	2023
Bursa (Anti Corruption)				
Bursa C1 (a) Percentage of employees who have received training on anti-corruption by employee category.				
General Manager & Above	Percentage	100	100	100
Manager	Percentage	100	100	100
Executive & Below	Percentage	100	100	100
Bursa C1 (b) Percentage of operations assessed for corruption-related risks	Percentage	-	-	-
Bursa C1 (c) Confirmed incidents of corruption and action taken	Number	0	0	0
Bursa (Data privacy and security)				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0
Bursa (Supply chain management)				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	95	93	89
Bursa C4(a) Total energy consumption				
Bursa C4(a) Total energy consumption	MWh	2,905	3,182	3,246
Bursa (Health and safety)				
Bursa C5(a) Number of work-related fatalities	Number	0	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0	0	0
Bursa C5(c) Number of employees trained on health and safety standards	Number	-	-	434
Bursa (Labor practices & practices)				
"Bursa C6(a) Total hours of training by employee category"				
General Manager & Above	Hours	-	-	822.5
Manager	Hours	-	-	2,565
Executive & Below	Hours	-	-	33,237
Bursa C6 (b) Percentage of employees that are contractors or temporary staff	Percentage	-	-	26.7
Bursa C6 (c) Total number of employee turnover by employee category				
General Manager & Above	Number	-	-	2
Manager	Number	-	-	12
Executive & Below	Number	-	-	67
Bursa (Water)				
Bursa C9(a) Total volume of water used	Megalitres	16.776	19.185	17.556

“Bursa (Diversity)				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category, for each employee category				
Age Group by Employee Category				
General Manager & Above Baby Boomers (1946-1964)	Percentage	-	-	0.4
General Manager & Above Gen X (1965-1980)	Percentage	-	-	0.9
General Manager & Above Gen Y / Millennials (1981-1996)	Percentage	-	-	0.2
General Manager & Above Gen Z (1997-2012)	Percentage	-	-	0
Manager Baby Boomers (1946-1964)	Percentage	-	-	0.2
Manager Gen X (1965-1980)	Percentage	-	-	3.6
Manager Gen Y / Millennials (1981-1996	Percentage	-	-	3.8
Manager Gen Z (1997-2012)	Percentage	-	-	0
Executive & Below Baby Boomers (1946-1964)	Percentage	-	-	0.4
Executive & Below Gen X (1965-1980)	Percentage	-	-	12.2
Executive & Below Gen Y / Millennials (1981-1996)	Percentage	-	-	55.6
Executive & Below Gen Z (1997-2012)	Percentage	-	-	22.8
Gender Group by Employee Category				
General Manager & Above (Male)	Percentage	-	-	0.9
General Manager & Above (Female)	Percentage	-	-	0.7
Manager (Male)	Percentage	-	-	4.5
Manager (Female)	Percentage	-	-	3.2
Executive and Below (Male)	Percentage	-	-	57
Executive and Below (Female)	Percentage	-	-	33.6
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	71.4	71.4	67.7
Female	Percentage	28.6	28.6	33.3
Baby Boomers (1946 - 1964)	Percentage	85.7	85.7	83.3
Gen X (1965 - 1980)	Percentage	14.2	14.2	16.7
Bursa (Community/Society)				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	496,555.00	638732	659,659.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	3	4	5

Note:
1. The performance data table above is generated from the standard template of Bursa’s ESG reporting platform and only discloses the compulsory Listing Requirements common indicators.
2. Indicators labeled “-” signifies that the information is not available due to first time reporting, in accordance with Bursa MMLR
3. As PICORP strives to improve the inclusiveness of its disclosure, data boundaries for the above table is as follows:
   a. Data is representing PICORP, ASMA, ALS Malaysia only: Indicator C9(a)
   b. Data is representing PICORP, ASMA, ALS M, ALS I only: Indicator C4(a)
   c. Data is representing PICORP, ASMA, ALS M, ALS I only: Indicators C6(a) & C6(c)

Section 05

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board") of Progressive Impact Corporation Berhad ("PICORP" or "the Company") is pleased to present this statement to provide shareholders and investors with an overview of the Corporate Governance ("CG") practices of the Company under the leadership of the Board during the financial year ended 31 December 2023 ("FY2023"). This overview takes guidance from the key CG principles as set out in the Malaysian Code on Corporate Governance ("MCCG").

This statement is made pursuant to Paragraph 15.25(1) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") with guidance drawn from Practice Note 9 of the MMLR and the Corporate Governance Guide (4th Edition) issued by Bursa Securities.

This overview statement is to be read together with other statements in this Annual Report, namely the Statement on Risk Management and Internal Control, Audit Committee Report and Sustainability Report as well as the CG Report 2023 ("CG Report") which is available on the Company's corporate website at www.picorp.com.my.

The Board considers that the Company has complied with the Practices of MCCG in all material aspects with the exception of the following Practice:

- Practice 8.2 (The board discloses on a named basis the top five (5) senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000).

The explanation for the departure is disclosed in the CG Report.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1. Board Responsibilities

The Board is responsible for the CG practices of the Group. Being at the helm of the Group, the Board governs the affairs of the Group on behalf of the shareholders and retains full and effective control over the Group. The Board determines the strategic objectives and policies of the Group, and ensures effective leadership through Management oversight and robust monitoring of the activities and performance of the Group.

In order to ensure orderly and effective discharge of the above functions and responsibilities of the Board, the Board has established the following Board Committees with delegation of specific responsibility areas:

- Audit Committee ("AC");
- Nomination Committee ("NC");
- Remuneration Committee ("RC"); and
- Board Risk Management Committee ("BRMC").

The Board retains collective oversight over the Board Committees. The Board Committees have been constituted with clear Terms of Reference ("TOR") and are actively engaged in ensuring that the Group is in adherence to good CG practices.

In fostering a strong CG culture within the Group, the Board has always strived for the highest standard of CG practice and adopted the same as a "way of life" in every aspect of the organisation. The Chairman leads the Board by setting the tone at the top and managing the Board effectiveness by focusing on strategy, governance and compliance.

The Board and Board Committees have a Board Charter and respective TORs, which are available on the Company's website. The Board Charter sets out the principles of the Group, structure and authority of the Board. It is a comprehensive guide for Directors on matters concerning the Board and its processes.

The Group has adopted the Anti-Bribery & Corruption Policy and No Gift Policy in line with the Board's commitment to promote ethical business conduct. The policies are available on the Company's corporate website at www.picorp.com.my.

The Company has adopted a Whistleblowing Policy to allow employees and stakeholders to report legitimate concerns about malpractices, unethical behaviour, misconduct or failure to comply with regulatory obligations without fear of reprisal. Whistleblowing reports can be addressed directly to the Chairman of the Board or Chairman of the AC via their mobile numbers and email addresses, which can be found in the Whistleblowing Policy. Staff have been notified via email that any information received, including the identity of the individual who discloses such information shall be provided with the legal protection accorded under the Whistleblower Protection Act 2010 (ACT 711). All reports and information received shall be investigated and acted upon accordingly.

The Code of Conduct was established on 7 November 2018 to emphasise on ethical conduct in all aspects of the Group's activities, including conflict of interests and privacy and confidentiality of information. It also sets out prohibited activities or misconducts, such as bribery and illegal/unethical trading practices, acceptance of entertainment and gifts, misuse of position, etc. The Code of Conduct applies to all employees in the Group. The employees are expected to safeguard the integrity, reputation and performance of the Group by behaving ethically and professionally at all times.

The No Conflict of Interest Policy was adopted and approved by the Board in November 2023 as it aims to provide guidance in managing situations involving conflict of interest. The declaration on the No Conflict of Interest is applicable to the Board and all employees within the Group. The AC will address any conflict of interest involving a Director of the Group, requiring the affected Director to disclose the nature and extent of the conflict, including any competing business interests against the Group.

Further details pertaining to the Board Charter, TORs of the Board Committees, Whistleblowing Policy, Code of Conduct, Anti-Bribery & Corruption Policy, No Gift Policy and No Conflict of Interest Policy are available on the Company's corporate website at www.picorp.com.my.

The Directors allocate ample time to discharge their responsibilities effectively and attend Board and Board Committee meetings with sufficient regularity to deliberate on matters under their purview. Board meetings are held at quarterly intervals with additional meetings convened for particular matters, when necessary. Throughout the year, the Board has deliberated on business strategies and critical issues concerning the Group, including business plan, annual budget and financial results. The attendance of individual Directors at Board and Board Committees meetings during FY2023 are summarised below:-

BOARD MEETING	DATE
01/2023	16 January 2023
02/2023	27 February 2023
03/2023	6 April 2023
04/2023	30 May 2023
05/2023	24 July 2023
06/2023	28 August 2023
07/2023	25 September 2023
08/2023	27 November 2023
09/2023	13 December 2023

DIRECTORS	NUMBER OF MEETINGS ATTENDED				
	Board	AC	NC	RC	BRMC
Chairman / Senior Independent Non-Executive Director					
Datuk Syed Hisham bin Syed Wazir * *(appointed on 30 May 2023)*	6/6	N/A	N/A	N/A	N/A
*Datuk Abdul Hamid bin Sawal ** (retired on 30 May 2023)*	3/3	N/A	N/A	N/A	N/A
Executive Directors					
Zaid bin Abdullah	9/9	N/A	N/A	N/A	N/A
Dato' Dr Lukman bin Ibrahim	9/9	N/A	N/A	N/A	4/4
Non-Independent Non-Executive Director					
Zaidah binti Mohd Salleh	9/9	4/5	N/A	N/A	N/A
Independent Non-Executive Directors					
*Lee Weng Chong ** (retired on 30 May 2023)*	3/3	3/3	2/2	2/2	N/A
Dato' Hajjah Rosnani binti Ibarahim	9/9	5/5	2/2	2/2	4/4
Kamarul Baharin bin Albakri	9/9	5/5	N/A	N/A	4/4

* Reflects the number of meetings held during FY2023 after appointment as Director.
** Reflects the number of meetings held during FY2023 before retirement as Director.

In performing their duties, the Board members have full access to the Company Secretaries, who are qualified to act under the Companies Act 2016 and provide advisory to the Board, particularly on CG issues and compliance with the relevant policies and procedures, laws and regulatory requirements in addition to the administrative matters.

2. Board Composition

The Board recognises that diversity brings a wide range of perspectives and diverse set of competencies, experience and knowledge that enable the Group to keep pace with the changing dynamics of the business environment and retain its competitive advantage.

The Board is currently made up of six (6) members comprising one (1) Independent Non-Executive Chairman, one (1) Executive Deputy Chairman, one (1) Group Executive Director, two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director.

Appointments to the Board are made through the NC via a formal, thorough and transparent process, taking into account objective criteria such as qualifications, skills, experience, professionalism, integrity and diversity needed on the Board in the context of the Group's strategic direction.

During the FY2023, the NC consist of three (3) members, two (2) of which are Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director, and the composition of the NC is as follows:

(a) Dato' Hajjah Rosnani binti Ibarahim (Independent Non-Executive Director) – Chairperson
(b) Kamarul Baharin bin Albakri (Independent Non-Executive Director)
(c) Zaidah binti Mohd Salleh (Non-Independent Non-Executive Director)

All NC members had full attendance of the NC meetings held in FY2023.

In accordance with the Constitution of the Company, all Directors who are appointed by the Board may only hold office until the next Annual General Meeting ("AGM") subsequent to their appointment and shall then be eligible for re-election but shall not be taken into account in determining the number of Directors who are to retire by rotation at that AGM. The Constitution provides that at least one-third of the Board shall retire from office at least once in every three (3) years.

Pursuant to the Board Charter, an Independent Director whose tenure has exceeded a cumulative term of nine (9) years may continue to serve on the Board subject to re-designation as a Non-Independent Director. The Board shall justify and seek shareholders' approval in the event it retains as an Independent Director, a person who has served in that capacity for more than nine (9) years through a two-tier voting process – Tier 1: large shareholders and Tier 2: other shareholders.

The Board, through the NC, conducts an annual review of its size and composition to determine if the Board has the right size and composition to support the objectives of the Company and core values. Based on the assessment conducted on 28 February 2024, the Board was of the view that the Company has a well-balanced Board with good representation of female directors and members having diverse skill sets and core competencies. The Board was also satisfied that there was a mutual respect amongst Directors which contributed to effective and robust decision-making process.

The Board, through the NC, also assesses the independence of the Independent Directors annually. Based on the annual assessment carried out on 28 February 2024, the Board was satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interests of the Company during deliberations at the Board and Board Committee meetings.

Dato' Hajjah Rosnani binti Ibarahim will be serving on the Board as an Independent Non-Executive Director of the Company for more than twelve (12) years on 13 May 2024 and hence will retire or redesignated to Non-Executive Non-Independent Director in compliance with MMLR of Bursa Securities. Apart from Dato' Hajjah Rosnani binti Ibarahim, there are no Independent Non-Executive Directors who have served on the Board for more than nine (9) years.

Some activities carried out by the NC in discharging its duties in FY2023 are as below:

- carried out the annual assessment on the effectiveness of the Board as a whole, the Board Committees and contribution of each individual Director and reported to the Board. The assessment considered the contribution and performance of Directors on their competency, time commitment, integrity and experience in meeting the needs of the Group. The evaluation process involved a peer and self-review assessment;
- assessed the independence of the Independent Non-Executive Directors and reported the same to the Board;
- reviewed and made recommendations to the Board on the re-election of Directors based on the assessments conducted;
- assessed the character, experience, integrity and competence of the Group Financial Controller and her time in discharging her roles;
- reviewed and recommended the appointment of Encik Kamarul Baharin bin Albakri as new member of the NC and the Chairman of the RC to the Board for approval;
- reviewed and recommended the appointment of Puan Zaidah binti Mohd Salleh as new member of the NC and the RC to the Board for approval;
- reviewed and recommended the redesignation of Dato' Hajjah Rosnani binti Ibarahim as the new Chairperson of the AC to the Board for approval; and
- assessed the qualifications, experience, track record, professionalism of Datuk Syed Hisham bin Syed Wazir for appointment as an Independent Non-Executive Director and Chairman of the Board.

Based on the Directors' Fit and Proper Policy, the NC would assess any appointment of new Directors as well as Directors who are seeking for re-election of the Company and its group of subsidiaries, taking into account the following fit and proper criteria and declarations made by each individual candidate or Director:

- Character and integrity, which would be assessed on probity, personal integrity, financial integrity and reputation;
- Experience and competence, which would be assessed on qualifications, training and skills, relevant experience and expertise, and relevant past performance or track record; and
- Time commitment, which would be assessed on ability to discharge role having regard to other commitments, and participation and contribution in the board or track record (applicable to re-election of existing Directors only).

The Board and individual Directors are assessed annually by the NC via a Board Effectiveness Evaluation ("BEE") exercise. During the financial year, the NC had conducted the BEE exercise internally and facilitated by the Company Secretary. Directors are assessed based on the following:-

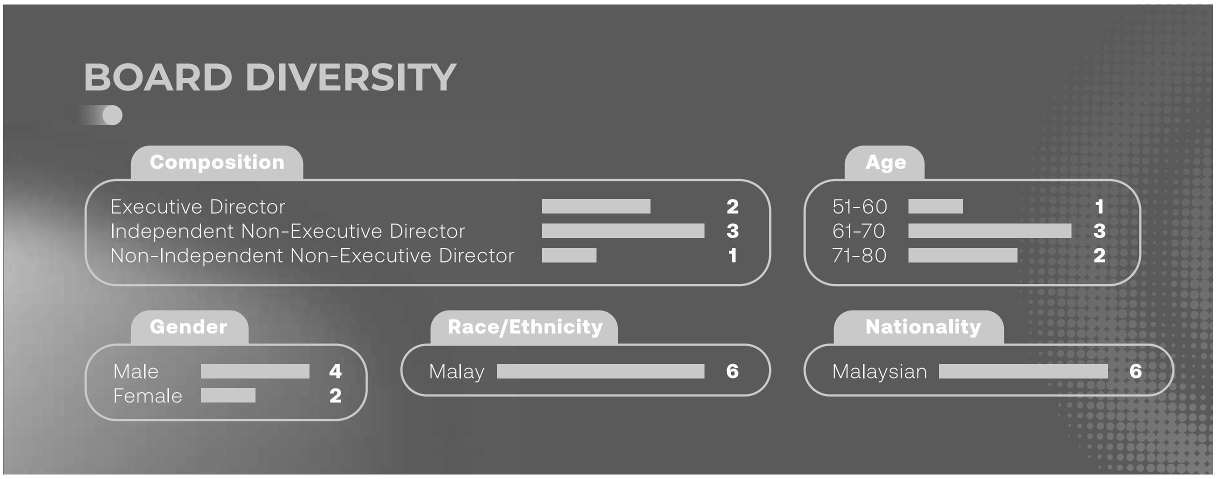
- Director's Evaluation Form (self and peer assessment);
- Board Evaluation Form;
- Board Committee's Assessment Form;
- AC Evaluation Form (self and peer assessment);
- Mix of skills and experience of the Board; and
- Declaration of Independence.

The process of the BEE exercise is summarised as follows:

1. The Company Secretary circulates questionnaires for each Director's completion.
2. Upon receiving the completed questionnaires, the responses are compiled and summarised for the NC.
3. The NC reviews and assesses the results of the BEE exercise and the Chairman of the NC reports the NC's views and recommendations to the Board for consideration and approval.

The Company is committed to positive promotion of equality, diversity and inclusion in its workforce throughout the Group. The Company is an equal opportunity employer and does not practise discrimination of any form, regardless age, gender, race and religion, throughout the organisation. The Board has also established the Boardroom Diversity Policy which can be viewed on the Company's corporate website. As at 31 December 2023, the Board comprises two (2) female Directors and one (1) female alternate Director.

Composition of the Board diversity during FY2023 is as follows:



The Board, together with the Management, attended applicable trainings to keep abreast with general economic, statutory requirements, industry and technical developments. Throughout the year, all members of the Board have attended various training programmes as summarised below:

Name	Name of Course/ Seminar/Talk	Details
Datuk Syed Hisham bin Syed Wazir	Bursa Securities: Managing Cyber Risk	Date: 25 October 2023 Organiser: Bursa Securities and Messrs Ernst & Young PLT ("EY")
	Bursa Securities: Conflict of Interest and Governance of Conflict of Interest	Date: 15 August 2023 Organiser: Asia School of Business
	Workshop 3: Malaysian Institute of Accountants ("MIA") Webinar Series - Net Zero and Science-Based Targets	Date: 31 May 2023 Organiser: MIA
	Workshop 2: MIA Webinar Series – Tackling Climate Change and Climate Action	Date: 16 May 2023 Organiser: MIA
Zaid bin Abdullah	Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers	Date: 12 September 2023 Organiser: Bursa Securities
Zaidah binti Mohd Salleh	Introduction to Corporate Directorship in the New Era of Environmental, Social, and Governance ("ESG")	Date: 11 - 12 September 2023 Organiser: Institute of Corporate Directors Malaysia ("ICDM")
	Webinar Series: Risk Management	Date: 11 October 2023 Organiser: Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA")
	Nurturing Talent	Date: 17 August 2023 Organiser: Group Human Capital and Health, Safety and Environment ("GHC & HSE"), PICORP
	Anti-Bribery Management System & Sexual Harassment	Date: 17 August 2023 Organiser: GHC & HSE, PICORP

Name	Name of Course/ Seminar/Talk	Details
Zaidah binti Mohd Salleh	Celik Kewangan & Skim-skim KWSP	Date: 17 August 2023 Organiser: GHC & HSE, PICORP
	Mental Health & Stress Management at Work Place	Date: 17 August 2023 Organiser: GHC & HSE, PICORP
Dato' Hajjah Rosnani binti Ibarahim	Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers	Date: 18 March 2023 Organiser: MIA
Dato' Dr Lukman bin Ibrahim	Conflict of Interest	Date: 13 December 2023 Organiser: HIS Toyyiba Sdn Bhd
Kamarul Baharin bin Albakri	Malaysian Board & Senior Management Remuneration Practices Report	Date: 31 October 2023 Organiser: Bursa Securities, ICDM & Willis Towers Watson
	Bursa: Managing Cyber Risk	Date: 3 October 2023 Organiser: Bursa Securities & EY
	The Cooler Earth Sustainability Summit 2023	Date: 11-12 September 2023 Organiser: ICDM & CIMB
	National Climate Governance Summit 2023	Date: 5-7 September 2023 Organiser: ICDM & Climate Governance Malaysia
	Members' Engagement Activity: Members Meet and Greet	Date: 29 March 2023 Organiser: ICDM
	A 60-minute Crisis Management Guide for Boards	Date: 22 March 2023 Organiser: ICDM
Usamah bin Zaid (Alternate Director)	Root Cause Analysis	Date: 12 – 13 July 2023 Organiser: QSE Ventures PLT
Fatimah Zahrah binti Zaid (Alternate Director)	Climate Change & Carbon Footprint – Getting the Right Financial Risk & Reporting Perspectives	Date: 1 December 2023 Organiser: ICDM

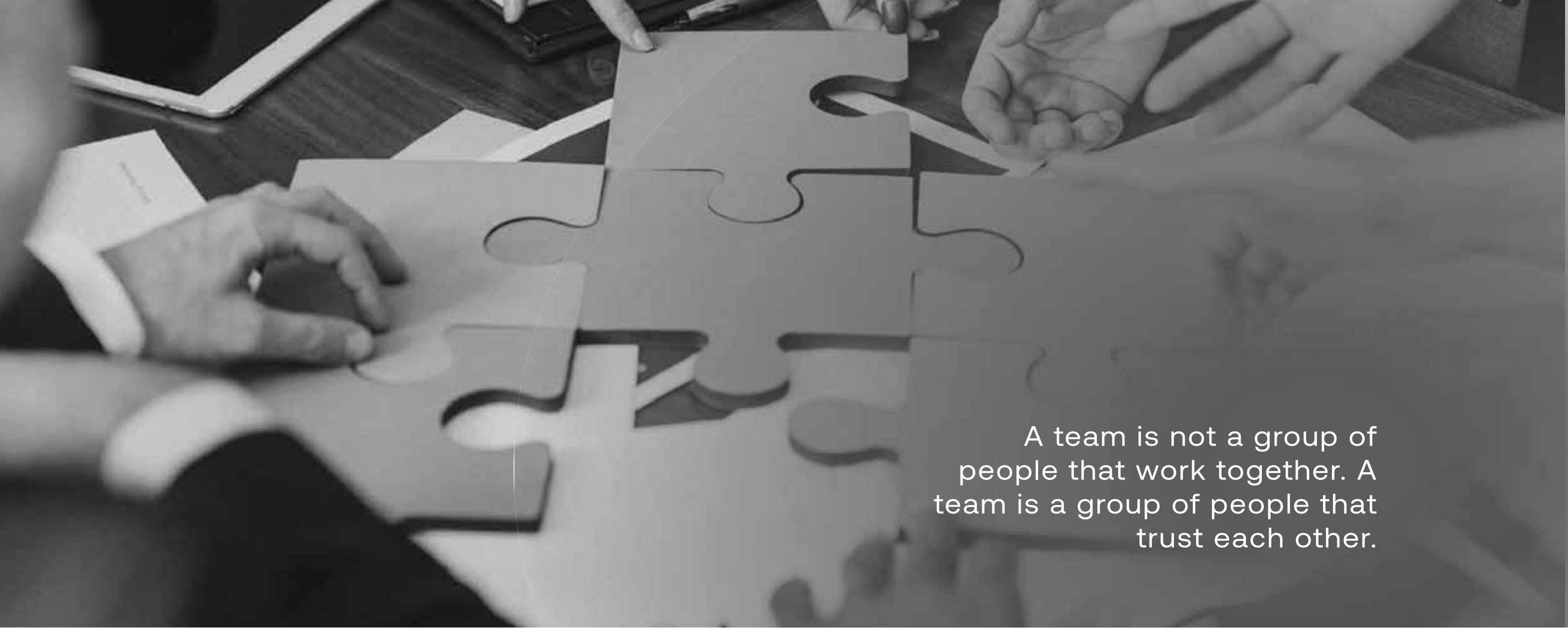
3. Remuneration

The Company aims to set remuneration at levels which are sufficient to attract and retain high caliber Directors and Senior Management needed to run the business successfully, taking into consideration all relevant factors particularly with the vast expansion of international business in Saudi Arabia and Indonesia.

As for oversight on remuneration matters, the Board has established the RC which comprises the three (3) members, two (2) of which are Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director, and the composition of the RC is as follows:

(a) Kamarul Baharin bin Albakri – Chairman
(b) Dato' Hajjah Rosnani binti Ibarahim
(c) Zaidah binti Mohd Salleh

All RC members had full attendance of the RC meetings held in FY2023.



The RC implements policies and procedures on remuneration, including reviewing and recommending matters relating to the remuneration of the Board and Senior Management. The TOR of the RC and Remuneration Policy are available on the Company's corporate website.

Detailed disclosures on the remuneration of individual Directors for FY2023 are as below:-

Company Level

Director	Fee (RM'000)	Allowance (RM'000)	Salary (RM'000)	Bonus (RM'000)	Benefits-in-kind (RM'000)	Other Emoluments (RM'000)	TOTAL (RM'000)
Chairman / Senior Independent Non-Executive Director							
Datuk Abdul Hamid bin Sawal (retired on 30 May 2023)	18	12	N/A	N/A	N/A	N/A	30
Datuk Syed Hisham bin Syed Wazir (appointed on 30 May 2023)	25	24	N/A	N/A	N/A	N/A	49
Executive Directors							
Zaid bin Abdullah	N/A	N/A	954	80	74	354	1,462
Dato' Dr Lukman bin Ibrahim*	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Non-Independent Non-Executive Director							
Zaidah binti Mohd Salleh	36	54	N/A	N/A	N/A	N/A	90
Independent Non-Executive Directors							
Lee Weng Chong (retired on 30 May 2023)	13	32	N/A	N/A	N/A	N/A	45
Dato' Hajjah Rosnani binti Ibarahim	30	72	N/A	N/A	N/A	N/A	102
Kamarul Baharin bin Albakri	30	64	N/A	N/A	N/A	N/A	94

Group Level

Director	Fee (RM'000)	Allowance (RM'000)	Salary (RM'000)	Bonus (RM'000)	Benefits-in-kind (RM'000)	Other Emoluments (RM'000)	TOTAL (RM'000)
Chairman / Senior Independent Non-Executive Director							
Datuk Abdul Hamid bin Sawal (retired on 30 May 2023)	18	12	N/A	N/A	N/A	N/A	30
Datuk Syed Hisham bin Syed Wazir (appointed on 30 May 2023)	25	24	N/A	N/A	N/A	N/A	49
Executive Directors							
Zaid bin Abdullah	N/A	N/A	954	80	74	354	1,462
Dato' Dr Lukman bin Ibrahim*	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Non-Independent Non-Executive Director							
Zaidah binti Mohd Salleh	39	77	N/A	N/A	N/A	N/A	116
Independent Non-Executive Directors							
Lee Weng Chong (retired on 30 May 2023)	13	32	N/A	N/A	N/A	N/A	45
Dato' Hajjah Rosnani binti Ibarahim	44	72	N/A	N/A	N/A	N/A	116
Kamarul Baharin bin Albakri	30	64	N/A	N/A	N/A	N/A	94

* *The Group Executive Director, Dato' Dr Lukman bin Ibrahim is not remunerated by way of salary. For his role and responsibilities, the Company pays a consultancy and management fee to a private company owned by Dato' Dr Lukman bin Ibrahim. For FY2023, the Company paid RM576,852.00 to the private company. The Company regards this as a recurrent related party transaction.*

To avoid any potential controversy within the Company while maintaining harmony amongst Management and employees, and respecting the Senior Management's privacy and confidentiality, the Board had decided not to disclose the detailed remuneration packages of the Senior Management on named basis as required under Practice 8.2 of the MCCG. The Board will take steps to ensure that the remuneration of Senior Management commensurate with their individual performance, taking into consideration the Company's performance and that the remuneration is in line with the industry in order to retain and motivate the personnel.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

1. AC

The AC comprises two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. Two (2) of the AC members are members of the Malaysian Institute of Accountants. The NC reviewed the composition of AC on an annual basis. Members of AC shall be financially literate, possess the appropriate level of expertise and experience and have a strong understanding of the Group's business in order to maintain an independent and effective AC.

The AC undertakes an annual assessment of the suitability and independence of the External Auditors. On 19 February 2024, the AC carried out the annual exercise, taking into consideration some of the criteria listed below:-

(a) calibre of the external audit firm;
(b) quality processes and performance;
(c) the audit team;
(d) independence (both in fact and appearance) and objectivity;
(e) audit scope and planning;
(f) audit fees; and
(g) audit communications.

The AC was satisfied with the assessment results and recommended the Board to table the re-appointment of Messrs Ernst & Young PLT as the External Auditors of the Company at the forthcoming 32nd AGM for shareholders' approval.

The details of the AC and its activities are set out in the AC Report of this Annual Report.

2. Risk Management and Internal Control Framework

The Board is cognisant that a robust risk management and internal control framework helps the Group to achieve its value-creation targets by providing risk information to enable better formulation of the Group's strategies and decision making.

The Board fulfils its responsibilities in the risk governance and oversight functions through its BRMC in order to manage the overall risk exposure to the Group. Whilst BRMC assessed and monitored the efficacy of the risk management activities and controls, the adequacy and effectiveness of the internal controls were reviewed by the AC in relation to the internal audit function for the Group.

The Group has established policies and framework for the oversight and management of material business risks. The BRMC, through the Corporate Risk Management Committee (a management-level committee), maintains extensive risk registers which are reviewed and updated on quarterly basis. Meetings of BRMC are scheduled ahead of Board meetings to ensure that the key focus areas of risks are promptly reported and deliberated at the Board meetings.

The Board is of the view that the system of internal control and risk management in place during the year under review, is sound and sufficient to safeguard the Group's assets, as well as shareholders' investments, and the interests of customers, regulators, employees and other stakeholders. Further information on the Group's risk management and internal control framework is made available on the Statement on Risk Management and Internal Control of this Annual Report.

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

1. Communication with Stakeholders

The Group ensures that its communication with the shareholders and various stakeholders is transparent, timely and with quality disclosure.

The Group has also engaged an external consultant to manage the Investor Relation section in the Group's corporate website to ensure immediate broadcast on the Group's material information which include Annual Report, unaudited quarterly results, announcement to Bursa Securities, stock information, policies and statements, etc.

The following digital marketing fan pages were created to share information on activities of the Group, product knowledge, etc. and serve as alternative channels to reach out to a broader spectrum of the public, shareholders and interested parties:

Follow Us :

Progressive Impact Corporation Berhad | www.picorp.com.my | (+603) 7845 6566

2. Conduct of General Meetings

The Group is of the view that AGM is the principal forum of dialogue with the shareholders and also an avenue for the Chairman and Board members to respond personally to all queries and provide sufficient clarification on issues and concerns raised by the shareholders. Shareholders are encouraged to attend, speak and vote ("participate") at the Company's general meetings. In compliance with the MMLR, the Company will hold a poll voting at all general meetings.

PICORP is devoted to ensuring the well-being of its shareholders, employees, and Directors as a responsible corporate citizen. PICORP's 31st AGM was held on 30 May 2023, and was conducted through live streaming from the broadcast venue. At the 31st AGM, all Directors were present to engage directly with the shareholders and be accountable for their stewardship of the Company.

The 31st AGM was held in compliance with the Companies Act 2016, the Company's Constitution and the Guidance and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia. Shareholders and proxies participated at the 31st AGM remotely using the Remote Participation and Electronic Voting services without the need to be physically present at the meeting venue.

Shareholders were invited to submit questions for the Board ahead of the meeting. Shareholders were also given the option of voting in absentia by appointing the Chairman of the meeting as their proxy to attend and vote on their behalf.

The 32nd AGM of the Company will be convened through live streaming from the broadcast venue.

Corporate Governance Focus Areas in FY2023

The corporate governance focus areas of the Group in 2023 constituted the following activities:

Key Focus Areas for FY2023	Action Plans
Succession Planning for Board Members	Various changes in boardroom took place on 30 May 2023 following the retirement of Datuk Abdul Hamid bin Sawal and Mr Lee Weng Chong, as summarised below: a) Datuk Syed Hisham bin Syed Wazir was appointed as the new Director and Chairman of the Company. b) Dato' Hajjah Rosnani binti Ibarahim was redesignated as the Chairperson of the AC. c) Encik Kamarul Baharin bin Albakri was appointed as the Chairman of the RC and a member of the NC. d) Puan Zaidah binti Mohd Salleh was appointed as a member of the NC and RC.
Business Continuity	The Board is involved in integrating business continuity management and operational resilience into the Group's business and risk strategies, and to set the tone at the top. In addressing the financial position and performance, the Group has established a 3-year turnaround plan – Road to Profitability in order to map out the return to profitability and growth strategies. Overall, the Group's financial position has improved significantly in FY2023, mainly resulted by the improved business operations.

Key Focus Areas for FY2023	Action Plans
EESG for Sustainability	PICORP's sustainability considerations and efforts are centred around four (4) key sustainability pillars of EESG – economy, environment, social and governance, which link to value creations demonstrated further into sustainable system & infrastructure, sustainable processes, sustainable products and services, engagement with key stakeholders - employee, environment and community. PICORP Sustainability Framework is embedded into the Group's Business Plan, strategies and key performance indicators. The sustainability reporting on EESG practices has been regularly addressed in BRMC meetings throughout the FY2023.
Boardroom Policies and Procedures	On 27 November 2023, the Board took the significant step of adopting the No Conflict of Interest Policy. This policy underscores the Group commitment to maintain the highest standards of integrity and ethics in all business dealings. It serves to ensure that all Board members, executives, and employees conduct themselves with transparency and fairness, free from any conflicts of interest that may compromise corporate values or the interests of stakeholders. This adoption aligns with regulatory requirements and best practices, including those prescribed by Bursa Securities, reflecting the Group ongoing dedication to corporate governance excellence. Subsequently, the Board had also approved the revised Terms of Reference of the AC on 27 November 2023 to include the review of matters relating to Conflict of Interest.

Corporate Governance Priorities 2024 and Beyond

For 2024 and beyond, the corporate governance priorities of the Group shall constitute the following:

Key Focus Areas for FY2024	Action Plans
Succession Planning for Board Members	PICORP continuously develops and strengthens a talent pool with the current-competent and future-ready workforce, via competency model which helps to communicate culture and values as well as to better explain the expectations that the leadership entails. The Board would also assure continuous engagement with management on succession planning for Board members and senior management.
Business Continuity	The Board will continue to keep itself apprised of the ever-changing environment whilst maintaining full and effective control over strategic, financial, operational, compliance and governance matters. The Group will strive to further improve its position by implementing revenue growth strategies such as promoting our newly launched water treatment solutions, newly acquired agrochemical lab services, cost optimisation vis-a-vis margin improvement.

Key Focus Areas for FY2024	Action Plans
EESG for Sustainability	The Board will focus on integrating four (4) key sustainability pillars of EESG by increasing our effort in identifying and addressing environmental, social and governance risks, setting clear and measurable targets to reduce impact, promoting diversity and inclusion in our workforce, and engaging with stakeholders to ensure transparency and accountability. Through these concerted efforts, we aim to strengthen our reputation as a responsible and sustainable corporate citizen. Bursa Securities has introduced the Bursa Malaysia ESG Reporting Platform on 4 December 2023. This platform will strengthen the Group's capacity to monitor and report on EESG performance, underscoring unwavering commitment to sustainability and responsible CG.
Boardroom Policies and Procedures	a) The Board shall endeavour to continue the review of policy documents of PICORP periodically to ensure the policies remain relevant and updated. b) The Board acknowledges the importance and value of attending training programs to keep abreast of the latest developments in various areas. Through the Board Skills Matrix Form completed by the Directors during the annual assessment, their training needs can be identified and appropriate training solutions can be developed to ensure that all Directors are well equipped with current knowledge and skills to strengthen their ability to discharge their fiduciary duties.

This CG Overview Statement was approved by the Board on 27 March 2024.

AUDIT COMMITTEE REPORT

The Audit Committee ("AC") was established by the Board of Directors with the primary objective to assist the Board of Directors in fulfilling its fiduciary responsibilities to corporate governance, system of internal controls and financial reporting practices of the Group, in accordance with the AC's Terms of Reference ("TOR").

The TOR of the AC which was last updated on 27 November 2023, is available on the Company's website, www.picorp.com.my.

Composition of AC

The composition of the AC as at 31 December 2023 are as follows:

AC Members	Designation
Dato' Hajjah Rosnani binti Ibarahim *	Chairperson, Independent Non-Executive Director
Kamarul Baharin bin Albakri **	Member, Independent Non-Executive Director
Zaidah binti Mohd Salleh **	Member, Non-Independent Non-Executive Director

* *Redesignated as Chairperson of AC on 30 May 2023*
** *Member(s) of Malaysian Institute of Accountants*

The composition of the AC meets the requirements of Paragraph 15.09(1)(a) and (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Meetings

The AC held a total of six (6) meetings during the financial year ended 31 December 2023 ("FY2023") and the details of attendance of the AC members are as follows:

AC Members	1st AC Meeting 27/02/2023	2nd AC Meeting 06/04/2023	3rd AC Meeting 23/05/2023	4th AC Meeting 16/08/2023	5th AC Meeting 15/11/2023	Total Attendance in FY2023
Lee Weng Chong ** (retired on 30 May 2023)	√	√	√	-	-	3/3
Dato' Hajjah Rosnani binti Ibarahim *	√	√	√	√	√	5/5
Kamarul Baharin bin Albakri	√	√	√	√	√	5/5
Zaidah binti Mohd Salleh	√	√	√	√	-	4/5

* *Redesignated as Chairperson of AC on 30 May 2023*
** *Reflects the number of meetings held during FY2023 before retirement as Director*

Summary of Work of AC

The AC's activities during FY2023 included the following:-

1. Financial Reporting

a. Reviewed the audited year-end financial statements of the Group prior to recommending the same for the Board's approval;
b. Reviewed the unaudited quarterly financial statements and consolidated results of the Group prior to recommending the same for the Board's approval;
c. Reviewed the financial position and performance progress report prepared by the Management for submission to Bursa Malaysia Securities Berhad; and
d. Received the relevant business, financial and tax-related updates from Management, including their plans and strategies.

2. External Audit

a. Reviewed and discussed with the external auditors, the results of their audit on the financial statements for the financial year ended 31 December 2022 ("FY2022") and their memorandum of suggestions;
b. Reviewed and discussed with the external auditors, their audit plan for FY2023, covering the areas of audit emphasis, audit timetable, scoping of the group audit, digital audit amongst others;
c. Reviewed the suitability, objectivity and independence of the external auditors in order to recommend their re-appointment to the Board for recommendation to the shareholders for approval during the 31st Annual General Meeting of the Company;
d. Reviewed the audit fees, including non-audit fees, prior to recommending the same for the Board's approval; and
e. Met with the external auditors without the presence of the Executive Directors and Management to enquire on significant findings, fraud consideration, management capabilities and/or the level of co-operation from Management.

3. Internal Audit

a. Reviewed and approved the Internal Audit Plan for FY2023;
b. Reviewed the adequacy of the scope, functions, competency and resources and overall performance of the internal auditors;
c. Reviewed the internal audit reports and assessed the findings highlighted and appraised the adequacy and effectiveness of Management's response in resolving the audit issues reported;
d. Reviewed on the follow-up review reports issued by the internal auditors and assessed the status of corrective actions taken by Management in implementing the agreed action plans within the agreed timeline; and
e. Met with the internal auditors without the presence of the Executive Directors and Management to enquire on areas of concern, fraud consideration and level of co-operation from Management and their capability.

4. Related Party Transactions

a. Reviewed the recurrent related party transactions of a revenue or trading nature of the Group; and
b. Reviewed the Circular to Shareholders in Relation to the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature, prior to recommending the same for the Board's approval.

5. Other Activities

a. Reviewed the following reports for inclusion in the Annual Report prior to recommending the same for the Board's approval:
   - Audit Committee Report
   - Statement on Risk Management and Internal Control
   - Corporate Governance Overview Statement
   - Corporate Governance Report
   - Management Discussion and Analysis
   - Sustainability Statement
b. Reviewed the Statement to Shareholders in Relation to the Proposed Renewal of the Authority to the Company to Purchase up to 10% of the total number of Issued Shares in the Company;
c. Reviewed and recommended the amendments to the TOR of the AC;
d. Reviewed and recommended the adoption of the No Conflict of Interest Policy;
e. Reviewed and confirmed the minutes of AC meetings; and
f. Reported to the Board on the proceedings of each AC meeting, through the AC Chairman.

Internal Audit Function

The objective of engaging professional internal auditors is to enhance and protect organisational value of the Group by providing risk-based and objective assurance, advice and insight. Baker Tilly Monteiro Heng Governance Sdn Bhd, which reports directly to the AC, helps the Group with independent assessment to accomplish its objectives with systematic, disciplined approach to evaluate and improve the effectiveness of risk management, controls and governance processes.

The total cost incurred for the internal audit function in FY2023 was RM120,433.63 (FY2022: RM168,548.21).

During the financial year under review, the internal audit activities include, inter alia, the following:-

a. Presented the internal audit findings and action plans to be taken by Management to the AC;
b. Conducted follow-ups on previous audits to ensure corrective actions had been taken and reported the same to the AC;

c. Conducted audit review on the following activities as per the Internal Audit Plan for FY2023 which was approved by the AC on 29 November 2022:

Company	Key Audit Areas
Alam Sekitar Malaysia Sdn Bhd	• Business Development and Sales • Project Implementation • Revenue and Receivables • Procurement, Payment and Payable • Fixed Asset Management
Progressive Impact Corporation Berhad	• Information Technology General Controls
ALS Technichem (M) Sdn Bhd	• Information Technology General Controls • Procurement, Payment and Payable • Vendor & Contractor Assessment and Evaluation

d. Presented the Internal Audit Plan for the financial year ending 31 December 2024 which was approved by the AC on 15 November 2023.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Boards of listed companies are required to include in their annual report, a "statement about the state of internal control of the listed issuer as a group". Accordingly, PICORP's Board of Directors (the Board) is pleased to provide the following statement that has been prepared in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers endorsed by Bursa Securities and Practices 10.1 and 10.2 of the Malaysian Code on Corporate Governance ("MCCG") issued by Security Commission which outlines the nature and scope of the risk management and internal control within PICORP Group of Companies ("PICORP") during the financial year under review.

INTRODUCTION

Enterprise Risk Management and internal controls are integrated into management processes and are embedded in all day-to-day business activities of PICORP. It is the Board's priority to ensure that uncertainties and investment risks in new business ventures are managed in order to safeguard the interest of the shareholders. Collectively, the Board oversees and reviews the conduct of the PICORP's business while the Group Executive Director and the Management measure and control to ensure that the risks are effectively managed.

ENTERPRISE RISK MANAGEMENT (ERM) GOVERNANCE STRUCTURE

The ERM governance structure provides clear accountabilities and responsibilities in managing risk within PICORP. This ensures that the ERM activities remain appropriate and prudent, and that significant risks are managed and monitored continuously. PICORP's ERM governance structure is set out in diagram 1 below:

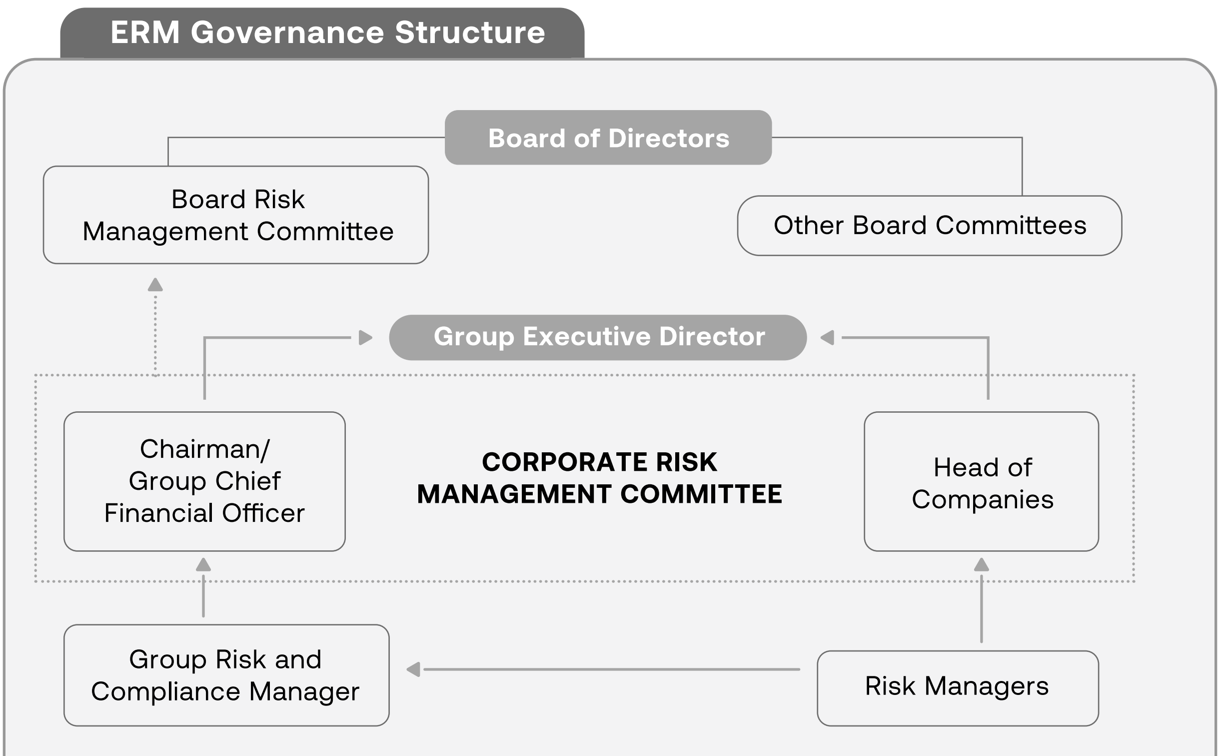


Diagram 1: ERM Governance Structure

THE BOARD

The Board is responsible for the establishment as well as oversight of PICORP's ERM framework and internal control systems are designed to manage the risk appetite set by the Board to achieve PICORP's goals and objectives. The Board periodically reviews the effectiveness and adequacy of the framework and systems by identifying, assessing, monitoring and communicating key business risks to safeguard shareholders' investment and PICORP's assets.

The Board has delegated the Risk and Governance responsibilities to the Board Risk Management Committee ("BRMC") which provides independent oversight of the internal control and ERM. Notwithstanding the delegated responsibilities, the Board acknowledges its overall responsibility in the establishment and oversight of PICORP's ERM framework and internal control systems.

The Board is cognisant of the fact that its role in providing risk oversight sets the tone and culture towards managing the key risks that may impede the achievement of PICORP's business objectives within acceptable risk appetite. The Board also acknowledges that the internal control systems are designed as a tool to manage and minimise rather than eliminate occurrences of risks or material misstatement or unforeseeable circumstances, fraud or losses.

BOARD RISK MANAGEMENT COMMITTEE ("BRMC")

The BRMC comprises (3) Board members, the majority of whom are Independent Directors. This aligns with the recommendation outlined in Step Up 10.3 of the MCCG, stating that the Risk Committee should comprise a majority of independent directors. The BRMC main responsibility is to assist the Board to discharge its overall responsibility for risk oversight within PICORP. Specifically, the BRMC oversees the overall ERM processes, reviews and identifies key risks, and ensures that infrastructure, resources, processes and systems for ERM are in order. The BRMC is also responsible for overseeing the Company's governance, strategy and management and reviewing the practices and initiatives relating to Economic, Environmental, Social and Governance ("EESG") matters ensuring they remain effective and up to date. Clearly defined and documented internal policies and procedures for certain key operational areas have been established and are subject to periodic review. The BRMC is governed by clearly defined Terms of Reference which can be referred on PICORP's website, revised and approved by the Board on 25 August 2022.

AUDIT COMMITTEE ("AC")

The main responsibility of the AC is to assist the Board in assessing the effectiveness of PICORP's internal control systems and overseeing the financial reporting. AC also reviews the adequacy and integrity of the internal control systems and management information systems, including compliance with applicable laws, rules, directives and guidelines through the internal audit function. The AC convenes meetings with the Internal Auditors at least quarterly to deliberate on the findings and recommendations for improvement of the internal control systems. The AC reviews the action plans taken by the Management to rectify the findings on a timely manner. The AC's Terms of Reference is stipulated in the Board Charter which is accessible in PICORP's website.

CORPORATE RISK MANAGEMENT COMMITTEE ("CRMC")

In discharging its responsibilities, the BRMC is assisted by the CRMC in which the Group Chief Financial Officer (GCFO) acts as the Chairman of the committee. The members of CRMC comprise the Heads of Companies as well as the Heads of Functions namely the Group Legal, Secretarial and Human Capital Development, Corporate Research & Development, Group IT and Facility Management. The responsibilities of CRMC include implementing the ERM processes for identifying, evaluating, monitoring and reporting of risks and internal control, taking appropriate and timely corrective actions as needed, and providing assurance to the Board that the processes have been carried out. The CRMC is governed by clearly defined Terms of Reference which can be referred on PICORP's website.

GROUP RISK AND COMPLIANCE ("GRC") UNIT

The GRC unit is responsible for developing, coordinating and facilitating the ERM processes as well as the outsourced Internal Audit activities within PICORP. Series of Risk Reassessment workshops were conducted with the risk managers of respective subsidiaries, risk and process owners to carry out risk assessment on existing and new risks. Where necessary, one-on-one session with the respective risk and process owners is conducted to further improve the level of risk awareness among the members of the organisation. The GRC unit consistently organises ERM activities such as sharing of risk bulletin, risk management quizzes and contests in order to elevate a greater risk culture throughout PICORP.

HEAD OF COMPANY

The Head of Company is responsible to ensure effective implementation of the risk management and that all personnel adhere to its mandates. The detailed line accountability for ERM is fully aligned with PICORP's management structure. Accordingly, the approvals, responsibilities and accountabilities applicable to the identification, evaluation, management and reporting of the Group's risks are attributed to the Head of Company. Ultimately, the Head of Company is responsible for all risk information tabled to the CRMC and thereafter the BRMC.

RISK MANAGER

Risk Manager is appointed by each company to further support the ERM processes within PICORP. The role of the Risk Manager is to assist the Head of the Company where he or she is tasked to facilitate and coordinate all the ERM activities at the company level under the guidance of the GRC Manager.

INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to a professional services firm to assist the Board and AC in providing an independent assessment on the adequacy, efficiency and effectiveness of PICORP's internal control system. The coordination of the internal audit plan, activities, field audit as well as the acceptance of the internal audit report is being carried out by the GRC Unit.

During the financial year ended 31 December 2023, internal audit reviews were carried out in accordance with the approved risk internal audit plan. Findings from the internal audit reviews, including the recommended corrective actions, were presented to the AC in their quarterly scheduled meetings.

In the year 2023, the Internal Audit function had audited PICORP and its subsidiaries, focusing specifically on Information Technology General Controls, Business Development & Sales, Project Implementation, Revenue & Receivables, Sales & Reporting and Human Resource Management. Additionally, follow-up reviews were also conducted on a regular basis to ensure that corrective actions have been implemented in a timely manner. The yearly audit plan is approved by the AC and the audit reports are presented to the AC on a quarterly basis.

Based on the internal audit review conducted, none of the weaknesses noted has resulted in any material losses, contingencies or uncertainties that would require a separate disclosure in this Annual Report.

ERM FRAMEWORK

A proactive ERM Framework is important to create and protect stakeholders' value with full integration of risk management in the organisation's governance structure as well as the decision-making process. In line with the statement above, PICORP has adopted an ERM Framework to govern its businesses and operations. This ERM Framework is generally aligned with the principles of ISO 31000:2018.

The framework enables PICORP to carry out systematic and continuous approach in managing the organisational risk exposure which includes credit risk, market risk, operational risk, compliance risk, strategic risk and reputational risk. The ERM Framework outlines the ERM governance and structure, processes, accountabilities, as well as responsibilities throughout PICORP. It also provides the Board and Management with a tool to anticipate and manage both existing and potential risks, taking into consideration changes in PICORP's internal and external operating environment. ERM at PICORP enables the Management to effectively deal with uncertainties and the associated risks and opportunities, enhance the capacity to build or enhance value for stakeholders.

ERM PROCESS

PICORP has adopted the MS ISO 31000:2018 Risk Management Standard which serves as a guideline for identifying, evaluating, managing and monitoring significant risks by PICORP in order to align its ERM process with industry best practices. Diagram 2 of MS ISO 31000:2018 illustrates PICORP Risk Management Process.

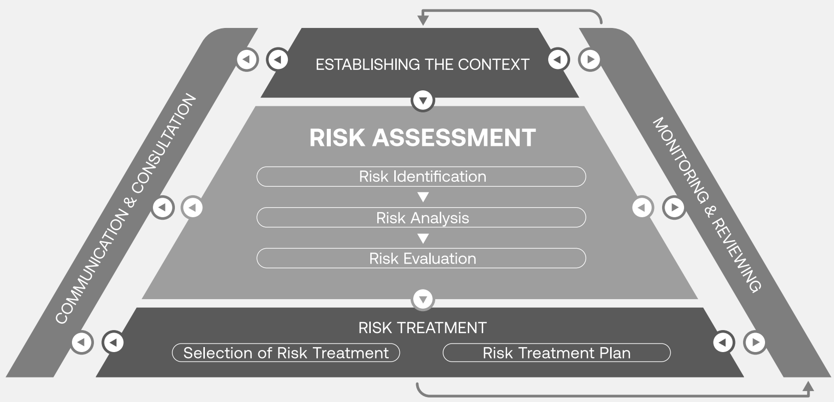


Diagram 2 of MS ISO 31000:2018

An ongoing process to identify, analyse, evaluate and treat the risks that may affect the achievement of PICORP's business objectives is in place. Departments and companies are responsible for managing risks within their respective areas of responsibilities and required to conduct risk reviews on an annual basis. The risk register and the risk action plans are tabled and discussed during CRMC meeting on regular basis. In furtherance to the above, key risks are highlighted and deliberated by BRMC on a quarterly basis.

RISK MANAGEMENT SYSTEM & PORTAL

The PICORP risk management system continues to be the platform for ERM process in PICORP which captures all pertinent information of all risks identified including the Risk Action Plan ("RAP"). In FY2023, PICORP invested in a new risk management system to replace the legacy system. The new system prioritises user-friendliness and operates on cloud technology. Online access to the system facilitates the ERM process whereby users can closely monitor and update their respective ERM dashboard in real time.

Key risks of key business units are identified, assessed and categorised based on the established risks parameters, to highlight the source of risk, their severity of impacts, and the magnitude of likelihood of occurrence. All the risk profiles are presented in the CRMC meeting prior to the BRMC meeting for deliberation and approval.

The Management continuously strives to improve the related processes to ensure that the ERM processes are embedded and regarded as an effective management tool.

GRC established a risk portal via SharePoint, allowing staff to access information related to risk management remotely and at their convenience. GRC consistently organises ERM activities, such as sharing risk bulletins, conducting risk management quizzes, and organising contests to promote a stronger risk culture throughout the PICORP Group. Additionally, staff can download the Risk Management Policy and SOPs through the risk portal for reference and guidance in implementing risk management within their respective companies.

INTERNAL CONTROLS

Supporting the ERM Framework and processes is an internal control system that facilitates the internal control design and operating effectiveness to manage the key risks.

INTERNAL CONTROLS	DESCRIPTION
Organisational Structure & Authorisation Procedures	PICORP maintains a formal organisational structure that includes clear delegation of responsibilities and accountability. It sets out the roles and responsibilities, appropriate authority limits, review and approval procedures within the internal control system of PICORP's various business units.
Annual Business Plan	PICORP business planning start with the brainstorming sessions where the sessions are conducted at departmental, company and group function levels to ensure a robust and solid business planning. Then, Business Plan is prepared and presented to Group Management first before it is presented to the Board of Directors for approval. Additionally, as certain business segments are experiencing a period of business decline, the Management has taken additional initiative to come out with 5-year Business Plan in order to map out to return to profitability. Upon approval of the Business Plan by the Board, the Balanced Scorecards ("BSC") for each company and function will be reviewed and approved accordingly.
BSC	PICORP has implemented BSC as PICORP strategic management system since 2018. BSC is a tool to translating strategic business objectives to action plans. It helps PICORP to align its management process and focuses the entire organisation on implementing long term strategy. BSC also acts as a communication tool where the concept of Strategy Map enables strategic business objectives and measures to be communicated across the entire organisation, by cascading KPIs and targets to departmental and individual levels. Besides that, BSC is used to monitor and track organisation performance on monthly basis. The organisation is required to provide a recovery plan for any non-achievement so that the performance gap can be closed out or narrowed down.
Group Policies and Procedures	Documented policies and procedures are in place, and regularly reviewed and updated so as to ensure that it maintains its effectiveness and continues to support PICORP's business activities as PICORP continues to grow. PICORP has established PICORP Group Limit of Authority to further improve the state of governance in PICORP. Included in the Group Policy is the Whistleblowing Policy and Guidelines which was developed to enable any individuals to raise concerns regarding PICORP. The policy was developed to achieve two (2) primary objectives as follows:- • to provide a safe and acceptable avenue for staff or any other stakeholders to raise concerns so that it can be addressed in an independent and unbiased manner; and • to provide an internal mechanism for the organisation to be notified about concerns at the workplace and further if required, take any action deemed appropriate. In addition, PICORP has in place, a comprehensive Human Resource Manual which consists of policy, procedures and forms with the aims to define policies and procedures that support basic management philosophies, outline company rules and requirements, clarify the Company's expectations of its employees, and describe lines of authority and levels of responsibility.

INTERNAL CONTROLS	DESCRIPTION
Group Policies and Procedures (cont'd)	The No Gift Policy and the Anti-Bribery and Corruption Policy ("ABC Policy") were approved by the Board and introduced to further strengthen the corporate governance policies and practices in PICORP. PICORP embraces a Zero Tolerance Policy against all forms of bribery and corruption. PICORP's No Gift Policy further elaborates upon those principles, providing guidance to employee concerning how to deal with situations relating to the receiving and/or providing gifts that may arise in the course of business. The ABC Policy has been developed as part of PICORP's Anti-Bribery Programme which is pivotal in ensuring its corporate defence against Section 17A of the Malaysian Anti-Corruption Act 2009. Having a clear and unambiguous policy statement on PICORP's position regarding bribery and corruption forms is the cornerstone of an effective integrity management system.
Monitoring and Reviewing	Scheduled operational and management meetings are held to discuss and review the business plans, budgets, financial and operational performance of PICORP. Monthly and quarterly management accounts containing key financial results, operational performances and comparison of actual performance against budgets are presented to the Management team for monitoring and review. The process entails further analysis into the root causes for any shortfall against target which then facilitates the management of companies in coming up with recovery measures to close the gaps. The quarterly financial statements are presented to the Board for their review and approval.

ASSURANCE BY THE GROUP EXECUTIVE DIRECTOR AND THE GROUP CHIEF FINANCIAL OFFICER

In relation to the ERM and internal control process, the Group Executive Director and Group Chief Financial Officer (through CRMC), to the best of their ability and knowledge confirm that PICORP's ERM and internal control system is operating adequately and effectively, in all material aspects, during the financial year under review and up to the date of this Statement.

REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITORS

The Statement has been reviewed by the External Auditors for the inclusion in the annual report of the PICORP Group for the financial year ended 31 December 2023. 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 integrity of the system of the internal controls.

CONCLUSION BY THE BOARD OF DIRECTORS

The Board considers the system of ERM and internal controls described in this statement to be satisfactory and the risks are at the acceptable level within the context of PICORP's business environment. The Board and Management will continue to take measures to strengthen the control environment and monitor the effectiveness of the ERM and internal controls framework.

For the financial year under review, the Board is satisfied that the system of ERM and internal controls is satisfactory and has not resulted in any material losses, contingencies or uncertainties. The Board believes that the development of the system of risk and internal controls is an on-going process and has taken steps throughout the year to improve its ERM and internal control system and will continue to do so.

This Statement is made in accordance with the resolution of the Board dated 28 February 2024.

DIRECTORS' RESPONSIBILITY STATEMENT
IN PREPARING THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 to prepare the financial statements for each financial year which have been drawn up in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), the International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and the Company at the end of the financial years, the results and cash flows of the Group and the Company for the financial year.

In preparing the financial statements, the Directors have:-

- adopted appropriate accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent; and
- prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that the Group and the Company shall keep proper accounting records which disclose the financial position of the Group and the Company with reasonable accuracy and to enable them to ensure that the financial statements comply with the Companies Act 2016.

The Directors are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Company and, to detect and prevent fraud and other irregularities.

This statement was approved by the Board of Directors on 27 March 2024.

ADDITIONAL COMPLIANCE INFORMATION

1. Utilisation of Proceeds

There were no proceeds raised from corporate proposals during the financial year ended 31 December 2023.

2. Options, Warrant or Convertible Securities

There were no options, warrants or convertible securities issued by the Company during the financial year. The Company did not have an Employee Share Scheme in existence during the financial year.

3. Recurrent Related Party Transactions

The breakdown of aggregate value of transactions conducted during the financial year is as follows:-

Company Involved	Transacting Parties	Categories of Recurrent Transactions	Actual Value Transacted During the Financial Year (RM)	Interested Directors / Major Shareholders and Persons Connected to Them
PICORP Group	Zaiyadal Sdn Bhd ("ZSB")	Provision of corporate services and support services by PICORP Group to ZSB	887,796	ZSB is a company in which Zaid bin Abdullah ("Zaid"), Zaidah binti Mohd Salleh ("Zaidah"), Usamah bin Zaid ("Usamah") and Fatimah Zahrah binti Zaid ("Fatimah Zahra"h) are directors with 100% indirect interest.
PICORP Group	ZSB Group	Rental of 57,845 sq. ft. of office space in Mercu PICORP, Lot 10, Jalan Astaka U8/84, Bukit Jelutong, 40150 Shah Alam, Selangor to ZSB Group	1,143,837	ZSB is a company in which Zaid, Zaidah, Usamah and Fatimah Zahrah are directors with 100% indirect interest.
		Provision of environmental and other business including con-sultation, supply of manpower, equipment, site-installation, site acceptance test and commissioning services by PICORP Group to ZSB Group	1,989,656	

Company Involved	Transacting Parties	Categories of Recurrent Transactions	Actual Value Transacted During the Financial Year (RM)	Interested Directors / Major Shareholders and Persons Connected to Them
PICORP Group	Progressive Impact Technology Sdn Bhd ("PITECH")	Reselling of predictive emission monitoring system by PITECH as a non-exclusive distributor for PICORP Group	-	PITECH is a company in which Zaid and Zaidah are directors with indirect interest of 72% held through ZSB and Johar bin Yusof ("Johar"), a director of some subsidiaries of the Company, is a director with shareholding of 10%. Usamah and Fatimah Zahrah are also deemed interested by virtue of their family relationship to Zaid and Zaidah.
	PITECH	Provision of engineering services by PITECH to PICORP Group	-	
	PITECH	Provision of environment consulting services by PICORP Group to PITECH	5,700	
	PITECH	Provision of corporate services and support services by PICORP Group to PITECH	1,632,688	
PICORP Group	Progressive Impact Technology (B) Sdn Bhd ("PITECH (B)")	Provision of environmental services including consultation, supply of manpower, equipment, site-installation, site acceptance test and commissioning services by PICORP Group to PITECH (B)	26,915	PITECH (B) is a company in which Zaid and Zaidah have direct and indirect interests of 15.1% and Johar has indirect interest of 1.75% held through PITECH. Usamah and Fatimah Zahrah are also deemed interested by virtue of their family relationship to Zaid and Zaidah.
	PITECH (B)	Provision of sales and marketing, administrative and other support services in Brunei by PITECH (B) to PICORP Group	166,772	PITECH (B) is a company in which Zaid and Zaidah have direct and indirect interests of 15.1% and Johar has indirect interest of 1.75% held through PITECH. Usamah and Fatimah Zahrah are also deemed interested by virtue of their family relationship to Zaid and Zaidah.

Company Involved	Transacting Parties	Categories of Recurrent Transactions	Actual Value Transacted During the Financial Year (RM)	Interested Directors / Major Shareholders and Persons Connected to Them
PICORP Group	Foxboro (M) Sdn Bhd ("Foxboro")	Provision of engineering services by Foxboro to PICORP Group	-	Foxboro is a company in which Zaid and Zaidah are directors with indirect interest of 37% and Johar is a director with indirect interest of 5% held through PITECH. Usamah and Fatimah Zahrah are also deemed interested by virtue of their family relationship to Zaid and Zaidah.
	Foxboro	Provision of corporate services and support services by PICORP Group to Foxboro	162,080	
PICORP Group	Untung Aquaculture Sdn Bhd ("Untung Aqua")	Rental of 22.5 acres of leasehold land located at Lot No. PT 7605, Mukim of Lumut, Manjung, Perak to Untung Aqua	22,800	Untung Aqua is a company in which Zaid and Zaidah have 100% direct and indirect interests through ZSB. Fatimah Zahrah and Usamah are deemed interested by virtue of their family relationship to Zaid and Zaidah.
	Progressive Impact Corrosion Sdn Bhd ("PICorr")	Provision of corrosion solutions including consultation, supply of manpower, equipment, site-installation, site acceptance test and commissioning services by PICorr to PICORP Group	-	PICorr is a company in which Zaid and Zaidah are directors with indirect interest of 72% and Johar is a director with indirect interest of 10% held through PITECH. Usamah and Fatimah Zahrah are also deemed interested by virtue of their family relationship to Zaid and Zaidah.
	Intelligent Aqua Sdn Bhd ("Intelligent Aqua")	Reselling of water treatment technology by PICORP Group as a non-exclusive distributor for Intelligent Aqua	-	Intelligent Aqua is a company in which Zaid and Zaidah are directors with indirect interest of 60% and Johar is a director with indirect interest of 17% held through PITECH and Intelligent Water Group Sdn Bhd. Usamah and Fatimah Zahrah are also deemed interested by virtue of their family relationship to Zaid and Zaidah.
	Intelligent Aqua	Supply of water treatment technology by Intelligent Aqua to PICORP Group	94,023	

4. Material Contracts

There were no material contracts entered into by the Company or its subsidiaries involving Directors' and major shareholders' interest during the financial year during ended 31 December 2023 save for the shares sale agreement dated 29 September 2023 entered by ALS Technichem (M) Sdn Bhd with Merieux Nutrisciences Corporation and Texchem Resources Bhd for the acquisition of 3,000,000 ordinary shares representing 100% of the entire issued and paid-up share capital of ALS Technichem (PG) Sdn Bhd (formerly known as Merieux NutriSciences Malaysia Sdn Bhd) for a total cash consideration of RM7,954,218. The acquisition was completed on 29 September 2023.

5. Non-Audit Fees

The fees paid/payable to the external auditor, Messrs. Ernst & Young PLT, for the financial year ended 31 December 2023 are as follows:-

	Group (RM)	Company (RM)
Audit	460,000	91,000
Non-Audit	15,000	15,000
Total	475,000	106,000

Information on the list of properties is available at the Company's website www.picorp.com.my.

FINANCIAL STATEMENTS

Section 06

DIRECTORS' REPORT

The directors have the pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

IMMEDIATE HOLDING COMPANY

The immediate holding company of the Company is Zaiyadal Sdn. Bhd. ("ZSB"), a company incorporated and domiciled in Malaysia.

PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiaries are described in Note 16 to the financial statements.

RESULTS

	Group RM	Company RM
Profit net of tax	2,604,865	4,027,557
(Loss)/Profit attributable to:		
Owners of the parent	(3,581,998)	4,027,557
Non-controlling interest	6,186,863	–
	2,604,865	4,027,557

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 substantially affected by any item, transaction or event of a material and unusual nature, other than as disclosed in the notes to the financial statements.

DIVIDENDS

There is no dividends paid or declared by the Company since 31 December 2022.

The Board of Directors do not recommend the payment of any final dividend in respect of the financial year ended 31 December 2023.

DIRECTORS

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Zaid bin Abdullah**	
Zaidah binti Mohd Salleh**	
Dato' Hajjah Rosnani binti Ibarahim**	
Dato' Dr. Lukman bin Ibrahim**	
Usamah bin Zaid**	(Alternate director to Zaid bin Abdullah)
Fatimah Zahrah binti Zaid	(Alternate director to Zaidah binti Mohd Salleh)
Kamarul Baharin bin Albakri	
Datuk Syed Hisham bin Syed Wazir	(Appointed on 30 May 2023)
Datuk Abdul Hamid bin Sawal	(Resigned on 30 May 2023)
Lee Weng Chong	(Resigned on 30 May 2023)

** These directors are also directors of the Company's subsidiaries.

The names of the directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report, excluding those who are already listed above are:

Nadzrah binti Hashim	
Gregory Francis Kilmister	
Timothy James Kilmister	
Chin Teen Teen	
Herizal	
Abdul Wahab bin Nasser Al - Akeel	
Mansoor Abdul Wahab bin Nasser Al - Akeel	
Salman Abdul Wahab bin Nasser Al - Akeel	
Dato' Prof Mohd Omar bin Ab Kadir	(Appointed on 6 September 2023)
Abdullah bin Mohd Omar	(Appointed on 6 September 2023)
Zainab binti Zaid	(Appointed on 23 February 2024)
Matthew Graham Masters	(Appointed on 12 June 2023)
Rajesh M Naran	(Resigned on 7 March 2023)
Johar bin Yusof	(Resigned on 4 March 2023)
Zainah binti Zaid	(Resigned on 23 February 2024)

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no directors have received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full time employee of the Company as shown below) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' BENEFITS (CONT'D.)

The directors' remunerations are as follows:

	Group RM	Company RM
Directors of the Company		
Executive	2,059,165	2,038,915
Non Executive	448,400	408,500
	2,507,565	2,447,415

INDEMNITIES TO DIRECTORS OR OFFICERS

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

DIRECTORS' INTERESTS

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

	Number of ordinary shares			
	1.1.2023	Acquired	Sold	31.12.2023
The Company				
Direct interest:				
Zaid bin Abdullah*	48,375,100	–	(3,500,000)	44,875,100
Zaidah binti Mohd Salleh*	8,769,400	–	–	8,769,400
Usamah bin Zaid **	112,000	–	–	112,000
Fatimah Zahrah binti Zaid **	110,300	–	–	110,300
Indirect interest:				
Zaid bin Abdullah* and Zaidah binti Mohd Salleh*	310,420,422	–	(6,050,000)	304,370,422
Dato' Dr Lukman bin Ibrahim	526,300	–	(350,300)	176,000
Subsidiary - ALS Technichem (M) Sdn. Bhd.				
Direct:				
Zaid bin Abdullah*	10,000	–	–	10,000

* These directors are in a spousal relationship
** These directors are the children of Zaid bin Abdullah and Zaidah binti Mohd Salleh

The directors, by virtue of their interest in the shares of the Company, are deemed interested in the shares of all the Company's subsidiaries to the extent the Company has an interest.

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

TREASURY SHARES

During the financial year, the Company does not acquire any of its own ordinary shares in the treasury shares of the Company.

As at 31 December 2023, the Company held as treasury shares a total of 2,628,900 issued ordinary shares. Such treasury shares are held at a carrying amount of RM363,789 and further relevant details are disclosed in Note 25 to the financial statements. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

OTHER STATUTORY INFORMATION

(a) Before the statements of 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 allowance for expected credit loss and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for expected credit loss; 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 written off for bad debts or the amount of the expected credit losses 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.

(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 and 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 and of the Company which has arisen since the end of the financial year.

OTHER STATUTORY INFORMATION (CONT'D.)

(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 and 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 and of the Company for the financial year in which this report is made.

SIGNIFICANT EVENT

On 29 September 2023, the Company's subsidiary, ALS Technichem (M) Sdn. Bhd., acquired 100% equity interests in ALS Technichem (PG) Sdn. Bhd. ("ALS PG") (formerly known as Mérieux NutriSciences Malaysia Sdn. Bhd. ("MNSB")) for a total cash consideration of RM3,389,716. ALS PG is principally involved in providing chemical, microbiological and environmental related analytical testing and consultancy services for food industry.

AUDITORS

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Auditors' remuneration is as follows:

	Group RM	Company RM
Ernst & Young PLT	467,000	98,000
Other auditors	121,796	–
	588,796	98,000

To the extent permitted by law, the Company has agreed to indemnify its auditor, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for unspecified amount). No payment has been made to indemnify Ernst & Young PLT for the financial year ended 31 December 2023.

Signed on behalf of the Board in accordance with a resolution of the directors dated 4 April 2024.

Dato' Dr. Lukman bin Ibrahim

Datuk Syed Hisham bin Syed Wazir

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, Dato' Dr. Lukman bin Ibrahim and Datuk Syed Hisham bin Syed Wazir, being two of the directors of Progressive Impact Corporation Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 18 to 127 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the 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 at 31 December 2023 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 4 April 2024.

Dato' Dr. Lukman bin Ibrahim	Datuk Syed Hisham bin Syed Wazir

STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Hamsiah binti Khalid, being the officer primarily responsible for the financial management of Progressive Impact Corporation Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 18 to 127 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Hamsiah binti Khalid at Kuala Lumpur on 4 April 2024.	Hamsiah binti Khalid MIA Membership No: 13604

Before me,

INDEPENDENT AUDITORS' REPORT

to the members of Progressive Impact Corporation Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Progressive Impact Corporation Berhad, which comprise statements of financial position as at 31 December 2023 of the Group and of the Company, and statements of 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 material accounting policy information, as set out on pages 18 to 127.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 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 audit 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 Code of Ethics for Professional Accountants (including International Independence Standards) ("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 judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

<u>Recognition of the Group's revenue and cost of environmental construction projects</u>
(Refer to Note 2.3(c), Note 3(a), Note 4 and Note 19 to financial statements)

Within the environmental consultancy and monitoring services segment, the Group recognised revenue and cost amounting RM9.9 million and RM9.3 million respectively, which were computed based on stage of completion method. Stage of completion is determined by the proportion of environmental construction project cost incurred for work performed to date, to the budgeted total environmental construction project cost.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Key audit matters (cont'd.)

We focused on this area because management made significant judgement in determining the stage of completion, the extent of the environmental construction project cost incurred and the estimated/budgeted total environmental construction project cost.

In addressing this area of audit focus, we performed, among others the following procedures:

i) assessed and understand the design and operating effectiveness of the management's budgeting process;

ii) read key contracts to obtain an understanding of the specific terms and conditions and agreed the contract revenue to the original signed customer contracts and/or approved variation orders;

iii) reviewed management's budgeted project costs to ensure adequacy of costs to complete;

iv) verified project cost recognised up to 31 December 2023 on a sampling basis; and

v) reperformed the calculations of the revenue based on the percentage of completion method and where applicable, considered the implications of any changes in estimates.

<u>Impairment assessment of the Group's goodwill</u>
(Refer to Note 2.3(h) and Note 17 to financial statements)

During the year, the Group recognised goodwill arising from the acquisition of ALS Technichem (PG) Sdn. Bhd. ("ALS PG") by its existing subsidiary, ALS Technichem (M) Sdn. Bhd. ("ALSM") amounting to RM6.1 million. The goodwill is tested for impairment annually. We focused on this area because this assessment requires significant judgement by the directors on the discount rate applied in the recoverable amount calculation and the underlying assumptions applied in cash flow projections, including forecasted growth rates, inflation rate and gross profit margin.

Our audit procedures included, among others, obtaining an understanding of the methodology adopted by the management in estimating the value-in-use ("VIU"), assessing whether such methodology is consistently applied with those used in the industry and evaluating the assumptions to which the recoverable amount of the cash generating units ("CGUs") are most sensitive by performing the following:

i) enquired the management to obtain an understanding of the status of negotiations and the likelihood of securing the future significant revenue contracts;

ii) evaluated the estimated profits to be derived from those significant revenue contracts to be secured by comparing the estimated profit margin with the actual profit margin derived from similar completed contracts in previous years;

iii) together with EY valuation specialists, evaluated the discount rate used to determine the net present value of the cash flows and whether the rate used reflects the current market assessments of the time value of money and the risks specific to the asset; and

iv) assessed the sensitivity on the key assumptions that are most sensitive to the recoverable amount.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Key audit matters (cont'd.)

Impairment assessment of the Company's investment in subsidiaries
(Refer to Note 2.3(h), Note 3(b) and Note 16 to financial statements)

MFRS 136 Impairment of Assets ("MFRS 136") requires an entity to assess at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, management should estimate the recoverable amount of the assets. The losses reported by the Company's subsidiaries, Saudi ASMA Environmental Solutions LLC ("Saudi Asma") and Alam Sekitar Malaysia Sdn. Bhd. ("ASMA"), indicated that the carrying amount of the investment in these subsidiaries may be impaired.

Accordingly, the Company estimated the recoverable amounts of its CGUs based on VIU. Estimating the VIU involves estimating the future cash inflows and outflows that will be derived from the investment in Saudi Asma and ASMA, and discounting them at the appropriate rates. Given the significant judgement and estimates involved in the assessment of the recoverable amount, we have identified the impairment of investment in these subsidiaries as an important area of our audit.

Our audit procedures included, among others, obtaining an understanding of the methodology adopted by the management in estimating the VIU, assessing whether such methodology is consistently applied with those used in the industry and evaluating the assumptions to which the recoverable amount of the CGUs are most sensitive such as future revenue, profit margin, timing of the future cash flows, revenue growth rate and discount rate by performing the following:

i) enquired the project teams to obtain an understanding of the status of negotiations and the likelihood of securing the significant revenue contracts;

ii) evaluated the estimated profits to be derived from those significant revenue contracts by comparing the estimated profit margin with the actual profit margin derived from similar completed contracts in previous years;

iii) together with EY valuation specialists, evaluated the discount rate used to determine the net present value of the cash flows and whether the rate used reflects the current market assessments of the time value of money and the risks specific to the asset; and

iv) assessed the sensitivity on the key assumptions that are most sensitive to the recoverable amount.

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 Group's 2023 Annual Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report. The Group's 2023 Annual Report is expected to be made available to us after the date of this auditors' report.

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 on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Group's 2023 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

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, International 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 Group and 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's 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.

- 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's and 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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Auditors' responsibilities for the audit of the financial statements (cont'd.)

- 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 on 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 16 to the financial statements.

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.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Najihah Binti Khalid
No. 03249/10/2024 J
Chartered Accountant

Kuala Lumpur, Malaysia
27 March 2024

STATEMENTS OF COMPREHENSIVE INCOME
For the year ended 31 December 2023

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Revenue	4	92,035,640	90,284,728	10,393,605	10,411,331
Cost of sales	5	(39,290,175)	(43,059,222)	(1,438,636)	(1,510,841)
Other income	6	4,736,309	3,076,560	2,069,705	1,660,223
Staff costs	7	(24,911,283)	(24,878,434)	(2,801,317)	(2,843,896)
Depreciation and amortisation		(6,876,688)	(8,485,135)	(1,176,126)	(1,113,862)
Other operating expenses		(14,411,309)	(13,519,878)	(725,390)	(12,629,516)
Profit/(Loss) from operations		11,282,494	3,418,619	6,321,841	(6,026,561)
Finance costs	9	(4,951,675)	(3,930,661)	(2,311,821)	(1,870,715)
Profit/(Loss) before tax	10	6,330,819	(512,042)	4,010,020	(7,897,276)
Taxation	11	(3,725,954)	(2,837,894)	17,537	(17,537)
Profit/(Loss) net of tax		2,604,865	(3,349,936)	4,027,557	(7,914,813)
Other comprehensive loss to be reclassified to profit or loss in subsequent period:					
Foreign currency translation		(330,318)	(1,838,215)	–	–
Actuarial (loss)/gain on retirement benefit		(167,779)	9,535	–	–
Other comprehensive loss for the year, net of tax		(498,097)	(1,828,680)	–	–
Total comprehensive income/(loss) for the year		2,106,768	(5,178,616)	4,027,557	(7,914,813)
(Loss)/profit attributable to:					
Owners of the parent		(3,581,998)	(9,737,124)	4,027,557	(7,914,813)
Non-controlling interest		6,186,863	6,387,188	–	–
		2,604,865	(3,349,936)	4,027,557	(7,914,813)
Total comprehensive (loss)/ income attributable to:					
Owners of the parent		(4,503,479)	(11,092,909)	4,027,557	(7,914,813)
Non-controlling interest		6,610,247	5,914,293	–	–
		2,106,768	(5,178,616)	4,027,557	(7,914,813)
Earnings per share (sen) attributable to owners of the parent					
Basic	12	(0.55)	(1.49)		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023

	Note	Group 2023 RM	Group 2022 RM Restated	Company 2023 RM	Company 2022 RM Restated
Assets					
Non-current assets					
Property, plant and equipment	13	39,915,283	39,728,884	905,271	883,581
Investment properties	14	35,196,479	35,911,150	39,190,377	39,905,048
Investment in subsidiaries	16	–	–	25,633,386	20,633,386
Goodwill on consolidation	17	6,951,508	860,972	–	–
Deferred tax assets	27	5,196,970	4,512,103	–	–
Other receivables	18	–	–	24,376,596	24,099,445
		87,260,240	81,013,109	90,105,630	85,521,460
Current assets					
Inventories		34,909	56,737	–	–
Trade and other receivables	18	38,483,878	42,865,111	9,512,872	9,721,830
Contract assets	19	2,960,124	2,511,937	–	–
Tax recoverable		910,844	839,680	186,432	168,895
Other current financial assets	20	15,869,464	18,715,120	13,116	12,670
Cash and bank balances	21	39,036,854	31,248,329	8,091,264	8,146,767
		97,296,073	96,236,914	17,803,684	18,050,162
Total assets		184,556,313	177,250,023	107,909,314	103,571,622

STATEMENTS OF FINANCIAL POSITION (CONT'D)

	Note	Group 2023 RM	Group 2022 RM Restated	Company 2023 RM	Company 2022 RM Restated
Equity and liabilities					
Non-current liabilities					
Retirement benefit obligation	24	1,777,446	1,744,547	–	–
Deferred tax liabilities	27	2,541,143	3,786,650	–	–
Lease obligations	15	565,127	102,253	–	10,528
Borrowings	23	201,417	292,804	–	–
		5,085,133	5,926,254	–	10,528
Current liabilities					
Trade and other payables	22	36,092,711	26,541,907	15,071,851	14,451,939
Contract liabilities	19	1,050,089	1,526,723	–	–
Lease obligations	15	596,135	97,779	14,655	27,357
Borrowings	23	58,684,186	58,118,152	28,191,011	28,477,558
Income tax payable		2,879,069	1,314,418	–	–
		99,302,190	87,598,979	43,277,517	42,956,854
Total liabilities		104,387,323	93,525,233	43,277,517	42,967,382
Equity attributable to owners of the parent					
Share capital	25	65,970,290	65,970,290	65,970,290	65,970,290
Treasury shares	25	(363,789)	(363,789)	(363,789)	(363,789)
Other reserves	26	(3,040,919)	(2,119,438)	–	–
Accumulated losses		(14,839,573)	(11,257,575)	(974,704)	(5,002,261)
		47,726,009	52,229,488	64,631,797	60,604,240
Non-controlling interest		32,442,981	31,495,302	–	–
Total equity		80,168,990	83,724,790	64,631,797	60,604,240
Total equity and liabilities		184,556,313	177,250,023	107,909,314	103,571,622

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

Group	Note	Share capital RM (Note 25)	Treasury shares RM (Note 25)	Other reserves RM (Note 26)	Accumulated losses RM	Total RM	Non-controlling interest RM	Total equity RM
		Attributable to equity holders of the Company ← Non-distributable →						
At 1 January 2023		65,970,290	(363,789)	(2,119,438)	(11,257,575)	52,229,488	31,495,302	83,724,790
Total comprehensive (loss)/ income		–	–	(921,481)	(3,581,998)	(4,503,479)	6,610,247	2,106,768
Transactions with owners								
Dividends	28	–	–	–	–	–	(5,662,568)	(5,662,568)
At 31 December 2023		65,970,290	(363,789)	(3,040,919)	(14,839,573)	47,726,009	32,442,981	80,168,990
At 1 January 2022		65,970,290	(363,789)	(763,653)	445,662	65,288,510	31,210,788	96,499,298
Total comprehensive (loss)/ income		–	–	(1,355,785)	(9,737,124)	(11,092,909)	5,914,293	(5,178,616)
Transactions with owners								
Dividends	28	–	–	–	(1,966,113)	(1,966,113)	(5,629,779)	(7,595,892)
At 31 December 2022		65,970,290	(363,789)	(2,119,438)	(11,257,575)	52,229,488	31,495,302	83,724,790

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2023

Company	Note	Non Distributable Share capital RM (Note 25)	Non Distributable Treasury shares RM (Note 25)	Accumulated losses	Total equity RM
At 1 January 2023		65,970,290	(363,789)	(5,002,261)	60,604,240
Total comprehensive income		–	–	4,027,557	4,027,557
At 31 December 2023		65,970,290	(363,789)	(974,704)	64,631,797
At 1 January 2022		65,970,290	(363,789)	4,878,665	70,485,166
Total comprehensive loss		–	–	(7,914,813)	(7,914,813)
Transaction with owners					
Dividends	28	–	–	(1,966,113)	(1,966,113)
At 31 December 2022		65,970,290	(363,789)	(5,002,261)	60,604,240

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

For the year ended 31 December 2023

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash flows from operating activities				
Profit/(loss) before tax	6,330,819	(512,042)	4,010,020	(7,897,276)
Adjustments for:				
Depreciation of property, plant and equipment	6,162,017	7,770,464	461,455	399,190
Amortisation of investment properties	714,671	714,671	714,671	714,671
Provision for retirement benefit obligations	468,643	426,525	–	–
Gain on disposal of property, plant and equipment, net	(1,211,626)	(137,740)	–	–
Property, plant and equipment written off	219	611,747	217	4,003
Gain on derecognition of rights of use of assets	(103,028)	–	–	–
Impairment of investment in subsidiary	–	–	–	11,738,949
Investment in subsidiary written off	–	–	–	4
Impairment of property, plant and equipment	–	270,708	–	–
Impairment/(reversal of impairment) of:				
- trade receivables	1,531,779	383,216	–	–
- other receivables	–	(50,217)	–	214,103
Cash generated from operations	13,893,494	9,477,332	5,186,363	5,173,644
Fair value gain on other current financial assets	(234,344)	(183,288)	(446)	(283)
Unrealised foreign exchange gain	(1,670,765)	(1,519,719)	–	–
Finance cost	4,951,675	3,930,661	2,311,821	1,870,715
Dividends income	–	–	(7,080,000)	(7,080,000)
Profit income from deposits	(683,376)	(502,874)	(147,671)	(134,532)
Profit income from intercompany loans	–	–	(1,600,427)	(1,196,336)
Operating profit/(loss) before working capital changes	16,256,684	11,202,112	(1,330,360)	(1,366,792)
Working capital changes:				
Decrease in inventories	28,450	20,328	–	–
Decrease in receivables	4,117,579	8,681,565	208,958	(957,422)
Increase/(decrease) in payables	585,669	3,172,282	(2,837,726)	235,180
Cash generated from/ (used in) operations	20,988,382	23,076,287	(3,959,128)	(2,089,034)
Retirement benefit obligation paid	(634,211)	(518,571)	–	–
Taxation paid	(4,193,039)	(5,678,492)	–	–
Net cash generated from/ (used in) operating activities	16,161,132	16,879,224	(3,959,128)	(2,089,034)

STATEMENTS OF CASH FLOWS (CONT'D)

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Cash flows from investing activities					
Proceeds from disposal of property, plant and equipment		2,312,781	807,257	–	–
Net placement of unit trust		3,080,000	(4,040,729)	–	–
Purchase of property, plant and equipment		(4,244,914)	(3,871,764)	(462,158)	(188,664)
Net dividend received		–	–	7,080,000	7,080,000
Profits received from deposits		683,376	502,874	147,671	134,532
Net cash flow on acquisition of a subsidiary		212,445	–	–	–
Placement of deposits pledged		(331,012)	(1,248,275)	(147,671)	(133,107)
Net cash generated from/(used in) investing activities		1,712,676	(7,850,637)	6,617,842	6,892,761
Cash flows from financing activities					
Net drawdown of borrowings		1,245,180	1,144,542	(286,547)	(90,009)
Dividend paid		–	(1,966,113)	–	(1,966,113)
Dividend to non-controlling interest		(5,662,568)	(5,643,184)	–	–
Financing cost paid		(4,956,133)	(3,345,554)	(2,306,825)	(1,866,398)
Lease payment		(329,568)	(141,336)	(49,430)	(29,600)
Net cash used in financing activities		(9,703,089)	(9,951,645)	(2,642,802)	(3,952,120)
Net increase/(decrease) in cash and cash equivalents		8,170,719	(923,058)	15,912	851,607
Cash and cash equivalents at beginning of the year		1,696,901	2,619,959	(17,140,660)	(17,992,267)
Cash and cash equivalents at end of the year		9,867,620	1,696,901	(17,124,748)	(17,140,660)
Cash and cash equivalents:					
Cash and bank balances	21	39,036,854	31,248,329	8,091,264	8,146,767
Overdraft	23	(17,695,724)	(18,408,930)	(17,191,011)	(17,410,097)
		21,341,130	12,839,399	(9,099,747)	(9,263,330)
Less: Restricted deposits	21	(11,473,510)	(11,142,498)	(8,025,001)	(7,877,330)
		9,867,620	1,696,901	(17,124,748)	(17,140,660)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Suite 5.02, Mercu PICORP, Lot 10, Jalan Astaka U8/84, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia.

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

The principal activities of the subsidiaries are described in Note 16.

The Company's immediate holding company is Zaiyadal Sdn. Bhd. ("ZSB"), a company incorporated and domiciled in Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with the resolution of the Directors on 4 April 2024.

2. MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

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

The financial statements of the Group and of the Company have been prepared on a historical cost basis unless otherwise disclosed in the accounting policies.

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

As of 1 January 2023, the Group and the Company had adopted new, amendments and revised MFRS (collectively referred to as "pronouncements") that have been issued by the Malaysian Accounting Standards Board ("MASB") as described fully in Note 2.4.

2.2 Basis of consolidation

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are all entities (including structured entities) over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee by way of existing rights that give it the current ability to direct the relevant activities of the investee;
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Basis of consolidation (cont'd.)

Non-controlling interest at the reporting period, being the portion of the net assets of the subsidiaries attributable to equity interest that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the equity shareholders of the Company. Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Acquisitions of subsidiaries are accounted for using the acquisition method of accounting. The identifiable assets acquired and the liabilities assumed are measured at their fair values at the acquisition date. Acquisition costs incurred are expensed off and included in administrative expenses. The difference between these fair values and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition. The accounting policy for goodwill is set out in Note 2.3(g). Discount on acquisition which represents negative goodwill is recognised immediately as income in profit or loss.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

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

Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their respective interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in shareholders' equity.

If the Group loses control over a subsidiary, at the date the Group loses control, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their respective carrying amounts.
- Derecognises the carrying amount of any non-controlling interest.
- Derecognises the cumulative translation differences recorded in equity.
- Recognises the fair value of the consideration or distribution received.
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in profit or loss.
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any impairment charges. Dividends received from subsidiaries are recorded as a component of revenue in the Company's separate profit or loss.

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of material accounting policies

(a) Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(ii) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

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

(iii) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of material accounting policies (cont'd.)

(b) Fair value measurement

Fair value of an asset or a liability, except for 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 between market participants at the measurement date. The measurement assumes that the 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.

(i) Financial instruments

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at the end of reporting date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include:

- using recent arm's length market transactions;
- reference to the current fair value of another instrument that is substantially the same; and
- discounted cash flow analysis or other valuation models.

Where fair value cannot be reliably estimated, assets are carried at cost less impairment losses, if any.

(ii) Non-financial assets

For a 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.

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: Inputs other than quoted 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).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable input).

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.

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of material accounting policies (cont'd.)

(c) Revenue

Revenue from contracts with customers is recognised when or as a performance obligation in the contract with a customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise in a contract with a customer to transfer to the customer either:

- a good or service (or a bundle of goods or services) that is distinct; or
- a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

Revenue from contracts with customers is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The amount of variable consideration is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The Group gives guarantee period on projects and undertakes to repair or replace items that fail to perform satisfactorily. The obligation to repair or replace such items is not considered a separate performance obligation as the customer does not have the option to purchase a warranty separately, and the warranty does not provide the customer with a service in addition to the assurance that the product complies with agreed-upon specifications.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to-date.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of material accounting policies (cont'd.)

(c) Revenue (cont'd.)

The Group recognises revenue from contracts with customers over time if it creates an asset with no alternative use to the Group and the Group has an enforceable right to payment for performance completed to-date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation (e.g. by reference to the contract costs incurred to-date as a percentage of the estimated total costs of construction of the contract).

Revenue from rendering of services is recognised upon the performance of services, net of service taxes and discounts.

Other revenue or income earned by the Group and the Company are recognised on the following basis:

(i) Profit income from deposits and intercompany loans

Profit income from deposits and intercompany loans is recognised on an accrual basis using the effective interest method.

(ii) Information technology, profit from shared service and management fees

Management fees are recognised on an accrual basis using the effective interest method.

(iii) Dividend income

Dividend income is recognised when the Group's and Company's right to receive payment is established.

(iv) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. 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.

(d) Taxation

(i) Current tax

Tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the profit or loss except to the extent it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the period, using the statutory tax rate at the reporting date, and any adjustment to tax payable in respect of previous years.

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of material accounting policies (cont'd.)

(d) Taxation (cont'd.)

(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:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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.

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of material accounting policies (cont'd.)

(d) Taxation (cont'd.)

(ii) Deferred tax (cont'd.)

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.

(e) Property, plant and equipment

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

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group and the Company recognise such parts as individual assets with specific useful life and depreciation, respectively. Likewise, when a property inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the freehold land and buildings at the reporting date.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets at the following annual rates:

Leasehold land	4%
Buildings	2% - 10%
Renovation	10% - 20%
Plant and machinery	10% - 20%
Motor vehicles	10% - 20%
Office equipment	10% - 25%
Furniture and fittings	10% - 25%

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of material accounting policies (cont'd.)

(e) Property, plant and equipment (cont'd.)

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

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

(f) Investment properties

Investment properties are measured at cost, including transaction costs, less accumulated depreciation and accumulated impairment losses, if any, consistent with the accounting policy for property, plant and equipment as stated in Note 2.3(e).

Investment properties are derecognised when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

(g) Goodwill on consolidation

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

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

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

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

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.3(a)(iii).

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of material accounting policies (cont'd.)

(g) Goodwill on consolidation (cont'd.)

Goodwill and fair value adjustments which arose on acquisitions of foreign operation before 1 January 2006 are deemed to be assets and liabilities of the Company and are recorded in RM at the rates prevailing at the date of acquisition.

(h) Impairment of non-financial assets

The Group and the Company assess 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 and the Company make 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 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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculation are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group and the Company base its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's and the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in profit or loss. 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 assumption used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, such reversal is recognised in profit or loss.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of material accounting policies (cont'd.)

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term deposits with banks with an original maturity of 3 months or less, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's and the Company's cash management, less restricted deposits.

(j) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

(i) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("FVTOCI"), and fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them.

With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Trade receivables that do not contain a significant financing component or if the period between performance and payment is 1 year or less under practical expedient of MFRS 15, are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's and the Company's business model for managing financial assets refer to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of material accounting policies (cont'd.)

(j) Financial assets (cont'd.)

(i) Initial recognition and measurement (cont'd.)

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

(ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

(a) Financial assets at amortised cost (debt instruments)
(b) Financial assets at fair value through OCI (debt instruments)
(c) Financial assets at fair value through profit or loss

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Company's financial assets include trade and other receivables and cash and bank balances.

Fair value through other comprehensive income

For debt instruments at fair value through OCI, profit income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group and the Company have not designated any financial assets as at fair value through other comprehensive income.

Fair value through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of material accounting policies (cont'd.)

(j) Financial assets (cont'd.)

(ii) Subsequent measurement (cont'd.)

Fair value through profit or loss (cont'd.)

On initial recognition, the Group and the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses recognised in the profit or loss. The methods used to measure fair value are stated in Note 2.3(b).

The Group and the Company designate its other current financial assets as financial assets at fair value through profit or loss.

(iii) Derecognition

A financial asset (or, where applicable, a part of a financial assets or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

(a) The rights to receive cash flows from the asset have expired; or

(b) The Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (i) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (ii) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Group and the Company have transferred their rights to receive cash flows from an asset or have entered into a pass-through arrangement, they evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company would be required to repay.

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of material accounting policies (cont'd.)

(k) Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments carried at amortised cost and fair value through OCI. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognise a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have consider reasonable and supportable information that are relevant and available without undue cost or effort. This include both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward looking information.

The Group and the Company consider a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(l) Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, or amortised cost as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of amortised cost, net of directly attributable transaction costs.

The Group and the Company's financial liabilities includes trade and other payables and borrowings.

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of material accounting policies (cont'd.)

(l) Financial liabilities (cont'd.)

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group and the Company that is not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gain or losses on liabilities held for trading are recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group and the Company have not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost (Loan and borrowings)

This is the category most relevant to the Group and the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

This category generally applies to interest-bearing loans and borrowings.

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the profit or loss.

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of material accounting policies (cont'd.)

(l) Financial liabilities (cont'd.)

(iv) Offsetting of financial instrument

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(m) Contract assets and liabilities

Contract asset is the right to consideration for goods or services transferred to the customers. In the case of construction contracts, contract asset is the excess of cumulative revenue earned over the billings to-date.

When there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

Contract liability is the obligation to transfer goods or services to the customer for which the Group has received the consideration or has billed the customer. In the case of construction contracts, contract liability or contract assets is the excess of the billings to-date over the cumulative revenue earned. Contract liabilities include the downpayments received from customers and other deferred income, if any, where the Group has billed or has collected the payment before the goods are delivered or services are provided to the customers.

(n) Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event and 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.

(o) Financial guarantee contracts

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

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of material accounting policies (cont'd.)

(p) 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.

(q) Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in equity.

(r) Employee benefits

(i) Defined contribution plans

The Group and the Company participate 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.

The Group has established an unfunded fixed contribution planned for its eligible key management personnel. The fixed contribution is recognised as an expense in the period which the related services is performed by the key management personnel. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(ii) Defined benefit plan

The Group operates an unfunded, defined benefit Retirement Benefit Scheme ("the Scheme") for its eligible employees. The Group's obligation under the Scheme, calculated using the Projected Unit Credit Method, is determined based on actuarial computations by independent actuaries, through which the amount of benefit that employees have earned in return for their service in the current and prior years is estimated. That benefit is discounted in order to determine its present value. Actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Past service costs are recognised immediately to the extent that the benefits are already vested, and otherwise are amortised on a straight-line basis over the average period until the amended benefits become vested.

The amount recognised in the consolidated statement of financial position represents the present value of the defined benefit obligations adjusted for unrecognised past service costs, and reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the net total of any past service costs, and the present value of any economic benefits in the form of refunds or reductions in future contributions to the plan.

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of material accounting policies (cont'd.)

(s) Leases

The Group and the Company assess at contract inception whether a contract is, or contract contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group and the Company as lessee

The Group and the Company apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and the Company recognise lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group and the Company recognise right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Properties 1 to 5 years
- Motor vehicles 5 years

If ownership of the leased asset transfers to the Group and the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment as disclosed in Note 2.3(h).

(ii) Lease liabilities

At the commencement date of the lease, the Group and the Company recognise lease liabilities which are measured at the present value of lease payments over the lease term.

The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Company; and payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising the option to terminate.

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of material accounting policies (cont'd.)

(s) Leases (cont'd.)

The Group and the Company as lessee (cont'd.)

(ii) Lease liabilities (cont'd.)

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group and the Company use its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's and the Company's lease liabilities are disclosed in Note 15.

(iii) Short-term leases and leases of low-value assets

The Group and the Company apply the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low-value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

The Group and the Company as lessor

Leases in which the Group and the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases.

Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of material accounting policies (cont'd.)

(t) 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 Group 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 33, including the factors used to identify the reportable segments and the measurement basis of segment information.

(u) Contingencies

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

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

2.4 Changes in accounting policies

On 1 January 2023, the Group and the Company have adopted the following amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2023 as listed below:

Descriptions	**Effective for annual periods beginning on or after**
MFRS 17: Insurance Contracts including Amendments on Insurance Contracts: Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 112 Income Taxes - Deferred tax related Assets and Liabilities arising from a Single Transaction.	1 January 2023
Amendments to MFRS 112 Income Taxes - International Tax Reform: Pillar Two Model Rules	1 January 2023
Amendments to MFRS 101 Presentation of Financial Statements and MFRS Practice Statement : Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates	1 January 2023

The adoption of above amendments to MFRS did not have any significant impact on the financial statements of the Group and the Company in the current financial year.

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.5 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Descriptions	**Effective for annual periods beginning on or after**
Amendments to MFRS 16 Leases: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 107 Statement of Cashflows and MFRS 7 Financial Instruments Disclosure: Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	1 January 2025
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture	Deferred

The adoption of the above pronouncements is not expected to have material impact on the financial statements of the Group and the Company in the period of initial application.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

In the process of applying Group's and the Company's accounting policies, management does not make any significant judgements which may have significant effect on the amount recognised in the financial statements.

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

(a) Recognition of revenue and cost of environmental construction projects

The Group recognises construction revenue and cost in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that construction costs incurred for work performed to date bear to the estimated total construction costs.

Material estimate is required in determining the stage of completion, the extent of the construction costs incurred, the estimated total construction revenue and costs, as well as the recoverability of the construction projects. In making the estimate, the Group evaluates based on past experience.

Further details of the revenue and cost of environmental construction projects are disclosed in Note 4 and Note 5 respectively.

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

(b) Impairment assessment on goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the CGU to which goodwill is allocated.

The Group has applied the discounted cash flow method of valuation to estimate the recoverable value of the goodwill. This method requires the Group to make certain assumptions concerning the future. These assumptions and other key sources of estimation uncertainty at reporting date, may have a significant risk of causing material adjustment of the carrying amount of the investment within the next financial year.

The Group uses its judgement on the discount rates to be applied in the recoverable amount calculation and the underlying assumptions applied in cash flow projections, including forecasted growth rates, inflation rates and gross profit margin.

These assumptions and other key sources of estimation uncertainty at reporting date, may have a significant risk of causing material adjustment of the carrying amount of the investment within the next financial year.

Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in the assumptions are given in Note 17.

(c) Impairment assessment of investment in subsidiaries

The Company assessed whether there is any indication that investment in subsidiaries may be impaired at each reporting date.

If indicators are present, these investments are subjected to impairment review. The impairment review comprises a comparison of the carrying amounts and estimated recoverable amounts of the investments.

Judgments made by the Company in the process of applying the Company's accounting policies in respect of investment in subsidiaries includes determination whether its investments are impaired following certain impairment indicators such as, amongst others, shortfall between net assets of the subsidiary than the cost of investment and significant changes with adverse effects on the investment.

During the financial year, the Company has assessed that investment in subsidiaries has indicators of impairment. The Company has applied the discounted cash flow method of valuation to estimate the recoverable value of the specific investments. This method requires the Company to make certain assumptions concerning the future. These assumptions and other key sources of estimation uncertainty at reporting date, may have a significant risk of causing material adjustment of the carrying amount of the investment within the next financial year.

Assumptions by the Company may include, amongst others, assumption on expected future revenue, profit margin, revenue growth rate and discount rate used for purposes of discounting future cash flows which incorporates the relevant risk and expected future outcome based on certain past trends.

Further details of the carrying value, the key assumptions applied in the impairment assessment of investment in subsidiaries and sensitivity analysis to changes in the assumptions are given in Note 16.

4. REVENUE

	Group		Company	
	2023 **RM**	**2022** **RM**	**2023** **RM**	**2022** **RM**
Revenue from contract with customers				
Environmental consultancy and monitoring services	30,476,062	30,374,793	–	–
Laboratory testing services	58,698,675	57,043,768	–	–
	89,174,737	87,418,561	–	–
Other revenue				
Rental income	2,860,903	2,866,167	3,313,605	3,331,331
Dividend income from subsidiaries	–	–	7,080,000	7,080,000
	2,860,903	2,866,167	10,393,605	10,411,331
Total revenue	92,035,640	90,284,728	10,393,605	10,411,331
Revenue by geographical				
- Malaysia	67,292,223	61,169,640	10,393,605	10,411,331
- Indonesia	13,024,436	14,419,401	–	–
- Saudi	11,718,981	14,695,687	–	–
	92,035,640	90,284,728	10,393,605	10,411,331
Timing of recognition				
Services transferred at a point in time	79,305,864	79,883,502	–	–
Services transferred over time	9,868,873	7,535,059	–	–
	89,174,737	87,418,561	–	–

Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	Group	
	2023 **RM**	**2022** **RM**
Trade receivables (Note 18)	30,062,478	36,881,586
Contract assets (Note 19)	2,960,124	2,511,937
Contract liabilities (Note 19)	(1,050,089)	(1,526,723)
	31,972,513	37,866,800

4. REVENUE (CONT'D.)

Contract balances (cont'd.)

Contract assets primarily relates to the Group's rights to consideration for work completed but not billed at the reporting date. Contract assets are transferred to receivables when rights become unconditional. Contract liabilities primarily relate to the advance consideration received from the customer, for which revenue is recognised over time when the Group progressively satisfies its performance obligations.

Transaction price allocated to the remaining performance obligations

The following table shows revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date. The disclosure is only providing information for contracts that have a duration of more than one year.

	Group	
	2023 RM	**2022 RM**
Environmental consultancy and monitoring services		
Within 1 year	21,855,578	20,625,040
1 to 5 years	1,000,468	5,706,258
	22,856,046	26,331,298

5. COST OF SALES

	Group		Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Provision of services	28,586,631	33,979,364	–	–
Construction contracts	9,264,908	7,553,390	–	–
Direct operating expenses arising from investment properties	1,438,636	1,526,468	1,438,636	1,510,841
	39,290,175	43,059,222	1,438,636	1,510,841

6. OTHER INCOME

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit income from deposits	683,376	502,874	147,671	134,532
Profit income from intercompany loans	–	–	1,600,427	1,196,336
Net gain on disposal of property, plant and equipment	1,211,626	137,740	–	4,003
Reversal of impairment of other receivables	–	50,217	–	50,217
Realised foreign exchange gain	24,724	–	10,155	–
Unrealised foreign exchange gain	1,670,765	1,519,719	–	–
Gain on termination of leases	103,028	–	–	–
Fair value gain on other current financial assets	234,344	183,288	446	283
Information technology support services	431,637	416,034	–	–
Profit from shared service and management fee	230,592	159,708	230,592	201,688
Others	146,217	106,980	80,414	73,164
	4,736,309	3,076,560	2,069,705	1,660,223

7. STAFF COSTS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Salaries, bonus and other emoluments	19,426,524	19,897,470	1,413,532	1,542,099
Social security cost	506,450	447,669	34,689	27,840
Pension costs:				
- defined contribution plan	2,587,889	2,468,998	708,960	666,667
- defined benefit plan (Note 24)	468,643	426,525	–	–
Other staff related expenses	1,921,777	1,637,772	644,136	607,290
	24,911,283	24,878,434	2,801,317	2,843,896

Included in staff costs of the Group and of the Company are Executive Directors' and Non- Executive Directors' remuneration amounting to RM2,507,565 (2022: RM2,532,471) and RM2,447,415 (2022: RM2,482,671) respectively as further disclosed in Note 8.

8. DIRECTORS' REMUNERATION

The details of remuneration receivable by Directors of the Company during the year are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Executive:				
Salaries and other emoluments	954,743	954,643	954,743	954,643
Pension costs:				
- defined contribution plan	196,366	196,365	196,366	196,365
Retirement benefits:				
- defined contribution plan	157,219	157,219	157,219	157,219
Fees	597,102	593,052	576,852	576,852
Bonus	79,500	79,500	79,500	79,500
Benefits-in-kind	74,235	68,092	74,235	68,092
	2,059,165	2,048,871	2,038,915	2,032,671
Non-executive:				
Fees	190,400	201,600	150,500	168,000
Other remuneration	258,000	282,000	258,000	282,000
	448,400	483,600	408,500	450,000
Total	2,507,565	2,532,471	2,447,415	2,482,671

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	
	2023	2022
Executive Directors:		
RM550,001 - RM600,000	1	1
RM1,350,001 - RM1,400,000	–	–
RM1,450,001 - RM1,500,000	1	1
Non-Executive Directors:		
RM25,001 - RM45,000	1	–
RM45,001 - RM100,000	3	3
RM100,001 - RM150,000	2	2
Total directors	8	7

9. FINANCE COSTS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit charges on:				
Overdraft	1,356,340	1,107,339	1,303,353	1,063,610
Revolving credit	1,189,885	1,037,286	492,940	392,855
Advance from subsidiaries	–	–	502,726	399,718
Hire purchase	331,180	418,761	7,806	10,215
Finance costs on lease obligations	52,869	11,428	4,996	4,317
Trust receipt	84,627	69,877	–	–
Term loan	1,936,774	1,285,970	–	–
	4,951,675	3,930,661	2,311,821	1,870,715

10. PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before tax is stated after charging:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Auditors' remuneration:				
Statutory audits				
- Company's auditors	467,000	384,000	98,000	98,000
- Other auditors	121,796	127,525	–	–
Other services				
- Company's auditors	8,000	8,000	8,000	8,000
Depreciation of property, plant and equipment	6,162,017	7,770,464	461,455	399,190
Amortisation of investment properties	714,671	714,671	714,671	714,671
Short-term leases (a)	666,091	734,357	–	–
Low value asset leases (b)	79,656	97,358	–	–
Realised foreign exchange loss	–	441,734	–	–
Impairment of				
- trade receivables	1,531,779	383,216	–	–
- other receivables	–	–	–	214,103
Impairment of property, plant and equipment	–	270,708	–	–
Property, plant and equipment written off	219	611,747	217	4,003
Impairment of investment in subsidiary	–	–	–	11,738,949
Zakat	516,583	601,151	–	–

(a) The Group leases office space and motor vehicles with contract terms of 1 year. This leases are short-term. The Group have elected not to recognise rights of use asset and lease liabilities for this lease.

(b) The Group and the Company lease photocopier machines with contract terms of 5 years. This leases are leases of low value asset. The Group and the Company have elected not to recognise rights of use asset and lease liabilities for this lease.

11. TAXATION

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Income tax:				
Malaysian income tax	4,762,779	4,292,587	–	17,537
Foreign income tax	923,747	1,012,848	–	–
Over provision in prior year	(30,198)	(73,264)	(17,537)	–
	5,656,328	5,232,171	(17,537)	17,537
Deferred tax (Note 27):				
Relating to origination and reversal of temporary differences	(2,043,649)	(2,108,993)	–	–
Under/(Over) provision in prior year	113,275	(285,284)	–	–
	(1,930,374)	(2,394,277)	–	–
Income tax expense/(credit) recognised in profit or loss	3,725,954	2,837,894	(17,537)	17,537

Domestic current income tax is calculated at the statutory tax rate of 24% (2022: 24%) of the estimated assessable profit for the financial year.

Taxation for foreign subsidiaries are calculated at the current rates prevailing in each respective countries.

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit/(loss) before tax	6,330,819	(512,042)	4,010,020	(7,897,276)
Taxation at Malaysian statutory tax rate of 24% (2022: 24%)	1,519,397	(122,890)	962,405	(1,895,346)
Effect of taxation in other country	214,738	416,674	–	–
Effect of income not subject to tax	(548,919)	(408,722)	(2,118,744)	(2,001,071)
Effect of expenses not deductible for tax purposes	884,496	711,351	879,898	3,614,811
Overprovision of income tax in prior year	(30,198)	(73,264)	(17,537)	–
Income tax (carried forward)	2,039,514	523,149	(293,978)	(281,606)

11. TAXATION (CONT'D.)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Income tax (brought forward)	2,039,514	523,149	(293,978)	(281,606)
Deferred tax recognition on withholding tax on foreign dividend	(155,299)	(93,311)	–	–
Under/(Over) provision of deferred taxation in prior year	113,275	(285,284)	–	–
Deferred tax asset not recognised in current year	1,728,464	2,693,340	276,441	299,143
Income tax expense/(credit) recognised in profit or loss	3,725,954	2,837,894	(17,537)	17,537

12. EARNINGS PER SHARE

(a) Basic

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the number of ordinary shares in issue held by the Company as at the date of the financial statements.

	2023	2022
Loss attributable to ordinary equity holders of the Company (RM)	(3,581,998)	(9,737,124)
Number of ordinary shares for basic earnings per share computation ('000)	655,371	655,371
Basic earnings per share (sen)	(0.55)	(1.49)

* The number of shares takes into account the effect of changes in treasury shares transactions during the year.

(b) Diluted

There are no instruments in issuance which will have a dilutive effect to the earnings per share of the Group.

13. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings* RM	Plant and machinery RM	Motor vehicles* RM (Note (a))	Office equipment, renovation , furniture and fittings RM	Total RM
Group					
2023					
Cost					
At 1 January 2023	21,144,125	45,973,626	12,787,160	26,489,785	106,394,696
Acquisition of a subsidiary (Note 16 (d))	1,279,094	–	10,884	1,860,577	3,150,555
Additions	–	149,377	1,864,407	3,049,861	5,063,645
Disposals	(13,500)	(3,254,513)	(4,390,616)	(3,158,881)	(10,817,510)
Write off	(925,316)	-	(52,892)	(30,425)	(1,008,633)
Exchange differences	112,120	151,763	216,850	609,094	1,089,827
At 31 December 2023	21,596,523	43,020,253	10,435,793	28,820,011	103,872,580
Accumulated depreciation					
At 1 January 2023	5,178,852	29,268,965	8,117,488	23,602,076	66,167,381
Charge for the year	561,490	472,544	1,658,183	3,469,800	6,162,017
Disposals	(13,500)	(3,254,513)	(3,507,916)	(2,940,426)	(9,716,355)
Write off	–	–	(52,890)	(30,208)	(83,098)
Exchange differences	102,390	110,558	220,628	495,345	928,921
At 31 December 2023	5,829,232	26,597,554	6,435,493	24,596,587	63,458,866
Accumulated impairment					
At 1 January/ 31 December 2023	–	458,471	–	39,960	498,431
Net carrying amount					
At 31 December 2023	15,767,291	15,964,228	4,000,300	4,183,464	39,915,283

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

	Land and buildings* RM	Plant and machinery RM	Motor vehicles* RM (Note (a))	Office equipment, renovation, furniture and fittings RM	Total RM
Group					
2022					
Cost					
At 1 January 2022	21,399,322	45,885,140	13,488,701	24,582,534	105,355,697
Additions	–	132,371	37,300	3,924,669	4,094,340
Disposals	–	–	(982,612)	(52,341)	(1,034,953)
Write off	–	(211,691)	(91,713)	(1,703,655)	(2,007,059)
Exchange differences	(255,197)	167,806	335,484	(261,422)	(13,329)
At 31 December 2022	21,144,125	45,973,626	12,787,160	26,489,785	106,394,696
Accumulated depreciation					
At 1 January 2022	4,721,020	28,802,237	6,258,151	20,351,750	60,133,158
Charge for the year	554,885	519,682	2,169,412	4,526,485	7,770,464
Disposals	–	–	(317,098)	(48,338)	(365,436)
Write off	–	(207,357)	(91,711)	(1,096,244)	(1,395,312)
Exchange differences	(97,053)	154,403	98,734	(131,577)	24,507
At 31 December 2022	5,178,852	29,268,965	8,117,488	23,602,076	66,167,381
Accumulated impairment					
At 1.1.2022	–	227,723	–	–	227,723
Charge for the year (Note (b))	–	230,748	–	39,960	270,708
At 31 December 2022	–	458,471	–	39,960	498,431
Net carrying amount					
At 31 December 2022	15,965,273	16,246,190	4,669,672	2,847,749	39,728,884

* Included the right-of-use assets which details shown in Note 15.

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

	Buildings* RM	Motor vehicles RM (Note (a))	Office equipment, furniture and fittings RM	Total RM
Company				
2023				
Cost				
At 1 January 2023	399,117	489,085	2,949,062	3,837,264
Additions	–	–	483,362	483,362
Write off	–	–	(20,216)	(20,216)
At 31 December 2023	399,117	489,085	3,412,208	4,300,410
Accumulated depreciation				
At 1 January 2023	158,870	416,995	2,377,818	2,953,683
Charge for the year	7,982	72,089	381,384	461,455
Write off	–	–	(19,999)	(19,999)
At 31 December 2023	166,852	489,084	2,739,203	3,395,139
Net carrying amount				
At 31 December 2023	232,265	1	673,005	905,271
2022				
Cost				
At 1 January 2022	399,117	489,085	2,749,571	3,637,773
Additions	–	–	251,832	251,832
Write off	–	–	(52,341)	(52,341)
At 31 December 2022	399,117	489,085	2,949,062	3,837,264
Accumulated depreciation				
At 1 January 2022	150,888	319,178	2,132,765	2,602,831
Charge for the year	7,982	97,817	293,391	399,190
Write off	–	–	(48,338)	(48,338)
At 31 December 2022	158,870	416,995	2,377,818	2,953,683
Net carrying amount				
At 31 December 2022	240,247	72,090	571,244	883,581

* Included the right-of-use assets which details shown in Note 15.

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

(a) Motor vehicles

Included in the property, plant and equipment of the Group and the Company are assets held under hire purchase agreements with net book values as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Motor vehicles	291,834	2,892,742	1	72,090

(b) Impairment loss

The losses reported by the two subsidiaries within the Group indicated the carrying amounts of the property, plant and equipment within these subsidiaries may be impaired.

The recoverable amounts were assessed based on the higher of fair value less cost of disposal derived from recent market transactions specific to the assets or value-in-use of these assets.

No additional impairment loss is recognised in the current financial year. In the previous financial year, the carrying amounts and estimated recoverable amounts of these assets are RM6,206,869 and RM5,976,121 respectively. Accordingly, the Group recognised an impairment loss of RM230,748 on these assets because the estimated recoverable amounts were lower than their carrying amounts.

14. INVESTMENT PROPERTIES

The investment properties include properties that are owned by the Group and the Company and that are held as right-of-use assets.

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cost				
At 1 January/ 31 December	43,803,446	43,803,446	46,128,361	46,128,361
Accumulated depreciation				
At 1 January	7,892,296	7,177,625	6,223,313	5,508,642
Charge for the year	714,671	714,671	714,671	714,671
At 31 December	8,606,967	7,892,296	6,937,984	6,223,313
Net book value	35,196,479	35,911,150	39,190,377	39,905,048

Certain investment and properties of the Group and the Company with carrying amount of RM35,175,028 (2022: RM35,879,922) and RM38,861,981 (2022: RM39,566,875) respectively are pledged to secure bank loans (Note 23).

The valuation of office and warehouse and freehold land has been performed by an independent professional valuer. The total market value of the investment properties is RM52,000,000 (2022: RM52,000,000) using income and comparison approach.

The valuation of shop lot and the agricultural land are estimated by the Directors using comparison approach. The market values of shop lot and agricultural and are RM926,446 (2022: RM752,000) and RM3,378,518 (2022: RM3,472,222) respectively using comparison approach.

14. INVESTMENT PROPERTIES (CONT'D.)

Fair value disclosed in the financial statements is categorised within the Level 3 fair value hierarchy which is described as inputs for the asset that are based on unobservable market data.

Investment property	Market value RM	Valuation technique	Significant unobservable inputs	Range 2023 RM	Range 2022 RM	Inter-relationship between significant unobservable inputs and fair value
						The estimated fair value would increase/(decrease) if:
Jalan Astaka U8/84 Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan	52,000,000	Income approach	Office & Warehouse			
			Market rental rate (RM psf/month)	1.40 - 2.40	1.20 - 2.40	- expected market rental growth were higher/(lower)
			Outgoings (RM psf/month)	0.48 - 0.49	0.45 - 0.48	- expected outgoings rate were lower/(higher)
			Term yield (%)	6.5%	6.5%	- term yield were lower/ (higher)
			Void rate (%)	10%	10%	- void rate were lower/ (higher)
			Reversionary yield (%)	7%	7%	- reversionary yield were lower/ (higher)
		Comparison approach	Freehold land			
			Transaction land price (RM psf)	320	320	- transacted price were higher/ (lower)
No.18 Jalan Liku 8/B, Section 8, 40000, Shah Alam, Selangor Darul Ehsan	926,446	Comparison approach	Shop lot (leasehold)			
			Building costs (RM psf)	275 - 281	227 - 272	- transacted price were higher/ (lower)
H.S. (D) 9844, PT 7605 Mukim of Lumut, District of Manjung, Perak	3,378,518	Comparison approach	Agricultural land (leasehold)			
			Transaction land price (RM'000/acre)	200 - 300	140 - 258	- transacted price were higher/(lower)

14. INVESTMENT PROPERTIES (CONT'D.)

(i) Income approach

Entails the capitalisation of the net rent from a property. Net rent is the residue of gross annual rent less annual expenses (outgoings) required to sustain the rent with allowance for void.

(ii) Comparison approach

Entails analysing recent transactions of similar properties in and around the locality for comparison purposes to derive the market value with adjustments made for differences in time, shape, size and condition and location to arrive at the market value.

The investment property is valued at its highest and current best use.

15. LEASES

The Group and the Company as a lessee:

	Group		Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Right-of-use assets:				
Properties	238,335	188,327	14,099	36,848
Motor vehicles	797,527	–	–	–
	1,035,862	188,327	14,099	36,848
Lease obligations (secured):				
Non-current	565,127	102,253	–	10,528
Current	596,135	97,779	14,655	27,357
	1,161,262	200,032	14,655	37,885

The leases of properties and motor vehicles are typically made for period from 1 to 5 years. The lessors do not impose any covenants.

(i) The movement in right-of-use assets are as follows:

	Group		Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
At 1 January	188,327	57,171	36,848	–
Acquisition of subsidiary (Note 16 (d))	1,279,094	–	–	–
Addition	818,731	222,576	21,204	63,168
Termination	(925,316)	–	–	–
Depreciation	(306,107)	(91,420)	(43,953)	(26,320)
Exchange differences	(18,867)	–	–	–
At 31 December	1,035,862	188,327	14,099	36,848

15. LEASES (CONT'D.)

The Group and the Company as a lessee (cont'd.):

(ii) The movement in lease obligations (fixed lease payments) are as follows:

	Group		Company	
	2023 **RM**	**2022** **RM**	**2023** **RM**	**2022** **RM**
At 1 January	200,032	107,364	37,885	–
Acquisition of subsidiary (Note 16 (d))	1,466,351	–	–	–
Addition	818,731	222,576	21,204	63,168
Termination	(1,028,344)	–	–	–
Lease payment	(329,568)	(141,336)	(49,430)	(29,600)
Finance cost	52,869	11,428	4,996	4,317
Exchange differences	(18,809)	–	–	–
At 31 December	1,161,262	200,032	14,655	37,885

The profit rate at the reporting date of the leases were as follows:

	Group		Company	
	2023	**2022**	**2023**	**2022**
Profit rate	5 - 8%	5%	5%	5%

The lease payments associated with short-term leases or leases of low value assets are expensed off on a straight-line basis over the lease term. No right-of-use assets and lease obligations are recognised for these leases.

16. INVESTMENT IN SUBSIDIARIES

	Company	
	2023 **RM**	**2022** **RM**
Cost		
At 1 January	63,283,922	63,283,926
Addition (Note (a))	5,000,000	–
Write off	–	(4)
At 31 December	68,283,922	63,283,922
Accumulated impairment		
At 1 January	42,650,536	30,911,587
Impairment (Note (b))	–	11,738,949
At 31 December	42,650,536	42,650,536
Carrying amount	25,633,386	20,633,386

16. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(a) Additional investment in a subsidiary

The Company subscribed to 5,000,000 new ordinary shares in Alam Sekitar Malaysia Sdn. Bhd. while maintaining its 100% equity interest by way of capitalisation of amount due from the subsidiary amounting RM5,000,000.

(b) Impairment of investment in subsidiaries

An impairment review of the carrying amounts of investment in subsidiaries at the reporting date was undertaken by comparing it to the respective recoverable amounts. The losses reported by the two subsidiaries within the Group indicated the carrying amounts of the investment in these subsidiaries may be impaired.

The Company estimated the recoverable amounts of its cash generating units ("CGUs") based on value-in-use ("VIU"). Estimating the VIU involves estimating the future cash inflows and outflows that will be derived from the investment in these subsidiaries, and discounting them at the appropriate rates. The significant judgement and estimates are involved in the assessment of these recoverable amount.

(i) Saudi Asma

Key assumptions and value-in-use calculation

The recoverable amount of the CGU is determined using value-in-use method based on cash flow projection derived from financial projections approved by management.

The following describes each key assumption on which management has based its cash flow projections to undertake impairment assessment of investment in Saudi Asma:

(a) Revenue

Revenue comprises secured and unsecured projects and are estimated based on existing customer contract and anticipated future projects.

A decrease of 0.1% in the revenue estimation would have resulted an impairment loss of RM146,656 (2022: RM169,183).

(b) Profit margin

Profit margin is estimated based on existing customer contract.

A decrease of 0.1% in the profit margin estimation would have resulted an impairment loss of RM44,006 (2022: RM241,771).

(c) Discount rate

The pre-tax discount rate of 17.1% (2022: 15.9%) is based on the risk specific to the CGU.

An increase of 0.1% in the discount rate used would have resulted an impairment loss of RM195,246 (2022: RM239,333).

(d) Terminal growth rate

Cash flow beyond the five-year period are extrapolated using growth rate of 1.6% (2022: 2.0%) which is based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the CGU.

A decrease of 0.1% in the growth rate used would have resulted in further impairment loss of RM121,536 (2022: RM151,121).

16. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(b) Impairment of investment in subsidiaries (cont'd.)

No additional impairment loss is recognised in the current financial year. In the previous financial year, an impairment loss amounting RM6,379,736 was recognised in the operating expenses as the carrying amount of the investment in Saudi Asma amounting RM12,436,090 exceeded its recoverable amount of RM6,056,355 due to the losses reported by the subsidiary.

(ii) ASMA

Key assumptions and value-in-use calculation

The recoverable amount of the CGU is determined using value in-use method based on cash flow projection derived from financial projections approved by management.

The following describes each key assumption on which management has based its cash flow projections to undertake impairment assessment of investment in ASMA:

(a) Revenue

Revenue comprises secured and unsecured projects and are estimated based on existing customer contract and anticipated future projects.

A decrease of 0.1% in the revenue estimation would resulted in further impairment loss by RM260,232 (2022: RM455,729).

(b) Profit margin

Profit margin is estimated based on existing customer contract.

A decrease of 0.1% in the profit margin estimation would have resulted an impairment loss of RM46,645 (2022: RM121,668).

(c) Discount rate

The pre-tax discount rate of 17.8% (2022: 16.1%) is based on the risk specific to the CGU.

An increase of 0.1% in the discount rate used would resulted in further impairment loss of RM160,842 (2022: RM205,482).

(d) Terminal growth rate

Cash flow beyond the five-year period are extrapolated using growth rate of 2.5% (2022: 2.5%) which is based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the CGU.

A decrease of 0.1% in the growth rate used would have resulted in further impairment loss of RM99,759 (2022: RM125,307).

No additional impairment loss is recognised in the current financial year. In the previous financial year, an impairment loss amounting RM5,359,213 was recognised in the operating expenses as the carrying amount of the investment in ASMA amounting RM19,877,000 exceeded its recoverable amount of RM14,517,787 due to the losses reported by the subsidiary.

16. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(c) The details of the subsidiaries are as follows:

Name of subsidiaries	Ownership interest and voting interest 2023 %	2022 %	Principal activities
(i) Incorporated in Malaysia:			
Held by the Company:			
Alam Sekitar Malaysia Sdn. Bhd. ("ASMA")	100	100	Provision of environmental, consultancy and monitoring services and wastewater management
ALS Technichem (M) Sdn. Bhd. ("ALS")	59	59	Chemical testing consultancy services and other services in similar nature
ASMA International Sdn. Bhd.*	100	100	Investment holding company
Vertical Plus Sdn. Bhd.*	100	100	Dormant
Held through subsidiaries:			
ASMA Environmental Consultancy Sdn.Bhd.*	100	100	Environmental training and consulting services.
Alam Sekitar Eco-Technology Sdn. Bhd. ("ASET")*	90	90	Provision of waste management and consultancy services
ALS Technichem (PG) Sdn. Bhd. ("ALS PG")* (Note (d))	59	–	Providing chemical, microbiological and environmental related analytical testing and consultancy services
(ii) Incorporated outside Malaysia:			
Incorporated in Indonesia:			
PT ALS Indonesia("PT ALS")*	80	80	Laboratory analysis and reports and consulting services
Incorporated in the Kingdom of Saudi Arabia:			
Saudi ASMA Environmental Solution LLC ("Saudi Asma")*	100	100	Provision of environmental consultancy and monitoring services
ASMA Advanced Solutions Co Ltd. ("AAS")*	60	60	Work and maintenance of desalination plants and sewage

* Audited by firms other than Ernst & Young PLT

16. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(d) Acquisition of a subsidiary

On 29 September 2023, the Company acquired 100% of the ordinary shares of ALS Technichem (PG) Sdn. Bhd. ("ALS PG"), a non-listed company incorporated in Malaysia for a final consideration amounting RM3.4 million to expand the Company's market presence.

Asset acquired and liabilities assumed

The fair values of the identifiables assets and liabilities of ALS PG as at the date of acquisition were:

	Fair value recognised on acquisition RM
Assets	
Property, plant and equipment	1,871,461
Right-of-use assets	1,279,094
Inventories	6,622
Trade receivables	1,715,864
Tax recoverable	448
Cash and cash equivalents	810,445
	5,683,934
Liabilities	
Lease liabilities	1,466,351
Trade payables and other payables	6,918,406
	8,384,757
Total identifiable net liabilities at fair value	(2,700,823)
Goodwill arising on acquisition (Note 17)	6,090,538
Final consideration	3,389,715

The cash effects on the acquisition is as follows;

	Cash flow on acquisition RM
Net cash acquired with the subsidiary	810,445
Cash paid	(598,000)
Net cash flow on acquisition	212,445

16. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Non-controlling interests ("NCI")

	AAS RM	ALS Group* RM	ASET RM	Total RM
2023				
NCI percentage of ownership and voting interest	40%	53%	10%	
Carrying amount of NCI	(2,904,867)	35,696,585	(348,737)	32,442,981
(Loss)/profit allocated to NCI	(27,132)	6,229,427	(15,432)	6,186,863
2022				
NCI percentage of ownership and voting interest	40%	53%	10%	
Carrying amount of NCI	(2,764,380)	34,592,987	(333,305)	31,495,302
(Loss)/profit allocated to NCI	(179,903)	6,591,613	(24,522)	6,387,188

* Included non-controlling interest percentage of ownership interest and voting interest of PT ALS Indonesia.

The summarised financial information of these subsidiaries are provided below. This information is based on amounts before inter-company eliminations.

Summarised statement of comprehensive (loss)/income:

	AAS RM	ALS Group RM	ASET RM	Total RM
31 December 2023				
Revenue	–	59,692,235	245,068	59,937,303
(Loss)/profit for the year	(67,831)	14,992,784	(154,318)	14,770,635
Total comprehensive (loss)/income	(67,831)	16,070,435	(154,318)	15,848,286
31 December 2022				
Revenue	–	57,889,736	20,328	57,910,064
(Loss)/profit for the year	(449,529)	15,458,228	(245,221)	14,763,478
Total comprehensive (loss)/income	(449,529)	14,826,247	(245,221)	14,131,497

16. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Non-controlling interests ("NCI") (cont'd.)

Summarised statement of financial position:

	AAS RM	ALS Group RM	ASET RM	Total RM
31 December 2023				
Non-current assets	–	46,624,840	1,111	46,625,951
Current assets	102	61,640,867	1,028,321	62,669,290
Non-current liabilities	–	(3,174,028)	–	(3,174,028)
Current liabilities	(6,692,632)	(26,647,391)	(1,264,900)	(34,604,923)
Net (liabilities)/assets	(6,692,530)	78,444,288	(235,468)	71,516,290
31 December 2022				
Non-current assets	–	36,885,174	2,896	36,888,070
Current assets	98	56,536,971	1,178,252	57,715,321
Non-current liabilities	–	(3,779,543)	–	(3,779,543)
Current liabilities	(6,353,219)	(14,526,181)	(1,262,298)	(22,141,698)
Net (liabilities)/assets	(6,353,121)	75,116,421	(81,150)	68,682,150

Summarised statement of cash flows:

	AAS RM	ALS Group RM	ASET RM	Total RM
31 December 2023				
Cash flows from operating activities	(2,106,240)	19,340,131	20,146	17,254,037
Cash flows from investing activities	–	1,702,889	–	1,702,889
Cash flows from financing activities	2,448,800	(12,969,234)	–	(10,520,434)
Net increase in cash and cash equivalents	342,560	8,073,786	20,146	8,436,492
Dividend paid to NCI	–	(5,662,568)	–	(5,662,568)
31 December 2022				
Cash flows from operating activities	1,846,594	17,200,841	(10,694)	19,036,741
Cash flows from investing activities	–	(6,285,140)	–	(6,285,140)
Cash flows from financing activities	(2,343,857)	(12,765,247)	–	(15,109,104)
Net decrease in cash and cash equivalents	(497,263)	(1,849,546)	(10,694)	(2,357,503)
Dividend paid to NCI	–	(5,643,184)	–	(5,643,184)

17. GOODWILL ON CONSOLIDATION

	Group 2023 RM	Group 2022 RM
At 1 January	13,583,526	13,583,526
Add: Acquired through business combination	6,090,536	–
Less: Accumulated impairment	(12,722,554)	(12,722,554)
At 31 December	6,951,508	860,972

Goodwill has been allocated to the Group's CGU identified by business segment and country as follows:

	Group 2023 RM	Group 2022 RM
Lab testing services - Indonesia	860,972	860,972
Lab testing services - Malaysia	6,090,536	–

(a) Impairment test for goodwill

The Group performed a review on the recoverable amount of goodwill on consolidation during the year. The recoverable amount is based on value-in-use for the CGUs to which the goodwill is allocated.

Key assumptions used in value-in-use calculations

The recoverable amount of the CGU is determined using value-in-use method based on cash flow projection derived from financial projections approved by management.

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

(i) PT ALS Indonesia

(a) Discount rate

The pre-tax discount rate used is 17.2% (2022: 19.8%) based on the risk specific to the CGU.

(b) Terminal growth rate

Cash flow beyond the five-year period is extrapolated using a growth rate of 3.4% (2022: 3.0%) which is based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the CGU.

17. GOODWILL ON CONSOLIDATION (CONT'D.)

(a) Impairment test for goodwill (cont'd.)

Key assumptions used in value-in-use calculations (cont'd.)

(ii) ALS Technichem (PG) Sdn. Bhd.

(a) Revenue

Revenue is based on existing customer contract and anticipated future projects.

A decrease in the revenue estimation by 1% would have resulted in impairment loss of RM113,000 (2022: Nil).

(b) Profit margin

Profit margin is estimated based on historical profit margin of the segment.

A decrease of 1% in the profit margin estimation would have resulted an impairment loss of RM115,599 (2022: Nil).

(c) Discount rate

The pre-tax discount rate used is 14.8% (2022: Nil) based on the risk specific to the CGU.

(d) Terminal growth rate

Cash flow beyond the five-year period is extrapolated using a growth rate of 2.5% (2022: Nil) which is based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the CGU.

18 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Trade receivables (Note (a)):				
Current				
Third parties	31,633,045	35,557,882	85,526	10,612
Immediate holding company	54,334	17,786	55,931	17,786
Subsidiaries	–	–	12,432	36,170
Related parties	899,912	2,298,952	25,435	11,909
Dividend receivable	–	–	3,540,000	3,540,000
	32,587,291	37,874,620	3,719,324	3,616,477
Less: Allowance for impairment	(2,524,813)	(993,034)	–	–
	30,062,478	36,881,586	3,719,324	3,616,477

18 TRADE AND OTHER RECEIVABLES (CONT'D.)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Other receivables (Note (b)):				
Non current				
Amount due from a subsidiary	–	–	24,376,596	24,099,445
Current				
Amounts due from related companies (Note (c)):				
- Immediate holding company	1,306,544	614,567	1,306,543	614,567
- Subsidiaries	–	–	7,824,500	9,053,865
- Related parties	1,018,748	247,874	230,735	141,068
Deposits	1,300,437	795,414	185,580	185,580
Prepayments	4,017,957	3,408,713	250,639	117,504
Sundry receivables	787,652	926,895	22,521	19,739
Other receivables	8,431,338	5,993,463	9,820,518	10,132,323
Less: Allowance for impairment				
- related companies	-	-	(4,017,032)	(4,017,032)
- sundry receivables	(9,938)	(9,938)	(9,938)	(9,938)
	(9,938)	(9,938)	(4,026,970)	(4,026,970)
	8,421,400	5,983,525	5,793,548	6,105,353
Total current	38,483,878	42,865,111	9,512,872	9,721,830
Total non current	–	–	24,376,596	24,099,445
Total trade and other receivables	38,483,878	42,865,111	33,889,468	33,821,275
Add: Cash and bank balances (Note 21)	39,036,854	31,248,329	8,091,264	8,146,767
Less: Prepayments	(4,017,957)	(3,408,713)	(250,639)	(117,504
Dividend receivable	–	–	(3,540,000)	(3,540,000)
Total financial assets carried at amortised cost	73,502,775	70,704,727	38,190,093	38,310,538

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally for a period of one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a Credit Control Department to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest bearing.

18 TRADE AND OTHER RECEIVABLES (CONT'D.)

Ageing analysis of trade receivables (third parties)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Neither past due nor impaired	7,395,274	13,181,120	38,738	10,612
1 to 30 days past due not impaired	6,558,517	5,118,131	36,588	–
31 to 60 days past due not impaired	5,034,275	4,787,987	5,700	–
61 to 90 days past due not impaired	2,949,447	1,660,009	4,500	–
91 to 120 days past due not impaired	1,593,783	2,613,862	–	–
More than 121 days past due not impaired	5,626,645	7,203,739	–	–
	21,762,667	21,383,728	46,788	–
Impaired	2,524,813	993,034	–	–
	31,682,754	35,557,882	85,526	10,612

(a) Trade receivables

Movement in allowance accounts

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
At 1 January	993,034	609,818	–	–
Charge	1,531,779	383,216	–	–
At 31 December	2,524,813	993,034	–	–

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

(b) Other receivables

Movement in allowance accounts

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
At 1 January	9,938	101,753	4,026,970	3,842,992
(Reversal of impairment)/charge	–	(50,217)	–	214,103
Write off	–	(41,598)	–	(30,125)
At 31 December	9,938	9,938	4,026,970	4,026,970

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

18 TRADE AND OTHER RECEIVABLES (CONT'D.)

(c) Amounts due from related parties

Amounts due from all related parties are repayable on demand and are non-interest bearing except for amount due from subsidiaries which bears finance cost ranging between 4.3% to 7.7% (2022: 3.4% to 7.7%) per annum. All related party receivables are unsecured and are to be settled in cash.

Further details on related party transactions are disclosed in Note 31.

Other information on financial risks of other receivables are disclosed in Note 32.

19. CONTRACT ASSETS/(LIABILITIES)

	Group	
	2023 **RM**	**2022** **RM** **Restated**
Construction contract costs incurred and recognised profits to date	58,008,535	48,139,662
Less: Progress billings	(56,098,500)	(47,154,448)
	1,910,035	985,214
Presented as:		
Gross amount due from customers	2,960,124	2,511,937
Gross amount due to customers	(1,050,089)	(1,526,723)
	1,910,035	985,214

The movement of amount due from/(to) customers on contracts is as follows:

	Group	
	2023 **RM**	**2022** **RM**
At 1 January	985,214	5,778,972
Revenue recognised during the year (Note 4)	9,868,873	7,535,059
Billings during the year	(8,944,052)	(12,328,817)
At 31 December	1,910,035	985,214

20. OTHER CURRENT FINANCIAL ASSETS

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Held for trading investments				
Quoted investment in units and money market fund, at fair value through profit or loss	15,869,464	18,715,120	13,116	12,670

21. CASH AND BANK BALANCES

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Cash on hand and at banks	27,563,344	20,105,831	66,263	269,437
Deposits with licensed banks	11,473,510	11,142,498	8,025,001	7,877,330
	39,036,854	31,248,329	8,091,264	8,146,767

Deposits with licensed bank of the Group amounting to RM11,473,510 (2022: RM11,142,498) and the Company amounting to RM8,025,001 (2022: RM7,877,330) is pledged as securities for trade facilities.

(a) The weighted average effective profit rates of the deposits at the reporting date were as follows:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	%	**%**	**%**	**%**
Licensed banks	1.94	1.78	1.86	1.73

(b) The average maturities of deposits as at the end of the financial year were as follows:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	Days	**Days**	**Days**	**Days**
Licensed banks	30-365	30-365	30	30

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Trade payables				
Third parties (Note (a))	6,911,940	6,807,791	172,494	188,347
Other payables				
Amounts due to related companies (Note (b)):				
- Immediate holding company	–	4,711	–	4,711
- Related parties	2,651,009	3,923,311	10,883	3,541
Amount due to subsidiary (Note (c))	–	–	11,115,770	11,022,214
Accruals	10,904,262	8,824,968	471,117	524,783
Dividend payable	2,460,000	2,460,000	–	–
Sundry payables	11,343,123	2,855,967	1,479,210	1,043,184
Gratuity payable	1,822,377	1,665,159	1,822,377	1,665,159
	29,180,771	19,734,116	14,899,357	14,263,592
Total trade and other payables	36,092,711	26,541,907	15,071,851	14,451,939
Add: Borrowings (Note 23)	58,885,603	58,410,956	28,191,011	28,477,558
Lease obligations (Note 15)	1,161,262	200,032	14,655	37,885
Less: Dividend payable	(2,460,000)	(2,460,000)	–	–
Total financial liabilities carried at amortised cost	93,679,576	82,692,895	43,277,517	42,967,382

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted by the Group range from 30 days to 90 days (2022: from 30 days to 90 days).

(b) Amounts due to related parties

Amounts due to all related parties are repayable on demand. These amounts are unsecured and are to be settled in cash.

Further details on related party transactions are disclosed in Note 31.

Other information on financial risks of other payables are disclosed in Note 32.

(c) Amount due to a subsidiary

Advance due to a subsidiary is non trade, unsecured and bears finance cost at 4.52% (2022: 3.71%) per annum.

23. BORROWINGS

	Group		Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Current				
Secured:				
Hire purchase (Note (a))	90,417	798,348	–	67,461
Overdraft	17,695,724	18,408,930	17,191,011	17,410,097
Revolving credit (Note (b))	22,070,310	22,193,295	11,000,000	11,000,000
Term loan	15,761,373	12,611,778	–	–
	55,617,824	54,012,351	28,191,011	28,477,558
Unsecured:				
Revolving credit (Note (b))	1,725,380	3,480,000	–	–
Trust receipt	1,340,982	625,801	–	–
	3,066,362	4,105,801	–	–
	58,684,186	58,118,152	28,191,011	28,477,558
Non-Current				
Secured:				
Hire purchase (Note (a))	201,417	292,804	–	–
Total borrowings	58,885,603	58,410,956	28,191,011	28,477,558

(a) Hire purchase

	Group		Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Minimum lease payments				
Not later than 1 year	90,417	798,348	–	75,077
Later than 1 year and not later than 2 years	97,380	93,058	–	–
Later than 2 years and not later than 5 years	132,768	218,668	–	–
	320,565	1,110,074	–	75,077
Less: Future finance charges	(28,731)	(18,922)	–	(7,616)
Present value of finance lease liabilities	291,834	1,091,152	–	67,461

23. BORROWINGS (CONT'D.)

(a) Hire purchase (cont'd.)

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Present value of finance lease liabilities:				
Not later than 1 year	90,417	798,348	–	67,461
Later than 1 year and not later than 2 years	93,435	92,798	–	–
Later than 2 years and not later than 5 years	107,982	200,006	–	–
	291,834	1,091,152	–	67,461
Analysed as:				
Due within 12 months	90,417	798,348	–	67,461
Due after 12 months	201,417	292,804	–	-
	291,834	1,091,152	–	67,461

(b) Revolving credit

During the current financial year, one of the subsidiaries within the Group has breached a financial covenant of its bank loan. The subsidiary did not fulfill the requirement to maintain the required financial ratio for one of its credit facilities.

The bank is contractually entitled to request for immediate repayment of the outstanding loan amounting RM11,000,000 in the event of breach of covenant. On 20 November 2023, the bank has consented to the indulgence for non-compliance and the banking facility remained unchanged and enforceable for financial year 2023.

As at the date when this financial statement was authorised for issue, the bank has not requested for immediate repayment of the said outstanding loan amount.

The weighted average effective profit rate at the reporting date of the borrowings were as follows:

	Group 2023 %	Group 2022 %	Company 2023 %	Company 2022 %
Hire purchase	5.56	6.02	2.27	2.27
Overdraft	7.62	6.11	7.60	6.11
Revolving credit	4.69	4.21	4.55	4.42
Term loan	9.89	9.00	–	–
Trust receipt `	6.64	6.69	–	–

23. BORROWINGS (CONT'D.)

The movement in liabilities arising from financing activities are as follows:

	Hire purchase RM	Overdraft RM	Revolving credit RM	Term loan RM	Trust receipt RM	Total Borrowings RM
Group						
At 1 January 2022	2,730,768	18,057,452	23,599,560	10,172,622	2,354,534	56,914,936
Net (repayment)/drawdown	(1,639,616)	–	1,960,000	1,983,698	(1,733,219)	570,863
Change in bank overdraft	–	351,478	–	–	–	351,478
Profit charged	418,761	1,107,339	1,037,286	1,285,970	69,877	3,919,233
Profit charged paid	(418,761)	(1,107,339)	(923,551)	(830,512)	(65,391)	(3,345,554)
At 31 December 2022/1 January 2023	1,091,152	18,408,930	25,673,295	12,611,778	625,801	58,410,956
Net (repayment)/drawdown	(799,318)	–	(1,908,200)	3,176,322	776,376	1,245,180
Change in bank overdraft	–	(713,206)	–	–	–	(713,206)
Profit charged	331,180	1,356,340	1,189,885	1,936,774	84,627	4,898,806
Profit charged paid	(331,180)	(1,356,340)	(1,159,290)	(1,963,501)	(145,822)	(4,956,133)
At 31 December 2023	291,834	17,695,724	23,795,690	15,761,373	1,340,982	58,885,603

23. BORROWINGS (CONT'D.)

The movement in liabilities arising from financing activities are as follows:

	Hire purchase RM	Overdraft RM	Revolving credit RM	Total Borrowings RM	Advance from a subsidiary RM (Note 22)	Total RM
Company						
At 1 January 2022	157,470	18,057,452	11,000,000	29,214,922	11,000,000	40,214,922
Net (repayment)/drawdown	(90,009)	–	–	(90,009)	–	(90,009)
Change in bank overdraft	–	(647,355)	–	(647,355)	–	(647,355)
Profit charged	10,215	1,063,610	420,853	1,494,678	399,718	1,894,396
Profit charged paid	(10,215)	(1,063,610)	(420,853)	(1,494,678)	(399,718)	(1,894,396)
At 31 December 2022/1 January 2023	67,461	17,410,097	11,000,000	28,477,558	11,000,000	39,477,558
Net (repayment)/drawdown	(67,461)	(219,086)	–	(286,547)	–	(286,547)
Profit charged	7,806	1,303,353	492,940	1,804,099	502,726	2,306,825
Profit charged paid	(7,806)	(1,303,353)	(492,940)	(1,804,099)	(502,726)	(2,306,825)
At 31 December 2023	–	17,191,011	11,000,000	28,191,011	11,000,000	39,191,011

24. RETIREMENT BENEFIT OBLIGATION

The amount recognised in the statement of financial position are determined as follows:

	Group 2023 RM	Group 2022 RM
Present value of obligation/Net liability	1,777,446	1,744,547
Movement in net liability was as follows:		
At 1 January	1,744,547	1,833,968
Provision during the year (Note 7)	468,643	426,525
Payment made during the year	(634,211)	(518,571)
Actuarial loss/(gain) on retirement benefit	167,779	(9,535)
Exchange difference	30,688	12,160
As at 31 December	1,777,446	1,744,547

The amount recognised in the statements of comprehensive income:

	2023 RM	2022 RM
Current service cost	468,643	426,525
Analysed as:		
Non-current	1,777,446	1,744,547

The following are the expected payments or contributions to the defined benefit plan in future years:

	Group 2023 RM	Group 2022 RM
Between 2 and 5 years	1,383,980	2,079,778
Between 5 and 10 years	1,153,308	1,430,957
Total expected payments	2,537,288	3,510,735

The carrying amount of retirement benefit obligation at year end for PT ALS and Saudi Asma amounting to RM1,044,505 (2022: RM907,578) and RM732,942 (2022: RM836,969) respectively.

Actuarial assumptions

The principal assumptions used in determining pension and post retirement benefit obligation for the Group's plans are shown below:

	PT ALS 2023	PT ALS 2022	Saudi Asma 2023	Saudi Asma 2022
Discount rate	7%	7%	4%	2%
Future salary growth	6%	6%	2%	2%

Assumptions regarding future mortality are based on published statistic and mortality tables.

24. RETIREMENT BENEFIT OBLIGATION (CONT'D.)

Sensitivity analysis

A quantitative sensitivity analysis for significant assumption is as shown below:

	Retirement benefit obligation			
	PT ALS		Saudi Asma	
	2023 RM	2022 RM	2023 RM	2022 RM
Discount rate:				
1% increase	53,229	59,498	626,058	669,566
1% decrease	(62,138)	(51,075)	(565,860)	(741,472)
Future salary growth:				
1% increase	61,790	35,449	(566,958)	(742,075)
1% decrease	(53,860)	(20,849)	625,453	668,354

The sensitivity analysis above have been determined based on a method that extrapolates the impact on the retirement benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the retirement benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

25. SHARE CAPITAL AND TREASURY SHARES

	Group and Company			
	Number of ordinary shares		Amount	
	2023	2022	2023 RM	2022 RM
Issued and fully paid:				
At 1 January/31 December	658,170,290	658,170,290	65,970,290	65,970,290

Treasury shares

	Number of treasury shares		Amount	
	2023	2022	2023 RM	2022 RM
At 1 January/31 December	2,628,900	2,628,900	363,789	363,789

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares.

During the financial year, the Company does not acquire any of its own ordinary shares.

26. OTHER RESERVES

	Group	
	2023 RM	2022 RM
At 1 January	(2,119,438)	(763,653)
Increase during the year	(921,481)	(1,355,785)
At 31 December	(3,040,919)	(2,119,438)
Foreign exchange reserve	(3,219,533)	(2,298,052)
Statutory reserve	178,614	178,614
	(3,040,919)	(2,119,438)
Foreign exchange reserve		
At 1 January	(2,298,052)	(942,267)
Increase during the year	(921,481)	(1,355,785)
At 31 December	(3,219,533)	(2,298,052)
Statutory reserve		
At 1 January/31 December	178,614	178,614

The nature and purpose of each category of reserve are as follows:

(a) Foreign exchange reserve

The foreign exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries.

(b) Statutory reserve

This relates to reserve required by state regulator of a subsidiary.

27. DEFERRED TAXATION

	Group		Company	
	2023 **RM**	**2022** **RM**	**2023** **RM**	**2022** **RM**
At 1 January	(725,453)	1,668,824	–	–
Recognised in profit or loss (Note 11)	(1,930,374)	(2,394,277)	–	–
At 31 December	(2,655,827)	(725,453)	–	–
Presented after appropriate offsetting as follows:				
Deferred tax liabilities	2,541,143	3,786,650	–	–
Deferred tax assets	(5,196,970)	(4,512,103)	–	–
	(2,655,827)	(725,453)	–	–

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

	Group		Company	
	2023 **RM**	**2022** **RM**	**2023** **RM**	**2022** **RM**
Deferred tax assets:				
Provisions				
At 1 January	(1,808,842)	(1,588,718)	(468,495)	(409,914)
Recognised in profit or loss	(828,233)	(220,124)	–	(58,581)
At 31 December	(2,637,075)	(1,808,842)	(468,495)	(468,495)
Unutilised tax losses				
At 1 January	(3,569,083)	(1,704,484)	–	–
Recognised in profit or loss	(333,195)	(1,864,599)	–	–
At 31 December	(3,902,278)	(3,569,083)	–	–
Total deferred tax assets	(6,539,353)	(5,377,925)	(468,495)	(468,495)
Deferred tax liabilities:				
Property, plant and equipment				
At 1 January	3,175,790	3,392,033	468,495	409,914
Recognised in profit or loss	(613,647)	(216,243)	–	58,581
At 31 December	2,562,143	3,175,790	468,495	468,495

27. DEFERRED TAXATION (CONT'D.)

	Group		Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Deferred tax liabilities (cont'd.):				
Provision for withholding tax				
At 1 January	1,476,682	1,569,993	–	–
Recognised in profit or loss	(155,299)	(93,311)	–	–
At 31 December	1,321,383	1,476,682	–	–
Total deferred tax liabilities	3,883,526	4,652,472	468,495	468,495
Deferred taxation, net	(2,655,827)	(725,453)	–	–

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

	Group		Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Unutilised tax losses	34,993,374	28,276,877	3,222,365	2,070,527
Other deductible temporary differences	713,443	228,003	–	–
	35,706,817	28,504,880	3,222,365	2,070,527

Deferred tax assets have not been recognised in respect of these items because it is not probable that they may be used to offset taxable profit of the Company and the respective subsidiaries of the Group.

The unutilised tax losses can be carried forward indefinitely except as follows;

	Group		Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Year of assessment 2029	5,637,327	5,595,399	–	–
Year of assessment 2030	931,640	873,577	873,577	873,577
Year of assessment 2031	1,289,002	571,717	944,818	944,818
Year of assessment 2032	933,340	596,316	796,204	252,132
Year of assessment 2033	1,306,766	–	607,766	–
	10,098,075	7,637,009	3,222,365	2,070,527

In Malaysia, pursuant to Section 44(5F) of the Income Tax Act, 1967, the unutilised business losses can be carried forward and available for use for 10 years starting from the year of assessment 2019.

28. DIVIDENDS

	Amount		Net dividends per share	
	2023 RM	2022 RM	2023 RM	2022 RM
In respect of the financial year ended 31.12.2021				
Final dividend on 655,371,100 ordinary shares declared on 26 April 2022 and paid on 14 July 2022	–	1,966,113		0.30
	–	1,966,113		

The Board of Directors do not recommend the payment of any final dividend in respect of the financial year ended 31 December 2023.

The movement in liabilities arising from financing activities are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
At 1 January	2,460,000	2,473,405	–	–
Dividend declared	5,662,568	7,595,892	–	1,966,113
Dividend paid	(5,662,568)	(7,609,297)	–	(1,966,113)
At 31 December	2,460,000	2,460,000	–	–

29. COMMITMENTS

	Group	
	2023 RM	2022 RM
Capital commitments		
Property, plant and equipment		
- Approved but not contracted for	996,375	410,192

30. CONTINGENT LIABILITIES

	Company	
	2023 RM	2022 RM
Unsecured		
Corporate guarantees given for banking facilities	40,640,885	32,608,438

The Company has assessed the financial guarantee contracts and determined that the guarantees are not likely to be called upon by the bank. Financial impact of the guarantees is not material.

31. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	2023 RM	2022 RM
Group		
Rental income from Zaiyadal Sdn. Bhd. ("ZSB"), immediate holding company	(65,009)	(65,009)
Rental income from subsidiaries of ZSB, immediate holding company		
- Foxboro (Malaysia) Sdn. Bhd.	(197,138)	(231,361)
- Progressive Impact Technology Sdn. Bhd.	(651,790)	(623,513)
- IAM- Wonderware Sdn. Bhd.	(180,895)	(177,861)
- Untung Aquaculture Sdn. Bhd.	(22,800)	(22,800)
- Progressive Impact Corrosion Sdn. Bhd.	(1,966)	(3,931)
- Intelligent Aqua Sdn. Bhd.	(47,040)	(44,520)
Provision of corporate service to ZSB, immediate holding company	(859,621)	(638,633)
Provision of corporate service to subsidiary of ZSB, immediate holding company		
- Progressive Impact Technology Sdn. Bhd.	(1,465,038)	(1,582,761)
Provision of environment consulting services to Progressive Impact Technology Sdn. Bhd.	(5,700)	(61,916)
Provision of environmental services to subsidiary of ZSB, immediate holding company		
- Progressive Impact Technology Sdn. Bhd.	(26,915)	–
- Untung Aquaculture Sdn. Bhd.	(1,989,656)	–
Information technology support to ZSB, immediate holding company	(28,175)	(28,000)
Information technology support to subsidiary of ZSB, immediate holding company		
- Foxboro (Malaysia) Sdn. Bhd.	(162,080)	(155,200)
- Progressive Impact Technology Sdn. Bhd.	(111,825)	(121,800)
- Progressive Impact Corrosion Sdn. Bhd.	(30,450)	(28,175)
- Progressive Software Solutions Sdn. Bhd.	(11,550)	(13,300)
- Intelligent Aqua Sdn. Bhd.	(13,825)	(13,125)
Provision for consultancy and management services from ZSB	8,016	8,016
Provision of sales, marketing, administrative and other support services in Brunei from Progressive Impact Technology (B) Sdn. Bhd.	166,772	–
Supply of water treatment technology by Intelligent Aqua Sdn. Bhd.	94,023	–
Provision for consultancy and management services from LI Commerce Sdn. Bhd.	576,852	576,852

31. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D.)

(a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year (cont'd.):

	2023 RM	2022 RM
Company		
Rental income from Zaiyadal Sdn. Bhd. ("ZSB"), immediate holding company	(65,009)	(65,009)
Rental income from subsidiaries of ZSB, immediate holding company		
- Foxboro (Malaysia) Sdn. Bhd.	(197,138)	(231,361)
- Progressive Impact Technology Sdn. Bhd.	(651,790)	(623,513)
- IAM- Wonderware Sdn. Bhd.	(180,895)	(177,861)
- Untung Aquaculture Sdn. Bhd.	(22,800)	(22,800)
- Progressive Impact Corrosion Sdn. Bhd.	(1,966)	(3,931)
- Intelligent Aqua Sdn. Bhd.	(47,040)	(44,520)
Provision of corporate service to ZSB, immediate holding company	(859,621)	(638,633)
Provision of corporate service to subsidiary of ZSB, immediate holding company		
- Progressive Impact Technology Sdn. Bhd.	(1,465,038)	(1,582,761)
Provision of corporate service to subsidiaries		
- Alam Sekitar Malaysia Sdn. Bhd.	(514,328)	(548,545)
- ALS Technichem (M) Sdn. Bhd.	(130,585)	(115,540)
- Saudi ASMA Environmental Solution LLC	(96,322)	(65,184)
- ASMA Advanced Solution LLC	(8,048)	(7,051)
Provision of management services to subsidiaries		
- Alam Sekitar Malaysia Sdn. Bhd.	(298,610)	(298,610)
- ALS Technichem (M) Sdn. Bhd.	(505,340)	(505,340)
- Saudi ASMA Environmental Solution LLC	(183,760)	(183,760)
- ASMA Advanced Solution LLC	–	–
Utilities and other expenses charged to subsidiaries		
- Alam Sekitar Malaysia Sdn. Bhd.	(97,265)	(109,728)
Profit on advances charged to subsidiaries		
- ASMA Advanced Solution LLC	(8,048)	(162,224)
- Saudi ASMA Environmental Solution LLC	(1,401,608)	(969,627)
- Alam Sekitar Malaysia Sdn. Bhd.	(144,161)	(26,296)
- ASMA International Sdn. Bhd.	(45,974)	(38,188)
Provision for consultancy and management services from ZSB, immediate holding company	8,016	8,016
Provision for consultancy and management services from LI Commerce Sdn. Bhd.	576,852	576,852
Rental income from subsidiaries		
- Alam Sekitar Malaysia Sdn. Bhd.	(355,436)	(355,436)

The Directors are of the opinion that the transactions have been entered into in the normal course of business and at terms mutually agreed between parties.

31. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D.)

(b) Compensation to key management personnel

Key management personnel are defined as persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company directly or indirectly, including any Director of the Group and the Company. The remuneration and compensation of Directors and other members of key management during the year was as follows:

	Group		Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Salaries, bonus and other emoluments	4,243,884	3,970,177	2,078,893	2,252,446
Social security costs	4,220	4,246	1,902	2,262
Defined contribution plan	396,263	416,502	243,692	265,253
Defined benefit plan	157,219	157,219	157,219	157,219
	4,801,586	4,548,144	2,481,706	2,677,180

Included in the total key management personnel are:

	Group		Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Executive directors' remuneration	2,059,165	2,048,871	2,038,915	2,032,671

32. FINANCIAL INSTRUMENTS

(i) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its profit rate, liquidity, credit and foreign currency risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transaction.

(ii) Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The Group's primary profit rate risk relates to profit-bearing debt, the Group had no substantial long term profit-bearing assets as at 31 December 2023. The investments in financial assets are mainly deposits held with licensed banks which are short term in nature and are not held for speculative purposes.

The information on maturity dates and effective profit rates of the financial assets and liabilities are disclosed in their respective notes.

32. FINANCIAL INSTRUMENTS (CONT'D.)

(ii) Profit rate risk (cont'd.)

With all other variables held constant, the following table demonstrates the sensitivity of the Group and the Company's profit net of tax to a reasonably possible change in the profit rates.

	Group		Company	
	Increase/ (decrease) in basis points	Effect on profit net of loss (decrease)/ increase RM	Increase/ (decrease) in basis points	Effect on profit net of tax (decrease)/ increase RM
As at 31 December 2023				
Ringgit Malaysia	+ 25	(7,405)	+ 25	(4,510)
Ringgit Malaysia	- 25	7,405	- 25	4,510
As at 31 December 2022				
Ringgit Malaysia	+ 25	(6,583)	+ 25	(3,667)
Ringgit Malaysia	- 25	6,583	- 25	3,667

(iii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient level of cash or cash convertible investments to meet its working capital requirements.

The table below summaries the maturity profile of the Group and the Company's financial liabilities as at the reporting date based on undiscounted contractual payments:

	On demand or within one year RM	One to five years RM	Total RM
As at 31 December 2023			
Group			
Financial liabilities:			
Trade and other payables	36,092,711	–	36,092,711
Borrowings	62,037,385	230,148	62,267,533
Lease obligations	596,135	572,101	1,168,236
Total undiscounted financial liabilities	98,726,231	802,249	99,528,480

32. FINANCIAL INSTRUMENTS (CONT'D.)

(iii) Liquidity risk (cont'd.)

	On demand or within one year RM	One to five years RM	Total RM
Company			
Financial liabilities:			
Trade and other payables*	15,071,851	–	15,071,851
Borrowings	28,191,011	–	28,191,011
Lease obligations	14,655	–	14,655
Total undiscounted financial liabilities	43,277,517	–	43,277,517
As at 31 December 2022			
Group			
Financial liabilities:			
Trade and other payables	26,541,907	–	26,541,907
Borrowings	62,037,385	311,726	62,349,111
Lease obligations	97,779	109,227	207,006
Total undiscounted financial liabilities	88,677,071	420,953	89,098,024
Company			
Financial liabilities:			
Trade and other payables*	14,451,939	–	14,451,939
Borrowings	29,944,238	–	29,944,238
Lease obligations	27,357	14,083	41,440
Total undiscounted financial liabilities	44,423,534	14,083	44,437,617

* At the reporting date, the counterparty to the financial guarantee does not have a right to demand cash as the default has not occurred. Accordingly, financial guarantee is not included in the above maturity profile analysis.

32. FINANCIAL INSTRUMENTS (CONT'D.)

(iv) 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 arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with reputable licensed banks.

Receivables and contract assets

The Group and the Company minimise credit risk by entering into contracts with highly credit rated counterparties and through credit approval, financial limits and on-going monitoring procedures. Counterparties credit evaluation is done systematically using quantitative and qualitative criteria on credit risks specified by individual operating units. Depending on the creditworthiness of the counterparty, the Group and the Company may require collateral or other credit enhancements.

The maximum exposure to credit risk for the Group and the Company are represented by the carrying amount of each financial asset as reported in the statement of financial position.

The Group and the Company use ageing analysis and credit limit review to monitor the credit quality of the receivables. Any customers exceeding their credit limit are monitored closely. With respect to the trade and other receivables that are neither impaired nor past due, there are no indications as of the reporting date that the debtors will not meet their payment obligations.

With respect to the trade and other receivables which have no realistic prospect of recovery, the gross carrying amounts of the credit impaired receivables will be written off (either in partial or in full).

Recognition and measurement of impairment loss

The Group and the Company measure its impairment losses for financial assets using a forward-looking expected credit loss ("ECL") approach. In determining the ECL, the probability of default assigned to each customer is based on their individual both quantitative and qualitative information and analysis, Group's and Company's historical experience and informed credit assessment and including forward-looking information.

There are trade receivables where the Group and the Company have not recognised any loss allowance as the trade receivables are secured by collateral and/or other credit enhancements such as cash deposits, letter of credit and bank guarantees.

Information regarding trade receivables that are either past due or individually impaired is as disclosed in Note 18.

Financial guarantee

The Company provides unsecured financial guarantee to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis, the results of the certain subsidiaries and repayments made by the certain subsidiaries.

The maximum exposure to credit risk is amounting to RM40,640,885 (2022: RM25,534,793) which represents the outstanding banking facilities of the subsidiaries as at reporting date. As at reporting date, there was no indication that the subsidiaries would default on repayment.

32. FINANCIAL INSTRUMENTS (CONT'D.)

(v) Foreign currency risk

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily, United States Dollar ("USD"), Australian Dollar ("AUD") and European Euro ("EURO"). Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The net unhedged financial assets and financial liabilities of the Group that are not denominated in their functional currencies are as follows:

Functional currency of Group entities	**Ringgit Malaysia RM**	**Indonesian Rupiah RM**	**Total RM**
As at 31 December 2023:			
United States Dollar	3,243,505	751,577	3,995,082
Australian Dollar	251,631	–	251,631
European Euro	761,071	(155,582)	605,489
Saudi Riyal	24,376,596	–	24,376,596
	28,632,803	595,995	29,228,798
As at 31 December 2022:			
United States Dollar	7,139,340	283,745	7,423,085
Australian Dollar	(54,047)	(987)	(55,034)
European Euro	(419,834)	(295,459)	(715,293)
Saudi Riyal	24,099,445	–	24,099,445
	30,764,904	(12,701)	30,752,203

With all other variables held constant, the following table demonstrates the sensitivity of the Group's profit before taxation to a reasonably possible change in those exchange rates against the functional currency of the Group:

		Group Profit before tax	
		2023 RM	**2022 RM**
USD/RM	- strengthen 3%	(97,305)	(214,180)
	- weaken 3%	97,305	214,180
AUD/RM	- strengthen 3%	(7,549)	1,621
	- weaken 3%	7,549	(1,621)
EURO/RM	- strengthen 3%	(22,832)	12,595
	- weaken 3%	22,832	(12,595)
SAR/RM	- strengthen 3%	(731,298)	(722,983)
	- weaken 3%	731,298	722,983

32. FINANCIAL INSTRUMENTS (CONT'D.)

(vi) Fair value

The fair value of financial assets and financial liabilities approximate their respective carrying values on the statements of financial position of the Group and the Company.

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(i) Cash and bank balances, receivables and payables

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

(ii) Other current financial assets

Other current financial assets that are quoted and determined by reference to fair value provided by the bank at the close of the business on the reporting date. The investments are classified as level 1 in the fair value hierarchy.

(iii) Borrowings

The fair value of the financial instrument is estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowings or leasing arrangements at the reporting date. The fair value of borrowings of the Group and of the Company are classified as level 2 in the fair value hierarchy.

Transfer between Level 1 and Level 2 fair values

There has been no transfers between Level 1 and Level 2 fair values during the financial year.

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial assets and financial liabilities:

Financial instruments carried at fair value

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
31 December 2023				
Group				
Financial assets:				
Other current financial assets	15,869,464	–	–	15,869,464
Company				
Financial assets:				
Other current financial assets	13,116	–	–	13,116

32. FINANCIAL INSTRUMENTS (CONT'D.)

(vi) Fair value (cont'd.)

Financial instruments carried at fair value (cont'd.)

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
31 December 2022				
Group				
Financial assets:				
Other current financial assets	18,715,120	–	–	18,715,120
Company				
Financial assets:				
Other current financial assets	12,670	–	–	12,670

Fair value of financial instruments not carried at fair value

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Carrying amount RM
31 December 2023					
Group					
Financial liabilities:					
Borrowings					
- Fixed rate	–	1,416,103	–	1,416,103	1,632,816
- Floating rate	–	57,252,787	–	57,252,787	57,252,787
	–	58,668,890	–	58,668,890	58,885,603
31 December 2023					
Company					
Financial liabilities:					
Borrowings					
- Floating rate	–	28,191,011	–	28,191,011	28,191,011
	–	28,191,011	–	28,191,011	28,191,011

32. FINANCIAL INSTRUMENTS (CONT'D.)

(vi) Fair value (cont'd.)

Fair value of financial instruments not carried at fair value (cont'd.)

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Carrying amount RM
31 December 2022					
Group					
Financial liabilities:					
Borrowings					
- Fixed rate	–	1,500,240	–	1,500,240	1,716,953
- Floating rate	–	56,694,003	–	56,694,003	56,694,003
	–	58,194,243	–	58,194,243	58,410,956
Company					
Financial liabilities:					
Borrowings					
- Fixed rate	–	50,949	–	50,949	67,461
- Floating rate	–	28,410,097	–	28,410,097	28,410,097
	–	28,461,046	–	28,461,046	28,477,558

33. SEGMENTAL INFORMATION

(a) Business segments

The Group is organised into 3 major business segments:

(i) Environmental, monitoring and consultancy services - providing environmental related services.

(ii) Laboratory testing services - chemical testing, consultancy service and other services of similar nature.

(iii) Wastewater treatment and solutions - provision of sewerage and solid waste management systems.

Other business segments include the results of the Company as an investment holding of its subsidiaries.

33. SEGMENTAL INFORMATION (CONT'D.)

(a) Business segments (cont'd.)

	Environmental monitoring, consultancy and services RM	Laboratory testing services RM	Others RM	Elimination RM	Consolidated RM
2023					
Revenue					
External sales	30,476,062	58,698,675	2,860,903	–	92,035,640
Inter-segment sales	259,800	1,149,964	7,532,701	(8,942,465)	–
Total revenue	30,735,862	59,848,639	10,393,604	(8,942,465)	92,035,640
Results					
(Loss)/profit from operations	(5,320,369)	19,445,520	6,319,323	(9,161,980)	11,282,494
Finance costs	(4,715,435)	(26,382)	(2,311,021)	2,101,163	(4,951,675)
Taxation	684,844	(4,426,353)	15,555	–	(3,725,954)
Profit after taxation					2,604,865

33. SEGMENTAL INFORMATION (CONT'D.)

(a) Business segments (cont'd.)

	Environmental monitoring, consultancy and services RM	Laboratory testing services RM	Others RM	Elimination RM	Consolidated RM
2023 (cont'd.)					
Assets					
Segment operating assets	41,666,683	108,265,706	107,909,313	(78,482,359)	179,359,343
Deferred tax assets	5,196,970	–	–	–	5,196,970
Total assets	46,863,653	108,265,706	107,909,313	(78,482,359)	184,556,313
Liabilities					
Segment operating liabilities	79,863,116	28,554,049	45,326,000	(51,896,985)	101,846,180
Deferred tax liabilities	–	1,564,396	–	976,747	2,541,143
Total liabilities	79,863,116	30,118,445	45,326,000	(50,920,238)	104,387,323
Other Information					
Capital expenditure	521,337	4,058,946	483,362	–	5,063,645
Depreciation and amortisation	2,097,564	3,937,827	1,176,126	(334,829)	6,876,688

33. SEGMENTAL INFORMATION (CONT'D.)

(a) Business segments (cont'd.)

	Environmental monitoring, consultancy and services RM	Laboratory testing services RM	Others RM	Elimination RM	Consolidated RM
2022					
Revenue					
External sales	30,374,793	57,043,768	2,866,167	–	90,284,728
Inter-segment sales	20,328	845,968	7,545,164	(8,411,460)	–
Total revenue	30,395,121	57,889,736	10,411,331	(8,411,460)	90,284,728
Results					
(Loss)/profits from operations	(16,167,991)	23,066,930	(6,029,053)	2,548,733	3,418,619
Finance costs	(4,111,653)	(2,277)	(1,870,715)	2,053,984	(3,930,661)
Taxation	2,135,882	(4,952,839)	(20,937)	–	(2,837,894)
Profit after taxation					(3,349,936)

33. SEGMENTAL INFORMATION (CONT'D.)

(a) Business segments (cont'd.)

	Environmental monitoring, consultancy and services RM	Laboratory testing services RM	Others RM	Elimination RM	Consolidated RM
2022 (cont'd.)					
Assets					
Segment operating assets	50,002,007	93,422,147	115,310,570	(85,996,804)	172,737,920
Deferred tax assets	4,512,103	–	–	–	4,512,103
Total assets	54,514,110	93,422,147	115,310,570	(85,996,804)	177,250,023
Liabilities					
Segment operating liabilities	81,596,047	15,495,823	45,011,365	(52,364,652)	89,738,583
Deferred tax liabilities	–	2,809,903	–	976,747	3,786,650
Total liabilities	81,596,047	18,305,726	45,011,365	(51,387,905)	93,525,233
Other Information					
Capital expenditure	1,252,727	2,589,781	251,832	–	4,094,340
Depreciation and amortisation	3,450,302	4,224,670	1,113,862	(303,699)	8,485,135

33. SEGMENTAL INFORMATION (CONT'D.)

(b) Geographical segments

The Group's geographical segments are for its subsidiaries that are involved in laboratory testing services, environmental consultancy and monitoring services which operates in three geographical areas:

(i) Malaysia
(ii) Indonesia
(iii) Saudi Arabia

	Total revenue from external customers RM	Segment assets RM	Capital expenditure RM
2023			
Malaysia	67,292,223	141,772,092	3,609,362
Indonesia	13,024,436	30,231,647	1,129,000
Saudi Arabia	11,718,981	12,552,574	325,283
	92,035,640	184,556,313	5,063,645
2022			
Malaysia	61,169,640	127,902,984	1,814,170
Indonesia	14,419,401	29,265,091	1,446,530
Saudi Arabia	14,695,687	20,099,485	833,640
	90,284,728	177,267,560	4,094,340

34. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the 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 net debt divided by total capital plus net debt. The Group includes within net debt, borrowings, trade and other payables, less cash and bank balances. Capital represents the total share capital.

34. CAPITAL MANAGEMENT (CONT'D.)

The debt to equity ratio as at 31 December 2023 and 2022 are as follows:

	Group		Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Borrowings (Note 23)	58,885,603	58,410,956	28,191,011	28,477,558
Trade and other payables (Note 22)	36,092,711	26,541,907	15,071,851	14,451,939
Less: Cash and bank balances (Note 21)	(39,036,854)	(31,248,329)	(8,091,264)	(8,146,767)
Net debt	55,941,460	53,704,534	35,171,598	34,782,730
Total share capital	65,970,290	65,970,290	65,970,290	65,970,290
Capital and net debt	121,911,750	119,674,824	101,141,888	100,753,020
Gearing ratio	0.46	0.45	0.35	0.35

The gearing ratio is not governed by the MFRS and its definition and calculation may vary from one Group or Company to another.

35. SIGNIFICANT EVENT

On 29 September 2023, the Company's subsidiary, ALS Technichem (M) Sdn. Bhd., acquired 100% equity interests in ALS Technichem (PG) Sdn. Bhd. ("ALS PG") (formerly known as Mérieux NutriSciences Malaysia Sdn. Bhd. ("MNSB")) for a total cash consideration of RM3,389,716. ALS PG is principally involved in providing chemical, microbiological and environmental related analytical testing and consultancy services for food industry.

36. COMPARATIVE FIGURES

The Group and the Company review its classification of transactions in the prior year to conform with the current year's financial statements presentation resulting to the restatements of the following;

	As previously stated RM	Re-classification RM	As restated RM
Statements of Financial Position As at 31 December 2022			
Group			
Current asset			
Contract assets (Note 19)	985,214	1,526,723	2,511,937
Tax recoverable	857,217	(17,537)	839,680
Current liabilities			
Contract liabilities (Note 19)	–	1,526,723	1,526,723
Income tax payable	1,331,955	(17,537)	1,314,418
Company			
Current asset			
Tax recoverable	186,432	(17,537)	168,895
Current liabilities			
Income tax payable	17,537	(17,537)	–

SUPPLEMENTARY INFORMATION

Section 07

STATISTICS OF SHAREHOLDINGS

AS AT 1 APRIL 2024

SHARE CAPITAL

Issued and paid-up share capital	: RM65,800,000.00 comprising 658,000,000 Ordinary shares
Class of shares	: Ordinary shares
Voting rights	: One (1) vote per ordinary share
Number of shareholders	: 3,380
Number of Treasury Shares	: 2,628,900 Ordinary shares

ANALYSIS OF SHAREHOLDINGS

Size of holdings	No. of shareholders	%	Shareholdings	%*
Less than 100	159	4.704	618	0.001
100 to 1,000	804	23.787	475,280	0.072
1,001 to 10,000	927	27.426	5,656,827	0.863
10,001 to 100,000	1,123	33.225	45,789,767	6.987
100,001 to less than 5% of issued shares	364	10.769	209,078,486	31.902
5% and above of issued shares	3	0.089	394,370,122	60.175
Total	3,380	100.00	655,371,100	100.00

* *Based on the total number of issued shares in the Company excluding 2,628,900 ordinary shares bought back by the Company and retained as treasury shares as at 1 April 2024.*

SUBSTANTIAL SHAREHOLDERS

	Shareholdings			
Name	Direct Interest	%^	Deemed Interest	%^
Zaiyadal Sdn Bhd	298,155,122	45.494	-	-
ZKSB Holdings Sdn Bhd	-	-	298,155,122@	45.494@
Zaid & Zaidah (L) Foundation	-	-	298,155,122~	45.494~
Zaid bin Abdullah	44,875,100	6.847	298,155,122*	45.494*
Zaidah binti Mohd Salleh	8,769,400	1.338	298,155,122*	45.494*

Note:-

@ *Deemed interest by virtue of its interest in Zaiyadal Sdn Bhd pursuant to Section 8 of the Companies Act 2016.*

~ *Deemed interest by virtue of its interest in ZKSB Holdings Sdn Bhd pursuant to Section 8 of the Companies Act 2016.*

* *Deemed interest by virtue of his/her interest in Zaid & Zaidah (L) Foundation pursuant to Section 8 of the Companies Act 2016.*

^ *Based on the total number of issued shares in the Company excluding 2,628,900 ordinary shares bought back by the Company and retained as treasury shares as at 1 April 2024.*

DIRECTORS' INTEREST IN SHARES

As per the Register of Directors' Shareholdings

Name	Direct interest	%^	Deemed & indirect interest	%^
Zaid bin Abdullah	44,875,100	6.847	298,631,922*	45.567*
Zaidah binti Mohd Salleh	8,769,400	1.338	298,631,922*	45.567*
Datuk Syed Hisham bin Syed Wazir	-	-	-	-
Dato' Hajjah Rosnani binti Ibarahim	-	-	-	-
Dato' Dr. Lukman bin Ibrahim	-	-	176,000	0.027
Kamarul Baharin bin Albakri	-	-	-	-
Usamah bin Zaid (Alternate Director to Zaid bin Abdullah)	112,000	0.017	-	-
Fatimah Zahrah binti Zaid (Alternate Director to Zaidah binti Mohd Salleh)	110,300	0.016	-	-

Note:-

* *Deemed interest by virtue of his/her interest in Zaid & Zaidah (L) Foundation and indirect interests in respect of the shareholdings held by his/her children pursuant to the Companies Act 2016.*

^ *Based on the total number of issued shares in the Company excluding 2,628,900 ordinary shares bought back by the Company and retained as treasury shares as at 1 April 2024.*

THIRTY LARGEST SHAREHOLDERS

No.	Name	Holdings	%*
1	Zaiyadal Sdn Bhd	295,490,122	45.087
2	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for Bank of Singapore Limited (Foreign)	54,004,900	8.240
3	Zaid bin Abdullah	44,875,100	6.847
4	Kal-Yadaiin Sdn Bhd	28,813,078	4.396
5	Zaidah binti Mohd Salleh	7,063,400	1.077
6	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ab Ghaus bin Ismail	6,079,600	0.927
7	Syed Abu Hussin bin Hafiz Syed Abdul Fasal	5,889,200	0.898
8	Ow Yin Mooi	4,500,000	0.686
9	Nik Abdul Aziz bin Nik Sulaiman	4,323,235	0.659
10	James Ong Chun Jie	4,320,300	0.659
11	CGS International Nominees Malaysia (Tempatan) Sdn Bhd Pledged Securities Account for Mohammed Amin bin Mahmud (MM1004)	3,713,400	0.566
12	Kenanga Nominees (Tempatan) Sdn Bhd Rakuten Trade Sdn Bhd for Lim Khai Yee	3,385,000	0.516
13	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ooi Boon Chai	2,670,000	0.407
14	Zaiyadal Sdn Bhd	2,665,000	0.406
15	Michelle Ng Qian Ying	2,500,000	0.381
16	Kenanga Nominees (Tempatan) Sdn Bhd Rakuten Trade Sdn Bhd for Lau Teik Cheng	2,200,000	0.335

No.	Name	Holdings	%*
17	Lim Yuen Sing	2,100,000	0.320
18	Yeu Swee Hing	2,051,100	0.312
19	Toh Wee Keng	2,000,200	0.305
20	Tee Jen Tong	1,850,000	0.282
21	Lai Siew Min	1,800,000	0.274
22	Chia Lee Choo	1,758,300	0.268
23	Zaidah binti Mohd Salleh	1,696,000	0.258
24	Ahmad Rafa'i bin Abdullah	1,689,520	0.257
25	Ahmad Ridzwan bin Mohd Salleh	1,600,075	0.244
26	Kong Kwai Ching	1,600,000	0.244
27	Johar bin Yusof	1,523,000	0.232
28	Lai Yat Wan	1,501,000	0.229
29	Muna binti Mat Ali	1,500,000	0.228
30	Nicholas Ng Yu Han	1,500,000	0.228

Note:-

* *Based on the total number of issued shares in the Company excluding 2,628,900 ordinary shares bought back by the Company and retained as treasury shares as at 1 April 2024.*

NOTICE OF THE ANNUAL GENERAL MEETING

PROGRESSIVE IMPACT CORPORATION BERHAD
199001011782 (203352-V)
(Incorporated in Malaysia)

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 32nd Annual General Meeting of the Company will be conducted through live streaming from the broadcast venue at Suite 5.02, Mercu PICORP, Lot 10, Jalan Astaka U8/84, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia ("Broadcast Venue") on Thursday, 13 June 2024 at 10.00 a.m. or at any adjournment thereof, to transact the following businesses:-

ORDINARY BUSINESSES

1.	To receive the Audited Financial Statements for the financial year ended 31 December 2023 together with the Directors' and Auditors' Reports thereon.	(Please refer to Note 1 of the Explanatory Notes)
2.	To re-elect Zaidah Binti Mohd Salleh, who shall retire by rotation pursuant to Clause 76(3) of the Constitution of the Company, as Director.	Ordinary Resolution 1
3.	To re-elect Dato' Dr Lukman Bin Ibrahim, who shall retire by rotation pursuant to Clause 76(3) of the Constitution of the Company, as Director.	Ordinary Resolution 2
4.	To re-elect Datuk Syed Hisham Bin Syed Wazir, who shall retire pursuant to Clause 78 of the Constitution of the Company, as Director.	Ordinary Resolution 3
5.	To approve the Non-Executive Directors' fees of RM247,800 for the period commencing from the date immediately after the 32nd Annual General Meeting up to the date of the next Annual General Meeting to be held in 2025.	Ordinary Resolution 4
6.	To approve the Directors' benefits of RM320,000 for the period commencing from the date immediately after the 32nd Annual General Meeting up to the date of the next Annual General Meeting to be held in 2025.	Ordinary Resolution 5
7.	To re-appoint Messrs Ernst & Young PLT as Auditors of the Company and authorise the Directors to fix their remuneration..	Ordinary Resolution 6

SPECIAL BUSINESSES

To consider and if thought fit, to pass the following resolutions, with or without modifications, as Ordinary Resolutions of the Company:-

8. **ORDINARY RESOLUTION**
PROPOSED RENEWAL OF THE EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

"THAT subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company and/or its subsidiary companies ("the Group") be and are hereby authorised to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related parties as set out in Section 2.2 of the Circular to Shareholders dated 25 April 2024 ("the Related Parties") provided that such transactions are:- **Ordinary Resolution 7**

a) necessary for the day-to-day operations;
b) undertaken in the ordinary course of business at arm's length basis and on normal commercial terms and transaction prices which are not more favourable to the Related Parties than those generally available to the public; and
c) not detrimental to the minority shareholders of the Company,

("Proposed Renewal of Shareholders' Mandate").

THAT such approval, shall continue to be in force until:-

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which the Proposed Renewal of Shareholders' Mandate is passed, at which time it will lapse, unless by a resolution passed at such AGM, the authority is renewed; or

(ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("the Act") but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act; or

(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting,

whichever is earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of Shareholders' Mandate."

9. **ORDINARY RESOLUTION**
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE TO PURCHASE ITS OWN ORDINARY SHARES OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES IN THE COMPANY

"THAT subject always to the Companies Act 2016 ("the Act"), the Constitution of the Company, the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that: Ordinary Resolution 8

(a) the aggregate number of issued shares in the Company ("Shares") purchased ("Purchased Shares") and/or held as treasury shares pursuant to this ordinary resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at point of purchase; and

(b) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase,

("Proposed Share Buy-Back").

THAT the authority to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this Ordinary Resolution and will continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which this resolution is passed, at which time the authority shall lapse unless by ordinary resolution passed at the next AGM, the authority is renewed, either unconditionally or subject to conditions;

(b) the expiration of the period within which the next AGM of the Company is required by law to be held; or

(c) revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own Shares before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements and any applicable laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

THAT the Directors of the Company be and are hereby authorised, at their discretion, to deal with the Purchased Shares until all the Purchased Shares have been dealt with by the Directors in the following manner as may be permitted by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force:

(i) to cancel all or part of the Purchased Shares;

(ii) to retain all or part of the Purchased Shares as treasury shares as defined in Section 127 of the Act;

(iii) to distribute all or part of the treasury shares as dividends to the shareholders of the Company;

(iv) to resell all or part of the treasury shares;

(v) to transfer all or part of the treasury shares for the purposes of or under the employees' share scheme established by the Company and/or its subsidiaries;

(vi) to transfer all or part of the treasury shares as purchase consideration;

(vii) to sell, transfer or otherwise use the shares for such other purposes as the Minister charged with the responsibility for companies may by order prescribe; and/or

(viii) to deal with the treasury shares in any other manner as allowed by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are authorised to take all such steps as are necessary or expedient [including without limitation, the opening and maintaining of central depository account(s) under Securities Industry (Central Depositories) Act, 1991, and the entering into all other agreements, arrangements and guarantee with any party or parties] to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities."

10. **ORDINARY RESOLUTION**
AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 ("THE ACT")

"THAT pursuant to Sections 75 and 76 of the Act, and subject to the approval of the relevant governmental/regulatory authorities (if any), the Directors of the Company be and are hereby authorised to issue and allot shares in the Company from time to time, at such price, upon such terms and conditions and for such purposes and to such persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued during the preceding 12 months does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued from Bursa Malaysia Securities Berhad AND THAT such

Ordinary Resolution 9

authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company after the approval was given or at the expiry of the period within which the next Annual General Meeting is required to be held after the approval was given, whichever is earlier, unless revoked or varied by an ordinary resolution of the Company at a general meeting.

11. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Constitution of the Company.

By order of the Board
ZAIDAH BINTI MOHD SALLEH (MIA 3313)
SSM PC No. 202008000888

WONG SIEW YEEN (MAICSA 7018749)
SSM PC No. 202008001471

TEE THIAM CHAI (MAICSA 7066679)
SSM PC No. 202008002297

Company Secretaries

Shah Alam
25 April 2024

Notes:

1. **IMPORTANT NOTICE**

   The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 2016** which requires the Chairman of the meeting to be present at the main venue of the meeting.

   Shareholders **will not be allowed** to attend this Annual General Meeting ("AGM") in person at the Broadcast Venue on the day of the meeting.

   Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at this AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its **TIIH Online** website at https://tiih.online.

   Please read these Notes carefully and follow the procedures in the Administrative Guide for the 32nd AGM in order to participate remotely via RPV.

2. For the purpose of determining who shall be entitled to participate in this AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the **Record of Depositors as at 6 June 2024.** Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM via RPV.

3. A member who is entitled to participate in this AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.

4. A member of the Company who is entitled to participate at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the AGM.

5. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.

6. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

7. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.

8. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

9. A member who has appointed a proxy or attorney or authorised representative to participate at the 32nd AGM via RPV **must request his/her proxy or attorney or authorised representative to register himself/herself for RPV via TIIH Online website at** https://tiih.online. Procedures for RPV can be found in the Administrative Guide for the AGM.

10. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:

    (i) In hard copy form

    In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

    (ii) By electronic means

    The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at https://tiih.online. Kindly refer to the Administrative Guide for the AGM on the procedures for electronic lodgement of proxy form via TIIH Online.

11. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.

12. Last date and time for lodging the proxy form is **Tuesday, 11 June 2024 at 10.00 a.m.**

13. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

14. For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:

(i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
(ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
    (a) at least two (2) authorised officers, of whom one shall be a director; or
    (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

15. Shareholders are advised to check the Company's website at www.picorp.com.my and announcements from time to time for any changes to the administration of the 32nd AGM.

Explanatory Notes on Ordinary Businesses

1. Agenda item no. 1 is meant for discussion only as the provisions of Sections 248(2) and 340(1)(a) of the Companies Act 2016 do not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is **not put forward for voting.**

2. Ordinary Resolutions 1, 2 and 3

    Pursuant to Clause 76(3) and 78 of the Constitution of the Company, Zaidah Binti Mohd Salleh, Dato' Dr Lukman Bin Ibrahim and Datuk Syed Hisham Bin Syed Wazir are due for retirement as Directors of the Company and being eligible, have offered themselves for re-election at this AGM.

    The profile of the Directors standing re-election are set out in the Annual Report 2023. The details of their interest in the securities of the Company can be found under the Statistics of Shareholdings.

    The Nomination Committee ("NC") has considered the performance and contribution of aforesaid Directors through the Board Effectiveness Evaluation conducted for the financial year ended 31 December 2023 ("BEE 2023"). In carrying out the assessment, the following factors were taken into consideration:

    (i) fit and proper assessment;
    (ii) contribution and performance; and
    (iii) calibre and personality.

    The NC also reviewed the tenure of the Directors and board composition to ensure the Board has an appropriate mix of skills and experience for the requirements of the business.

    The retiring Directors who are Independent Non-Executive Directors ("INEDs") have provided their confirmation that they fulfil the independence criteria prescribed by the Main Market Listing requirements of Bursa Malaysia Securities Berhad. They have also confirmed that they do not have any existing or potential conflict of interest, business, family or other special relationship within or outside of the Company that could affect the execution of their role as Directors.

    The Board (save for the retiring Directors who have abstained from deliberation on discussions relating to their own re-election at the NC and Board meetings) supports the re-election of the Retiring Directors as it believes that the Retiring Directors have discharged their duties and responsibilities effectively, demonstrated commitment to their role, and will continue to make a strong contribution to the work of the Board and to the long-term sustainable success of the Company.

3. Ordinary Resolution 4

    Shareholders' approval is sought under this Resolution to allow the Company to pay Non-Executive Directors' fees on a monthly basis for the period commencing from the date immediately after this AGM up to the date of the next AGM to be held in 2025 as members of the Board and board committees. The Directors' fees are based on the targeted Board size. In the event the proposed amount is insufficient, approval will be sought at the next AGM for the shortfall.

4. Ordinary Resolution 5

    The Directors' benefits are calculated based on the current Board size and the number of scheduled Board and Committee meetings for the period commencing from the date immediately after this AGM up to the date of the next AGM. In the event the proposed amount is insufficient (due to enlarged Board size or more meetings), approval will be sought at the next AGM for the shortfall.

5. Ordinary Resolution 6

   The Board has through the Audit Committee, considered the re-appointment of Messrs Ernst & Young PLT as Auditors of the Company. The factors considered by the Audit Committee in making the recommendation to the Board to table their re-appointment at this AGM are stated in the Corporate Governance Overview Statement of the Annual Report 2023.

Explanatory Notes on Special Businesses

1. Ordinary Resolution 7

   The proposed Resolution, if passed, will enable the Company and/or its subsidiaries to enter into recurrent transactions involving the interest of related parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company.

   For further information on the recurrent related party transactions, please refer to the Circular to Shareholders dated 25 April 2024.

2. Ordinary Resolution 8

   The proposed Resolution is intended to allow the Company to renew its existing authorisation to purchase its own shares up to 10% of the total number of issued shares of the Company at any time within the time period stipulated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

   Please refer to the Statement on Share Buy-Back in the Circular to Shareholders dated 25 April 2024 for further information.

3. Ordinary Resolution 9

   This proposed Resolution, if passed, will empower the Directors to allot up to a maximum of 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being for such purposes as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

   Please refer to the Statement accompanying the Notice of AGM for further information.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Directors standing for election

As at date of this notice, there are no individuals who are standing for election or appointment as Directors at the 32nd Annual General Meeting ("32nd AGM").

General mandate for issue of securities

This proposed Ordinary Resolution 9 is a renewal of the previous year's mandate. The mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional costs and time. The purpose of this general mandate is for possible fund-raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of bank borrowings, acquisitions and/or for issuance of shares as settlement of purchase consideration or such other application as the Directors may deem fit in the best interest of the Company.

As at the date of the Notice of the 32nd AGM, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM held on 30 May 2023 and the mandate will lapse at the conclusion of the 32nd AGM.

PROGRESSIVE IMPACT CORPORATION BERHAD ("PICORP")

ADMINISTRATIVE GUIDE FOR THE 32nd ANNUAL GENERAL MEETING ("AGM")

Date	:	Thursday, 13 June 2024
Time	:	10.00 a.m.
Broadcast Venue	:	Suite 5.02, Mercu PICORP Lot 10, Jalan Astaka U8/84 Bukit Jelutong 40150 Shah Alam Selangor Darul Ehsan, Malaysia

MODE OF MEETING

The 32nd AGM will be conducted through live streaming from the Broadcast Venue.

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Shareholders or proxies or attorneys or authorised representatives **will not be allowed** to attend the 32nd AGM in person at the Broadcast Venue on the day of the meeting.

REMOTE PARTICIPATION AND VOTING FACILITIES

Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 32nd AGM via Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its **TIIH Online** website at https://tiih.online.

Shareholders who wish to appoint proxies to participate via RPV at the 32nd AGM must ensure that the duly executed proxy forms are deposited in a hard copy form or by electronic means to Tricor not later than **Tuesday, 11 June 2024 at 10.00 a.m.**

Authorised representatives of corporate members must deposit their original certificate of appointment of authorised representative to Tricor not later than **Tuesday, 11 June 2024 at 10.00 a.m.** to participate via RPV at the 32nd AGM.

Attorneys appointed by power of attorney are to deposit their power of attorney with Tricor not later than **Tuesday, 11 June 2024 at 10.00 a.m.** to participate via RPV at the **AGM**.

A shareholder who has appointed a proxy or attorney or authorised representative to participate at this AGM via RPV must request him/her to register himself/herself for RPV at TIIH Online website at https://tiih.online.

As the 32nd AGM is a fully virtual AGM, members who are unable to participate in this AGM may appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the proxy form.

PROCEDURES FOR RPV

Shareholders/proxies/authorised representatives/attorneys who wish to participate at the 32nd AGM remotely using the RPV facilities are to follow the procedures below:

	Procedure	Action
BEFORE THE AGM DAY		
(a)	Register as a user with TIIH Online	• Using your computer, access the website at https://tiih.online. Register as a user under the "e-Services". Refer to the tutorial guide posted on the homepage for assistance. • Registration as a user will be approved within one (1) working day and you will be notified via e-mail. • If you are already a TIIH Online user, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.
(b)	Submit your request	• Registration is open from **Thursday, 25 April 2024** at **10.00 a.m.** to **Thursday, 13 June 2024 at 10.00 a.m.** • Login with your user ID and password and select the corporate event: **"(REGISTRATION) PICORP 32nd AGM".** • Read and agree to the Terms & Conditions and confirm the Declaration. • Select "Register for Remote Participation and Voting". • Review your registration and proceed to register. • The system will send an e-mail to notify that your registration for remote participation is received and will be verified. • After verification of your registration against the General Meeting Record of Depositors as at **6 June 2024**, the system will send you an e-mail to approve or reject your registration for remote participation.
ON THE DAY OF THE AGM		
(c)	Login to TIIH Online	• Login with your user ID and password for remote participation at the PICORP 32nd AGM at any time from 9.00 a.m. i.e. 60 minutes before the commencement of the AGM on **Thursday, 13 June 2024 at 10.00 a.m.**
(d)	Participate through Live Streaming	• Select the corporate event: "(LIVE STREAMING MEETING) PICORP 32nd AGM" to engage in the proceedings of the 32nd AGM remotely. • If you have any question for the Chairman/Board, you may use the query box to transmit your question. The Chairman/Board will endeavor to respond to questions submitted by remote participants during the 32nd AGM.

	Procedure	Action
ON THE DAY OF THE AGM		
(e)	Online Remote Voting	• Voting session commences from **10.00 a.m.** on **Thursday, 13 June 2024** until a time when the Chairman announces the closure of the voting session of the 32nd AGM. • Select the corporate event: **"(REMOTE VOTING) PICORP 32nd AGM".** • Read and agree to the Terms & Conditions and confirm the Declaration. • Select the CDS account that represents your shareholdings. • Indicate your votes for the resolutions that are tabled for voting. • Confirm and submit your votes.
(f)	End of remote participation	• Upon the announcement by the Chairman on the closure of the 32nd AGM, the live streaming will end.

Note to users of the RPV facilities:

1. Should your application to join the meeting be approved, we will make available to you the right to join the live streamed meeting and vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.
2. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
3. In the event you encounter any issues with logging-in, connection to the live streamed meeting or online voting, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 or e-mail to tiih.online@my.tricorglobal.com for assistance.

ELECTRONIC LODGEMENT OF PROXY FORM

The procedures to lodge your proxy form electronically via Tricor's TIIH Online website are summarised below:

	Procedure	Action
STEPS FOR INDIVIDUAL SHAREHOLDERS		
(a)	Register as a User with TIIH Online	• Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services". Please refer to the tutorial guide posted on the homepage for assistance. • If you are already a TIIH Online user, you are not required to register again.

	Procedure	Action
STEPS FOR INDIVIDUAL SHAREHOLDERS		
(b)	Proceed with submission of Proxy Form	• After the release of the Notice of Meeting by the Company, login with your username (i.e. email address) and password. • Select the corporate event: “SUBMISSION OF PROXY FORM”. • Read and agree to the Terms & Conditions and confirm the Declaration. • Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf. • Appoint your proxy(s) and insert the required details of your proxy(s) or appoint Chairman as your proxy. • Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your votes. • Review and confirm your proxy(s) appointment. • Print the proxy form for your record.
STEPS FOR CORPORATION OR INSTITUTIONAL SHAREHOLDERS		
(a)	Register as a User with TIIH Online	• Access TIIH Online at https://tiih.online. • Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects “Create Account by Representative of Corporate Holder”. • Complete the registration form and upload the required documents. • Registration will be verified, and you will be notified by email within one (1) to two (2) working days. • Proceed to activate your account with the temporary password given in the email and re-set your own password. ***Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarification on the user registration.***
(b)	Proceed with submission of form of proxy	• Login to TIIH Online at https://tiih.online • Select the corporate exercise name: “PICORP 32nd AGM: Submission of Proxy Form”. • Agree to the Terms & Conditions and Declaration. • Proceed to download the file format for “Submission of Proxy Form” in accordance with the Guidance Note set therein. • Prepare the file for the appointment of proxies by inserting the required data. • Login to TIIH Online, select corporate exercise name: “PICORP 32nd AGM: Submission of Proxy Form”. • Proceed to upload the duly completed proxy appointment file. • Select “Submit” to complete your submission. • Print the confirmation report of your submission for your record.

PRE-MEETING SUBMISSION OF QUESTION TO THE BOARD OF DIRECTORS

Shareholders may submit questions for the Board in advance of the 32nd AGM via Tricor's TIIH Online website at https://tiih.online by selecting "e-Services" to login, pose questions and submit electronically no later than **Tuesday, 11 June 2024** at **10.00 a.m.** The Board will endeavor to answer the questions received at the AGM.

NO RECORDING OR PHOTOGRAPHY

Unauthorised recording and photography are strictly prohibited at the 32nd AGM.

ENQUIRY

If you have any enquiries on the above, please contact our Share Registrar during office hours on Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except on public holidays):

Tricor Investor & Issuing House Services Sdn. Bhd.

General Line	:	+603-2783 9299
Fax Number	:	+603-2783 9222
Email	:	is.enquiry@my.tricorglobal.com
Contact person	:	En. Syafiqul Hafidz Bin Abdul Kadir +603-27839024 (syafiqul.hafidz@my.tricorglobal.com)

PROGRESSIVE IMPACT CORPORATION BERHAD
199001011782 (203352-V)
(Incorporated in Malaysia)

PROXY FORM

No. of shares held	CDS Account No.
	- -

I/We ______________________________ Tel: ____________________
[Full name in block and as per NRIC/passport, NRIC/Passport/Company No.]
of ____
[Full address]

____

being member(s) of **Progressive Impact Corporation Berhad**, hereby appoint:

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

^and/or

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing ^him/her, the Chairman of the Meeting, as ^my/our proxy/proxies to vote for ^me/us and on ^my/our behalf at the 32nd Annual General Meeting ("AGM") of the Company which will be conducted through live streaming from the broadcast venue at Suite 5.02, Mercu PICORP, Lot 10, Jalan Astaka U8/84, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia ("Broadcast Venue") on Thursday, 13 June 2024 at 10.00 a.m. or any adjournment thereof, and to vote as indicated below:

Ordinary Resolution	Description of Resolutions	For	Against
1	Re-election of Zaidah Binti Mohd Salleh as Director		
2	Re-election of Dato' Dr Lukman Bin Ibrahim as Director		
3	Re-election of Datuk Syed Hisham Bin Syed Wazir as Director		
4	Payment of Non-Executive Directors' fees for the period commencing from the date immediately after the 32nd AGM up to the date of the next AGM to be held in 2025		
5	Payment of Directors' benefits for the period commencing from the date immediately after the 32nd AGM up to the date of the next AGM to be held in 2025		
6	Re-appointment of Messrs Ernst & Young PLT as Auditors of the Company and authority to the Directors to fix their remuneration		
7	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
8	Proposed Renewal of Shareholders' Mandate to purchase its own Ordinary Shares of up to 10% of the total number of issued shares in the Company		
9	Authority to issue shares		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he/she thinks fit.

Signed this __________day of ________________2024

Signature*
Member

^ Delete whichever is inapplicable

* Manner of execution:

(a) If you are an individual member, please sign where indicated.
(b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
(c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
    (i) at least two (2) authorised officers, of whom one shall be a director; or
    (ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

Notes:

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   Shareholders **will not be allowed** to attend this Annual General Meeting ("AGM") in person at the Broadcast Venue on the day of the meeting.

   Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at this AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its **TIIH Online** website at https://tiih.online.

   Please read these Notes carefully and follow the procedures in the Administrative Guide for the 32nd AGM in order to participate remotely via RPV.

2. For the purpose of determining who shall be entitled to participate in this AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the **Record of Depositors** as at **6 June 2024.** Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM via RPV.

3. A member who is entitled to participate in this AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.

4. A member of the Company who is entitled to participate at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the AGM.

5. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.

6. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

7. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.

8. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

9. A member who has appointed a proxy or attorney or authorised representative to participate at the 32nd AGM via RPV **must request his/her proxy or attorney or authorised representative to register himself/herself for RPV via TIIH Online website at https://t**iih.online. Procedures for RPV can be found in the Administrative Guide for the AGM.

10. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:

    (i) In hard copy form

    In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

    (ii) By electronic means

    The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at https://tiih.online. Kindly refer to the Administrative Guide for the AGM on the procedures for electronic lodgement of proxy form via TIIH Online.

11. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.

12. Last date and time for lodging the proxy form is Tuesday, 11 June 2024 at 10.00 a.m.

13. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

14. For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:

    (i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
    (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:

        (a) at least two (2) authorised officers, of whom one shall be a director; or
        (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

15. Shareholders are advised to check the Company's website at www.picorp.com.my and announcements from time to time for any changes to the administration of the 32nd AGM.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A, Vertical Business Suite
Avenue 3, Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

1st fold here

In the face of adversity, we have a choice.
We can be bitter, or we can be better.

PROGRESSIVE IMPACT CORPORATION BERHAD | 199001011782 (203352-V)

Incorporated in Malaysia

www.picorp.com.my