ANNUAL REPORT 2018

PROTASCO BERHAD
548078-H

SYNERGISING FOR SUSTAINABILITY

VISION

To be an internationally acclaimed conglomerate ensuring growth and delivering value for a better quality of life.

MISSION

SHAREHOLDERS
To be a multi billion dollar company in terms of market capitalisation

PROCESS
To practise good corporate governance and operational excellence

CUSTOMERS
To exceed customer expectations

SOCIETY
To build and support sustainable communities

TECHNOLOGY
To improve efficiency and competitive advantage through innovative technologies

EMPLOYEES
To become the employer of choice for the right talents

CORE VALUES

RESULT ORIENTED
- Stretch - Good to great
- Innovate
- Commitment

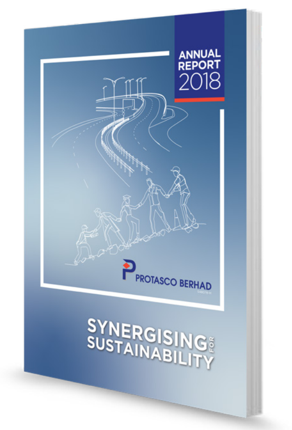
OWNERSHIP
- Accountable for outcomes
- Passionate in task execution
- Take pride - I Am Protasco

CUSTOMER FOCUSED
- WOW them
- Create value
- Respect

KNOWLEDGE DRIVEN
- Knowledge sharing
- Continual education
- Career development

INTEGRITY
- Do the right thing
- Trustworthy
- Transparent

TEAMWORK
- Robust communication
- Committed to team decisions
- Active participation



COVER RATIONALE

Protasco Berhad continues to emphasise cooperation within its organisation. This spirit is clearly visualised on the cover of our Annual Report 2018. Through line art technique, Protasco champions are seen reaching out to each other, going uphill in a show of commitment to one of Protasco Berhads' core values – Teamwork. The design and colour chosen for the cover are more subtle, in line with the challenging outlook in 2019 as we continue to move our sustainability effort forward.

TABLE OF CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Dato' Sri Ir Chong Ket Pen
Executive Vice Chairman /
Group Managing Director

Dato' Sri Su-Azian @ Muzaffar Syah Bin Abd Rahman
Executive Director

Dato' Tan Yee Boon
Independent Non-Executive
Director

Ir Tan Heng Kui
Non-Independent Non-Executive
Director

Suhaimi Bin Badrul Jamil
Independent Non-Executive
Director

Lim Yew Ting
Independent Non-Executive
Director

Tham Wei Mei
Independent Non-Executive
Director

COMPANY SECRETARIES

Khor Hooi Ling
(MAICSA 7014879)

Seow Fei San
(MAICSA 7009732)

REGISTERED OFFICE

802, 8th Floor
Block C, Kelana Square
17, Jalan SS7/26
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : 603 7803 1126
Fax : 603 7806 1387

PRINCIPAL OFFICES

Corporate Office
Unipark Suria
Jalan Ikram-Uniten
43000 Kajang
Selangor Darul Ehsan
Malaysia
Tel : 603 8738 3388
Fax : 603 8926 4008

Kuala Lumpur Office
87, Jalan Kampung Pandan
55100 Kuala Lumpur
Malaysia
Tel : 603 9286 4050
Fax : 603 9284 8118
Web : www.protasco.com.my
Email : ccd@protasco.com.my

REGISTRAR

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

PRINCIPAL BANKERS

UOB (Malaysia) Berhad
RHB Bank Berhad
AmBank (M) Berhad
OCBC Bank (Malaysia) Berhad
CIMB Bank Berhad

AUDITORS

Crowe Malaysia PLT (LLP0018817-LCA & AF 1018)
Chartered Accountants
Level 16, Tower C, Megan Avenue II
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Malaysia

STOCK EXCHANGE LISTING

Main Board
Bursa Malaysia Securities Berhad
Listed Since : 8 August 2003
Stock Name : PRTASCO
Stock Code : 5070

CORPORATE STRUCTURE

PROTASCO BERHAD

100% HCM ENGINEERING SDN BHD

- 78% HCM Arabia Sdn Bhd
- 70% Permint Granite-HCM Sdn Bhd
- 60% HCM-Molek JV Sdn Bhd
- 60% HCM Kijang Sdn Bhd
- 51% Roadcare (M) Sdn Bhd
- 51% Empayar Indera Sdn Bhd
- 49% KPS-HCM Sdn Bhd
- 30% DAL-HCM Sdn Bhd

100% KUMPULAN IKRAM SDN BHD

- 100% Ikram Education Sdn Bhd
- 100% Ikram Engineering Services Sdn Bhd
- 100% Ikram QA Services Sdn Bhd
- 100% Ikram Paves Sdn Bhd
- 60% Kumpulan Ikram (Sarawak) Sdn Bhd
- 60% Kumpulan Ikram (Sabah) Sdn Bhd
- 30% Ikram Premier Consulting Sdn Bhd
- 30% Ikram Engineering Consulting Sdn Bhd

100% PROTASCO DEVELOPMENT SDN BHD

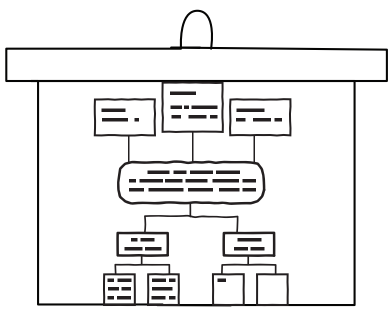
- 100% De Centrum Development Sdn Bhd
- 100% De Centrum Land Sdn Bhd
- 100% Protasco Land Sdn Bhd
  - 100% Protasco Land SA (Pty) Ltd
- 100% Sun Rock Development Sdn Bhd
- 60% Jalur Saujana Sdn Bhd

100% PROTASCO TRADING SDN BHD

- 100% QP Industries Sdn Bhd
- 100% QP Trading Sdn Bhd

100% IKRAM GREENTECH SDN BHD

- 51% I2 Energy Sdn Bhd
- 44% I2 Solarpark One Sdn Bhd



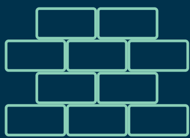
Note: This structure depicts main operating subsidiaries and associate companies only.

QUICK FACTS

CONSTRUCTION

Focuses on **Building and Infrastructure Works** as well as **Construction, Rehabilitation & Upgrading of Roads**

Projects:



• PPAM Larai & Saderi, Putrajaya • Unipark Apartments at De Centrum City • Infrastructure works for development of Pulau Indah Industrial Park • Old Klang Road bridge construction

Upgrading of road from Utan Aji, Perlis to Changlun, Kedah • Jalan Alor Setar – Kuala Nerang – Durian Burung, Kedah • Rehabilitation and upgrading works for Tripoli - Garian Road Project in Libya

MAINTENANCE

Provides **Total Road Maintenance Solutions.** Currently maintains **8,014km** of **Federal Roads** & **19,543km** of **State & Rural Roads** awarded through 2 Federal Road Maintenance Agreements and 4 long term contracts, lasting through **2028**

Promotes the use of sustainable technology through in-situ recycling technology such as the **Cold In-Place Recycling**

PROPERTY DEVELOPMENT

Developing **De Centrum City,** a mixed development property project on a **100-acre** land at South Kuala Lumpur

Awards: Best Mixed Development Award 2015 and Best Boutique Lifestyle Development 2016 by Property Insight magazine, Prestigious Developer Award. More developments in the states of Kelantan and Johor

EDUCATION

Established as a college more than **20** years ago, Infrastructure University Kuala Lumpur (IUKL) became a full-fledged university in 2012. It currently offers an extensive range of academic programmes from arts to sciences and from **foundation** to **PhD** level

An average of **3,000** students from **50** countries.

ENGINEERING & CONSULTANCY SERVICES

Specialises in Geotechnical, Structural & Pavement Engineering, Forensic Engineering Services on Slopes and Slope Related Structures and Management & Certification

Has agreements on i) Engineering Services & Capacity Building with **Datuk Bandar Kuala Lumpur (DBKL)** and ii) Engineering Services & Capacity Building with **Tenaga Nasional Berhad (TNB)**

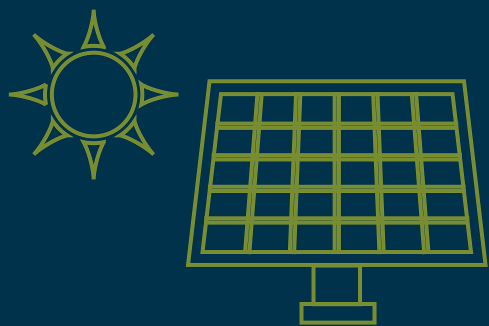
Projects include –
• Geotechnical Engineering Consultancy & Supervision on Slope Rehabilitation at Bukit Nanas, Kuala Lumpur and
• Structural Forensic & Failure Investigation of steel roof collapse at Stadium Sultan Mizan Zainal Abidin, Kuala Terengganu

TRADING & MANUFACTURING

Trading & manufacturing of road and construction related materials

Installation & commissioning of pavement related materials

Project – Ultracrete manhole in Genting Highland, Swedsun Bridge Expansion Joint System in Jambatan Syed Putra to Jalan Klang Lama, Kuala Lumpur



CLEAN ENERGY

Solar Energy and Mini Hydropower ownership and Solar Engineering, Procurement & Construction (EPC) contractor

• Developing a **6.8MW** solar farm in Melaka, with **44%** stake
• Power Purchase Agreement (PPA) of 21 years with TNB from Dec **2020 – 2041**

GROUP FINANCIAL HIGHLIGHTS

Year Ended 31 December	2014	2015	2016	2017	2018
Turnover (RM'000)	1,061,573	1,305,030	1,110,207	939,277	904,860
Operating Profit/(Loss) (RM'000)	20,801	133,058	85,045	88,363	(3.852)
Profit/(Loss) After Tax & Non-Controlling Interest (RM'000)	(46,444)	66,757	42,387	28,063	(48,107)
Earnings/(Loss) Per Share (sen)*	(9.51)	13.97	8.60	5.67	(9.72)
Total Dividend Per Share (sen)	5.0	13.0	6.0	5.5	-
Net Assets Per Share (RM)	0.99	1.12	0.93	0.93	0.67

**The comparative figures for the earnings/(loss) per share have been restated to reflect the adjustments arising from the bonus issue which were completed on 24 April 2018.*

Artist impression of PPAM Saderi Presint 16, Putrajaya

CHAIRMAN'S OVERVIEW

Tan Sri Datuk Dr Hadenan Bin A Jalil
Chairman

Dear Valued Shareholders,

On behalf of my fellow Board Members, I am pleased to present Protasco Berhad's Annual Report for the financial year ended 31 December 2018.

In 2018, business confidence and consumer sentiment were subdued due to sustained macroeconomic and industry pressure and the escalation of trade tensions between the US and China. Consumer sentiment remained muted amid concern over the high cost of living. The new Government formed in May 2018 following the 14th General Election had announced various measures and initiatives to alleviate inflationary concerns and to rejuvenate the economy. Nevertheless, the Malaysian economy is projected to grow at 4.8% in 2018 against 5.9% in 2017.

FINANCIAL PERFORMANCE

The Group registered a decrease in revenue to RM904.9 million in Financial Year ("FY") 2018 due to lesser works awarded to our maintenance and engineering services segments. The Group posted a loss before taxation of RM23.9 million. In line with the softening outlook of the construction market, the Group has reviewed its construction portfolio assets and made one-off impairments and write-offs of RM37.8 million.

In addition, the Group had also provided for retrenchment costs of RM1.1 million.

These impairments and write-offs were made on prudent ground and the Group may be able to recover part of these impairments and write-offs later. Excluding the impairments and write-offs, the Group registered a profit before taxation of RM15.0 million in FY2018.

For further analysis of our Group's financial performance, please refer to the Management Discussion and Analysis on pages 9 to 15 of this report.

> Our maintenance segment remains the main revenue contributor to the Group in FY2018.

CHAIRMAN'S OVERVIEW

OVERVIEW

Our maintenance segment remains the main revenue contributor to the Group in FY2018. We maintain over 27,000km of federal, state and rural roads in Malaysia through two federal concessions and four long term contracts.

Our construction segment results were affected by cost overruns for certain completed projects, provision for Liquidated and Ascertained Damages and impairment loss on receivables.

In February 2019, HCM Engineering Sdn Bhd ("HCM") filed a Notice of Adjudication pursuant to Section 8 of the Construction Industry Payment and Adjudication Act 2012 with the Asian International Arbitration Centre to commence adjudication proceedings against Southkey City Sdn Bhd ("SCSB"), the developer of a property development known as Southkey City, Johor Bahru in Johor. The adjudication proceedings were commenced to seek resolution on contractual disputes covering HCM's claims from SCSB for the principal amount of RM10,423,964.55 (inclusive of GST) for construction works done and due to non-payment by SCSB. HCM is also claiming for late payment interest and cost, the amount of which will be determined at a later stage. Notwithstanding the adjudication above, HCM has made full impairment in the current FY.

In December 2018, HCM Engineering Sdn Bhd received a letter of termination from Turnpike Synergy Sdn Bhd ("TSSB") for the construction of the proposed Sungai Besi-Ulu Kelang Elevated Expressway ("SUKE Project") undertaken by the joint venture between HCM and Hatimuda Sdn Bhd ("Hatimuda") on a 40:60 basis ("HCM-Hatimuda JV"). The notice of termination was served by TSSB as a result of an overall delay and physical delay of the SUKE Project undertaken by HCM-Hatimuda JV. Since the SUKE Project was solely financed, implemented and managed by the joint venture party, Hatimuda, the termination does not have any significant impact on the net assets and earnings of Protasco Group for FY2019.

Our property development segment did not launch any new projects in FY2018 in view of the soft market condition. We have also deferred the launch of projects in Pasir Gudang, Johor and Kota Bharu, Kelantan. During FY2018, this segment sold 12 units of its inventories in Block C and D of De Centrum Phase 2A and registered a turnover of RM6.0 million.

Recognising that the demand for houses below RM500,000 outside the Klang Valley remains strong, our property development segment, through De Centrum Retail Sdn Bhd ("DCRSB") had in March 2019 entered into a conditional Joint Development Agreement ("JDA") with Penmaland Sdn Bhd ("Penmaland"). Pursuant to the JDA, Penmaland, being the registered proprietor and the legal and beneficial owner of three contiguous parcels of freehold land measuring approximately 137.08 acres in the District of Tampin, Negeri Sembilan ("Tampin Land"), shall grant DCRSB the full and unfettered rights to carry out the development on the Tampin Land with an estimated gross development value of approximately RM371.6 million. As this transaction is a related party transaction pursuant to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, shareholders' approval is required.

Our engineering and consultancy services segment, through Kumpulan Ikram Sdn Bhd ("Ikram") signed a strategic partnership agreement with Geolab Ikram Sdn Bhd ("Geolab") to enable Geolab to acquire the assets of the regional offices of Ikram and jointly bid for jobs leveraging on 'Ikram' brand. This exercise will enable Ikram to save approximately RM7.6 million per annum in operating expenditure whilst enabling Ikram to generate income through consultancy and royalty.

In FY2018, as part of the rationalisation and cost optimisation exercise undertaken by the education segment, Infrastructure University Kuala Lumpur ("IUKL") has merged six faculties into three faculties and phased out certain programmes that are not profitable. This exercise will enable IUKL to save approximately RM1.4 million in staff cost and will enable IUKL to break even at a lower number of student population in a highly competitive environment.

LOOKING FORWARD

The Group embarked on a right sizing exercise in the third quarter and this will substantially reduce overheads and operating expenditure. The Group has also taken the initiatives to make one-off impairments and write-offs in FY2018. Barring unforeseen circumstances, the Group expects to return to profitability in 2019. The Group will explore other business opportunities to enhance shareholders' return.

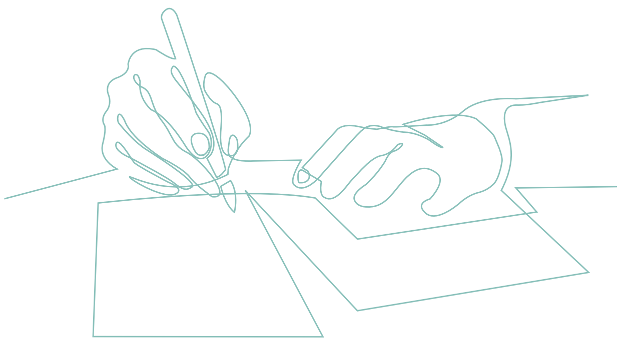
A WORD OF APPRECIATION

On behalf of the Board, I would like to extend my gratitude to Dato' Mohd Haniff Bin Sher Mohamad, who retired at the last Annual General Meeting. We thank him for his extensive contributions throughout his tenure as Director and as Chairman of the Audit Committee.

I would also like to record my appreciation to my fellow Board members for their invaluable intellectual and professional advice given to the Board and the management of Protasco Berhad.

Lastly, to our valued shareholders, I wish to thank you for the support despite the challenges faced by the Group. We hope 2019 will be a better year.

Tan Sri Datuk Dr Hadenan Bin A Jalil
Chairman



MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF FY2018

The Group's revenue decreased by 4% to RM904.9 million in Financial Year ("FY") 2018 as compared to RM939.3 million in FY2017. The challenging economic landscape has affected our maintenance and engineering services segments that resulted in the segments to report lower revenue in FY2018. The lower periodic works awarded to maintenance segment had also affected the revenue contribution from the trading and manufacturing segment as it supports the maintenance segment.

For FY2018, the Group registered a loss before taxation of RM23.9 million, including one-off impairments and write-offs of RM37.8 million. In addition the Group had also provided for retrenchment costs of RM1.1 million. The one-off impairments and write-offs were made after the Group reviewed its construction portfolio assets in line with the softening outlook of the construction market. Excluding the one-off impairments and write-offs, the Group registered a profit before taxation of RM15.0 million.

Our cash and cash equivalents remained healthy at RM145.2 million as at the end of FY2018 and our Group's net gearing ratio is at a manageable level of 0.27 times.

SEGMENTAL REVIEW

MAINTENANCE

The Group's maintenance activity is currently being undertaken by the following companies through concessions and long term contracts awarded by the Federal and State Government:

Concession – Federal Road Maintenance ("FRM")

A 10-year FRM concession of 7,263km commencing February 2016 by Roadcare (M) Sdn Bhd

- Group's equity interest is 51%
- Routine maintenance – recurring at RM130 million per annum
- Periodic maintenance and emergency works – based on actual work carried out (estimated to be RM100 – RM120 million per annum)
- Covering the states of Selangor, Pahang, Kelantan and Terengganu

A 10-year FRM concession of 751km commencing September 2018 by DAL-HCM Sdn Bhd

- Group's equity interest is 30%
- Routine maintenance – recurring at RM24 million per annum
- Periodic maintenance and emergency works – based on actual work carried out (estimated to be RM55 million per annum)
- Covering federal roads from Kuching to Lawas in Sarawak

Long Term Contracts ("LTC")

1. A 7-year contract followed by a 5-year contract with an extension of another 2 years for 1,959km, State Road Maintenance for the State of Perak.
   - Contract sum: RM126.1 million for 2 years
   - Date of commencement: 1 January 2013
   - Undertaken by Empayar Indera Sdn Bhd where the Group's equity interest is 51%
   - **LTC expires in December 2024**

2. A 2-year contract followed by a 5-year contract with an extension of another 2 years for 13,084km, Agriculture Road Maintenance for the State of Perak.
   - Contract sum: RM90.1 million for 2 years
   - Date of commencement: 20 February 2017
   - Undertaken by Empayar Indera Sdn Bhd where the Group's equity interest is 51%
   - **LTC expires in February 2024**

3. A 5-year contract of Rural Road Maintenance for the State of Terengganu covering approximately 2,500km.
   - Contract sum: RM49.9 million for 5 years
   - Undertaken by Permint Granite-HCM Sdn Bhd where the Group's equity interest is 70%
   - **LTC expires in April 2022**

4. A 10-year contract of State Road Maintenance for the State of Kelantan awarded by Kijang Kuari Sdn Bhd/ the State Government of Kelantan covering approximately 2,000km.
   - Contract sum: RM25.7 million for 2 years or RM129 million for 10 years (contract sum is reviewed every 2 years)
   - Undertaken by HCM Kijang Sdn Bhd where the Group's equity interest is 60%
   - **LTC expires in August 2026**

Review Of Operations

The maintenance segment's revenue and profit before taxation ("PBT") declined to RM515.8 million (FY2017: RM558.9 million) and RM38.4 million (FY2017: 56.5 million) respectively. The decline is due to less periodic works awarded and higher expenses incurred.

Segmental Risks

Our road maintenance activities are dependent on numerous factors including the Government's budget for periodic maintenance, the occurrence of events that require additional emergency maintenance and the success of our bids for new and renewal of contracts and concessions. For detailed information about the risks that we face, please turn to our Statement on Risk Management and Internal Control on page 56 of this report.

Moving Forward

Our maintenance segment is expected to be the main revenue contributor to the Group in FY2019. The Group is actively pursuing other opportunities to improve the maintenance segment results.

CONSTRUCTION

For FY2018, our construction segment completed the upgrading of motorcycle lanes along the Federal Highway in Kuala Lumpur as well as the refurbishment works for Jabatan Perhutanan Semenanjung Malaysia. Current ongoing projects include the Perumahan Penjawat Awam ("PPAM") Phase 2 and infrastructure works for the Department of Drainage and Irrigation ("DID Works"). The PPAM and the DID Works have reached 54% and 35% completion respectively.

In December 2018, HCM Engineering Sdn Bhd ("HCM") received a letter of termination from Turnpike Synergy Sdn Bhd ("TSSB") for the construction of the proposed Sungai Besi-Ulu Kelang Elevated Expressway ("SUKE Project") undertaken by the joint venture between HCM and Hatimuda Sdn Bhd ("Hatimuda") on a 40:60 basis ("HCM-Hatimuda JV"). The notice of termination was served by TSSB as a result of an overall delay and physical delay of the SUKE Project undertaken by HCM-Hatimuda JV. Since the SUKE Project was solely financed, implemented and managed by the joint venture party, Hatimuda, the termination does not have any significant impact on the net assets and earnings of Protasco Group for FY2019.

Our 49% associated company, KPS-HCM Sdn Bhd, reported profit before taxation of RM3.1 million, principally derived from the infrastructure works for the development of Pulau Indah Industrial Park Phase 3C. As at the end of FY2018, the construction has reached 69% completion.

On the overseas front, the construction work for South Asia Subregional Economic Cooperation (SASEC) approach road in Dhaka, Bangladesh is near completion. In Sri Lanka, HCM together with its joint venture partner, Komuthi Engineering Pty Ltd had secured two projects for road rehabilitation and widening valued at RM89.2 million. The projects are in various stages of completion between 9% to 27%.

Review of Operations

Turnover for our construction segment improved from RM179.4 million to RM288.2 million. However, this segment reported loss before taxation of RM11.2 million and together with the one-off impairments and write-offs of RM29.6 million, the total loss before taxation for FY2018 is RM40.8 million. The loss is attributable to cost overrun for certain completed projects, provision for Liquidated and Ascertained Damages ("LAD") and impairment loss on receivables.

In February 2019, HCM filed a Notice of Adjudication pursuant to Section 8 of the Construction Industry Payment and Adjudication Act 2012 with the Asian International Arbitration Centre to commence adjudication proceedings against Southkey City Sdn Bhd ("SCSB"), the developer of a property development known as Southkey City, Johor Bahru in Johor. The adjudication proceedings were commenced to seek resolution on contractual disputes covering HCM's claims from SCSB for the principal amount of RM10,423,964.55 (inclusive of GST) for construction works done and due to non-payment by SCSB. HCM is also claiming for late payment interest and cost, the amount of which will be determined at a later stage. Notwithstanding the adjudication above, HCM has made full impairment in the current FY.

With regards to the road construction work on the Old Klang Road – New Pantai Expressway, HCM has applied for further Extension of Time ("EOT") to 8 January 2019. Based on the EOT granted to 6 December 2017, HCM has calculated the LAD to be RM5.96 million. Notwithstanding our application for further EOT and on prudence grounds, we have made full provision for the LAD.

Segmental Risks

Our construction activities depend on the ability to replenish the order book due to the change of Government and the general economic climate of the country. Other factors that may affect the profit contribution of our construction segment include the cost of raw materials, labour and their availability. For more detailed information about the risks that we face, please turn to our Statement on Risk Management and Internal Control on page 56 of this report.

Moving Forward

The PPAM and the DID work will continue in 2019 as scheduled. Meanwhile, HCM and KOP Mantap Berhad will pursue the reactivation of the PPAM Phase 4 with the new Government. The PPAM Phase 4, with a value of RM443 million was awarded in December 2017 and the Development Agreement was signed in May 2018.

Our construction segment is actively pursuing opportunities to replenish our order book.

PROPERTY DEVELOPMENT

The overall property market in Malaysia remained soft. According to the National Property Information Centre, the number of new launches in the 1st half of 2018 decreased by 18.6% in Kuala Lumpur while Selangor recorded a significant decrease of 55.9%. The unsold completed residential units increased to 29,227 units worth RM17.24 billion. High rise residential homes (condominiums and apartments) formed bulk of the overhang representing 39.7% or 11,602 units. In view of the soft property market condition, no new development was launched in FY2018 for our De Centrum City. We have also deferred the launch of our shop offices in Pasir Gudang, Johor and apartments at Telipot in Kota Bharu, Kelantan.

During the FY2018, our property development segment sold 12 units of its inventories in Block C and D of De Centrum Phase 2A and registered a turnover of RM6.0 million.

Recognising that the demand for houses below RM500,000 outside the Klang Valley remain strong, our property development segment, through De Centrum Retail Sdn Bhd ("DCRSB") had in March 2019 entered into a conditional Joint Development Agreement ("JDA") with Penmaland Sdn Bhd ("Penmaland"). Pursuant to the JDA, Penmaland, being the registered proprietor and the legal and beneficial owner of three contiguous parcels of freehold land measuring approximately 137.08 acres in the District of Tampin, Negeri Sembilan ("Tampin Land"), shall grant DCRSB the full and unfettered rights to carry out the development on the Tampin Land with an estimated gross development value of approximately RM371.6 million. As this transaction is a related party transaction pursuant to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, shareholders' approval is required. The Tampin Land is one of the few parcels of land of such size with an approved development plan that is located within three kilometres radius from Tampin Town.

Review of Operations

Our property development segment reported loss before taxation of RM9.0 million on the back of RM9.7 million in revenue. The loss before taxation is attributed to the following factors:

- No new development launched during FY2018. The revenue generated are from the sale of its current inventories and rental income from its investment properties;
- Interest costs and depreciation on its investment properties; and
- Write off of expenditure carried forward in respect of the proposed development of Phase 2B of De Centrum City.

Segmental Risks

The performance of our property development segment is dependent on consumer demand for new units. Factors such as economic conditions and lending policies will have a direct impact on consumer appetite for property investment and by extension, on the contribution from our property sales. Our property activities are also affected by general risk factors. For more detailed information about the risks that we face, please turn to our Statement on Risk Management and Internal Control on page 56 of this report.

Moving Forward

2019 is expected to be another challenging year for the property development industry amid the overall Malaysian economy affected by the threat of global slowdown. The Budget 2019 which removed the exemption on real property gains tax for Malaysian individuals disposing of properties held more than 5 years could affect the recovery of the property development industry. Property overhang continues to rise.

We hope the situation will improve in 2020 and our property development segment is planning to roll out its development in De Centrum City in 2020. We are also planning to move away from the conventional property products by introducing element of healthcare and retirement homes in our development.

Subject to shareholders' approval, in respect to the proposed JDA, we hope to launch the first phase development of the Tampin Land, comprising landed houses in the 4th quarter of 2019.

ENGINEERING AND CONSULTANCY SERVICES

Our engineering and consultancy services segment provides engineering solutions in the area of geotechnical, pavement, structural, material certification and forensic engineering.

Our Master Service Agreement ("MSA") with the Government of Malaysia, which expired in January 2019, was not renewed. Currently we have an agreement with Datuk Bandar Kuala Lumpur ("DBKL"), which is expiring in November 2020 with an option of renewal for another two years. We provide engineering services and capacity building to DBKL, with an average annual turnover of RM10 million subject to actual consumption by DBKL.

We also have an agreement to provide engineering and capacity building services to Tenaga Nasional Berhad ("TNB"). This agreement is renewable annually, with an average annual turnover of RM10 million subject to actual consumption by TNB.

In September 2018, Kumpulan Ikram Sdn Bhd ("Ikram") signed a strategic partnership agreement with Geolab Ikram ("Geolab") to enable Geolab to acquire the assets of the regional offices of Ikram and jointly bid for jobs leveraging on "Ikram" brand. The rationale for the partnership is to enable Ikram to hive-off operating expenditure of approximately RM7.6 million per annum whilst enabling Ikram to generate income through consultancy and royalty.

Review of Operations

Our engineering and consultancy segment posted total revenue of RM50.1 million for FY2018, a decreased of 48% from RM97.2 million. Operational profit before taxation decreased to RM2.9 million. After taking into account the one-off impairment on receivables and retrenchment costs totalling RM3.7 million, this segment registered a loss before taxation of RM783,000.

The lower contribution from this segment is due to:

- Lesser consultancy works secured through the MSA;
- Losses incurred by the regional offices and geotechnical unit;
- One-off contribution from highway and transportation unit for Pan Borneo project in FY2017.

Segmental Risks

Demand for our engineering and consultancy services are dependent on the overall economic environment as a slowing economy would affect any capital expansion and thus our services. For more detailed information about the risks that we face, please turn to our Statement on Risk Management and Internal Control on page 56 of this report.

Moving Forward

The construction industry is expected to be challenging in view of the Government's decision to review mega projects in the country and the demand for engineering consultancy services will be affected. At Ikram, we have initiated a cost optimisation programme. This programme involves merging several business units, hive-off of non-profitable units and optimising resources. With these initiatives, our engineering and consultancy services segment is expected to remain profitable.

Meanwhile, we will continue to work with other highway concessionaires to expand our pavement condition assessment and evaluation works.

TRADING AND MANUFACTURING

Our trading and manufacturing segment complements and supports our maintenance, construction and property development segments by sourcing and supplying raw material, equipment and other required resources to these segments and their sub-contractors.

Review of Operations

Our trading and manufacturing segment reported lower revenue and PBT of RM169.0 million (FY2017: RM194.3 million) and RM1.6 million (FY2017: RM3.9 million) respectively. The lower contribution by this segment is due to:

- Lesser periodic works awarded to the maintenance segment;
- Higher interest cost; and
- Impairment on receivables.

Segmental Risks

Demand for our products is linked to the amount of construction activity by our business partners. For more detailed information about the risks that we face, please turn to our Statement on Risk Management and Internal Control on page 56 of this report.

Moving Forward

Since the trading and manufacturing segment supports our other segments, the prospect of this segment will depend on the maintenance segment's ability to secure more periodic works, and for the construction segment to implement its construction activities.

EDUCATION

Our education segment's brand is Infrastructure University Kuala Lumpur ("IUKL").

In FY2018, as part of its rationalisation and cost optimisation exercise, the following faculties have been merged and are renamed, while the Faculty of Architecture & Build Environment is maintained.

- The Faculty of Engineering & Technology Infrastructure, Faculty of Creative Media & Innovative Technology and Faculty of Applied Science & Foundation Studies are merged and named Faculty of Engineering, Sciences and Technology.
- The Faculty of Business & Accounting, Faculty of Creative Media & Innovative Technology and Faculty of Arts, Communication & Education are merged and named Faculty of Business, Information and Human Sciences.

IUKL has also phased out certain programmes that are not profitable. The rationalisation and cost optimisation exercise will enable IUKL to save approximately RM1.4 million per annum in staff costs.

Review of Operations

Our education segment reported total revenue of RM50.3 million (FY2017: RM55.9 million) and loss before taxation of RM1.9 million (FY2017: PBT of RM3.3 million). The loss suffered in FY2018 is due to the reduction in student population from 3,705 in FY2017 to 2,960 in FY2018. The low student population is attributed to stiff competition in the private tertiary education and lower withdrawal of PTPTN loans.

Segmental Risks

The education segment is exposed to competitive risk from other private tertiary institutes. The success of an education institution is dependent on its reputation as well as the ability to attract the students, both local and international, into IUKL. For more detailed information about the risks that we face, please turn to our Statement on Risk Management and Internal Control on page 56 of this report.

Moving Forward

Recognising the intense competition from other private tertiary institutions, IUKL realised that the university has to be managed in a lean and manageable level. The rationalisation and cost optimisation exercise, which started in FY2018, will enable IUKL to break-even at lower number of student population. We will continue to market IUKL as a university of choice for our Engineering and Architecture courses.

CLEAN ENERGY

Following the award for the development of large scale solar PV plant of 6.8 MW at Masjid Tanah, Melaka, our clean energy segment signed a Power Purchase Agreement with TNB. We are currently working on the conversion of the land in Melaka and construction is expected to commence in the 3rd quarter of 2019.

Our clean energy segment will be participating in the next roll out of the large scale solar as announced by the Government. We will continue to explore opportunities to participate in more government or private projects, either through direct participation or as EPC contractor.

LOOKING FORWARD TO 2019

The Government forecast that the GDP will expand to 4.9% in 2019 with the economic growth is susceptible to oil price volatility and geopolitical tension. The introduction of SST and RPGT by the Government will affect the property market sentiment. The recovery of the property market in Malaysia in 2019 remains uncertain.

For FY2018, the Group has reviewed in particular its construction portfolio assets and has taken the initiatives to make one-off impairments and write-offs. With this, there will be removal of potential overhang. The right sizing exercise, which started in the 3rd quarter of 2018 will substantially reduce overheads and the effects will be realised in FY2019.

Protasco's maintenance segment is expected to be the main revenue contributor to the Group. The PPAM Phase 2 and the DID Work will continue in 2019 as scheduled. The Group is also pursuing other opportunities to improve its maintenance and construction segments.

Barring unforeseen circumstances, the Group expects to return to profitability this year. The Group will also explore other business opportunities to enhance shareholders return.

Dato' Sri Ir Chong Ket Pen
Executive Vice Chairman/Group Managing Director

SUSTAINABILITY REPORT

We believe in building a better and sustainable future for our stakeholders by developing and contributing towards the people and community.

This is PROTASCO's first sustainability report following our sustainability statement issued in PROTASCO BERHAD's Annual Report 2017. This report covers our responsibilities to our stakeholders and our ongoing commitment to transparency and accountability. We report the economic, environmental and social aspects of our sustainability.

SCOPE OF REPORT

Reporting Period: 1 January 2018 to 31 December 2018
Reporting Cycle: Annual Coverage

This report covers Protasco Berhad, a public listed entity, and its subsidiaries. We have reported on seven segments of Protasco: Maintenance, Construction, Property & Infrastructure, Engineering & Consultancy Services, Trading & Manufacturing, Education and Clean Energy. More detailed information on Protasco's segments and subsidiaries can be found in the Group Corporate Structure section of the Annual Report. References to 'Protasco', 'Protasco Group', 'the Company', 'the Group', 'the Organisation' and 'we' refers to Protasco Berhad and/or its segments and subsidiaries.

Board

- Audit Committee
- Risk Management Committee
- Nomination & Remuneration Committee
- Employees Share Scheme Committee

Sustainability & Risk Management Working Committee | **Employees Share Scheme Working Committee**

Group Managing Director

Managing Director | **Chief Sustainability Officer** | **Group Corporate Office**

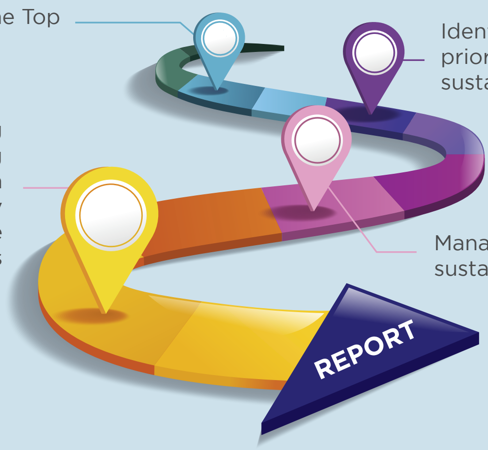
- Maintenance
- Construction
- Property Development
- Engineering & Consultancy Services
- Trading & Manufacturing
- Education
- Clean Energy

OUR COMMITMENT TO SUSTAINABILITY

Protasco's approach to sustainability is underscored by its core values and is supported by our sustainability policy.

For effective implementation, monitoring and reporting of sustainability practices and initiatives, Protasco has developed a three-tiered structure that involves members at group and divisional levels. The reporting flow of the said working committee is reflected in the Corporate Governance Structure.

PROTASCO BERHAD'S SUSTAINABILITY REPORTING ROADMAP



COMMITTEE STRUCTURE

The sustainability steering committee is tasked with identifying sustainable business objectives, assessing materiality, delegating tasks, determining overall scope, geographical boundaries and entities involved.

TIER 1: STEERING COMMITTEE

MEMBERS	DESIGNATION
Chairman	Group Managing Director
Vice Chairman	Managing Director
OTHER MEMBERS	
Road Maintenance	Chief Operating Officer
Construction	
• Special Projects	Executive Director
• Operations	Executive Director
Property & Infrastructure	Executive Director
Engineering & Consultancy Services	Chief Executive Officer
Trading & Manufacturing	Executive Director
Education	President & Vice Chancellor
Clean Energy	Director
Facility Management	General Manager
Information Technology Centre	Senior General Manager
Group Corporate Office	Executive Director

TIER 2: WORKING COMMITTEE

MEMBERS
Chief Sustainability Officer
Coordinator
Document Controller - Compliance Department
Data Collection - Compliance Department
Data Analysis & Review - Compliance Department
Report Writing - Corporate Communications Department

Representatives from each Division / Department:
- Maintenance
- Construction
- Engineering & Consultancy Services
- Trading & Manufacturing
- Education
- Clean Energy
- Facility Management
- Information Technology Center
- Group Corporate Office

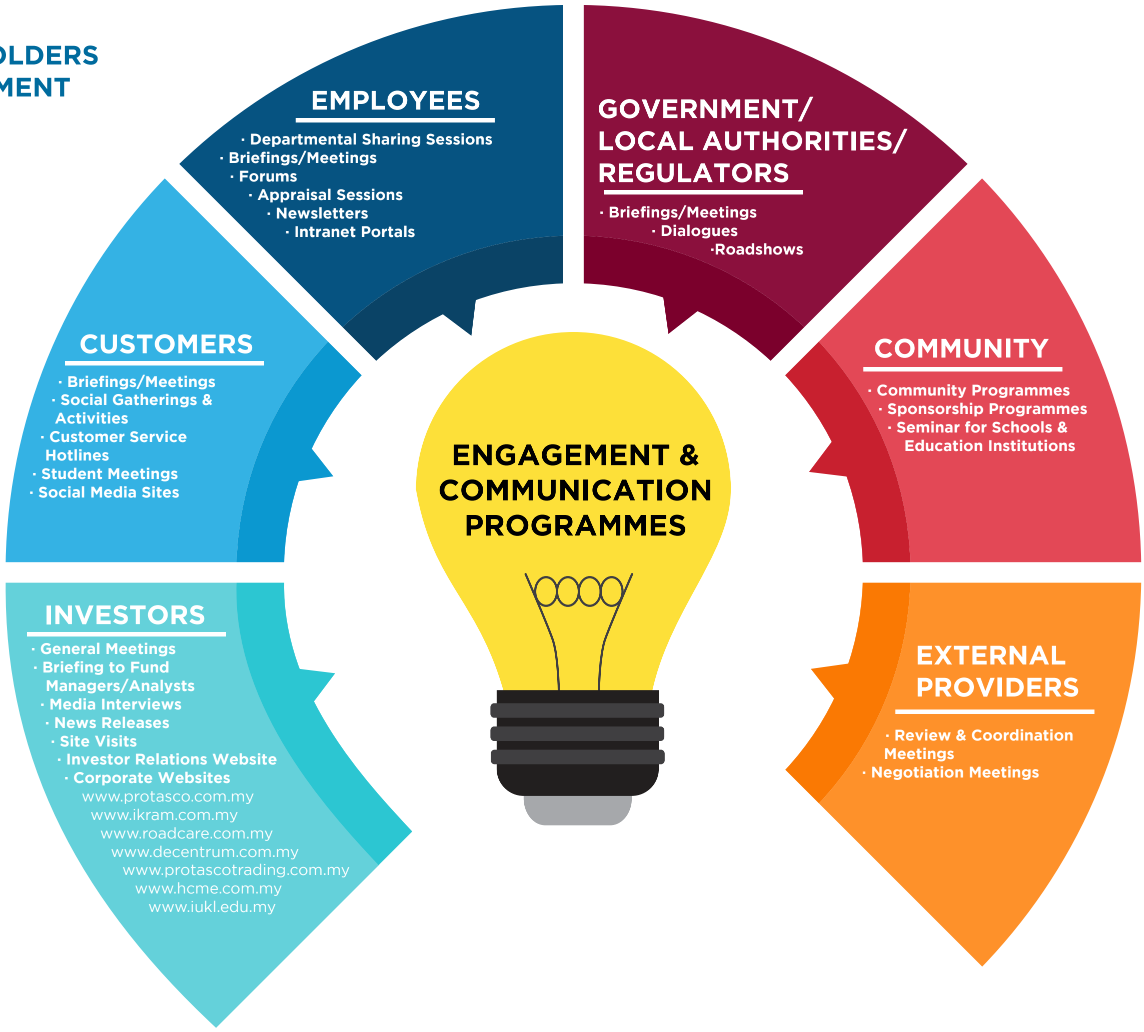
TIER 3: DIVISIONAL WORKING COMMITTEE

Each division has its own divisional working committee, which is composed of staff who are directly involved in the day-to-day operations of the division and empowered to drive sustainability

MEMBERS
Divisional Sustainability Officer ("DSO")
Deputy DSO
Coordinator
Document Controller
Data Person-In-Charge
Committee Members

SUSTAINABILITY REPORT

STAKEHOLDERS ENGAGEMENT



SUSTAINABILITY POLICY

Protasco is a dynamic integrated engineering and infrastructure provider of diverse services. We are driven by engineering excellence to be an internationally acclaimed specialist solutions provider.

Protasco believes in building a better and sustainable future for our stakeholders by developing and contributing towards the people, communities, and nations that we operate in. We continually seek to achieve favourable economic, environmental and social outcomes via our core business divisions. We also seek to ensure that strategic initiatives are systematically crafted, with due attention to our stakeholders, so as to ensure that sustainability remains an integral part of every business practice, process and project undertaken.

STAKEHOLDERS AND MATERIAL SUSTAINABILITY MATTERS

Protasco understands that each relationship it creates, involves understanding, trust and respect which leaves an impact on the company. The company's materiality analysis process presents a synthesised view of the overall landscape of stakeholder needs and interests. The following table lists Protasco's main stakeholder groups and their interests that are mapped against sustainability issues that had been identified as most material to them and which was focused on during the year.

STAKEHOLDER PRIORITISATION AND MATERIALITY MATTERS

STAKEHOLDERS	MATERIALITY MATTERS	ALL DIVISIONS	CORPORATE OFFICE
Investors*	Bursa Performance	Profit After Tax Cost Optimisation	Funding Debt Collection
Customers	Customer Satisfaction	Customer Satisfaction Compliance	Operational Efficiencies
Employees	Staff Development	Succession Planning Talent Management	Succession Planning Business Continuity
Government/ Local Authority	Safety And Security	OSHE** Licenses/Certifications	OSHE** Compliances

**Update on this portion will be covered in the Management Discussion and Analysis section on page 9 to 15 of this Annual Report.*
***OSHE - Occupational Safety Health & Environment*

The above table summarises Protasco Berhad's Stakeholders and Materiality Matters. The Materiality Matters form the basis for subsequent sustainability reporting.

ECONOMY

PROTASCO SUPPORTS LOCAL ECONOMY THROUGH EMPLOYMENT

Similar to all businesses, a primary role of Protasco is generating profit for its shareholders.

However, we are also concerned with how our business activities affect the economic conditions of other stakeholders on local, regional and national levels.

We embrace equality and diversity in all our employment practices. All employees should expect equality of opportunity in an environment where they advance purely on their merits and abilities.

We promote the hiring of locals wherever practicable and support their transition into the Company through our induction programme. It is our social duty to consider local workers before recruiting abroad.

We live and work in diverse communities throughout Malaysia and our contribution to the economic vitality of those communities is significant.

We also create other local businesses that provide material and services to us.

Primarily, it is the local communities in which we work in that benefit from this symbiotic relationship.

Protasco hires local employees for job openings whenever possible. Our local hiring strategy helps build community relations.

PROTASCO'S PROPERTY DIVISION BUILDS AFFORDABLE HOUSING

PPAM Larai in Presint 6, Putrajaya

Owning a home is a big step, and with the completion of the Perumahan Penjawat Awam ("PPAM") Larai project in Presint 6, Putrajaya, Protasco is proud to contribute to helping civil servants achieve that dream.

This economical project will provide more than 1,680 families with affordable apartments, priced at between RM150,000 to RM300,000 per unit.

We are also the chosen developer for PPAM Saderi, another affordable housing project, at Presint 16, Putrajaya.

PROTASCO'S INITIATIVES IN PRODUCT AND SERVICE DIVERSIFICATION

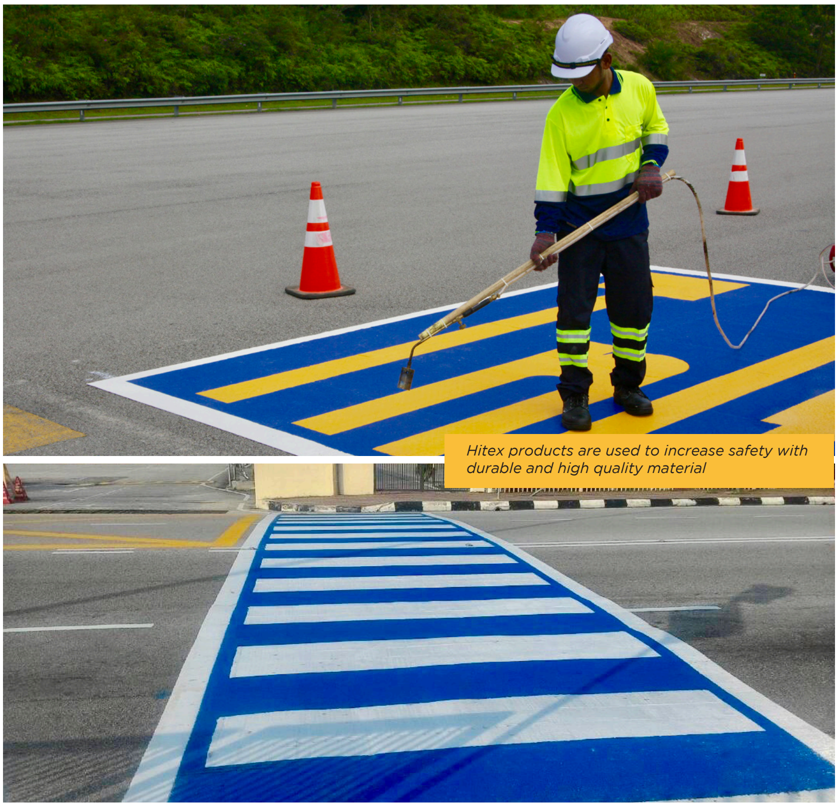
Protasco's trading arm complements and supports our maintenance, construction and property development segments by sourcing and supplying raw material, equipment and other required resources to the segments and their sub-contractors.

In its continuous efforts to provide diverse solutions for customers' needs while having positive impact on the community, the division has expanded its range of product licenses and distributorships by executing an agreement with Hitex International for distributorship of road marking; road repair and treatments; high friction and coloured surfacing and decorative material. These products put emphasis in reducing accidents and increase safety.

Among the new products include:

Hitex PumaTrack:
A surface treatment that is engineered to achieve the highest levels of durability, adhesion and colour stability.

Hitex Type 1:
A high friction surfacing material to reduce braking distance and improve vehicle control.



Hitex products are used to increase safety with durable and high quality material

SUSTAINABILITY REPORT

Property Insight's Prestigious Developer Award received by Protasco's property division

PROTASCO'S COMMITMENT TO PRODUCT & SERVICE EXCELLENCE

Testifying to the Group's commitment to best practices, we have obtained certifications and accreditations in a number of external initiatives in line with quality, health and safety, environment and governance.

Each initiative gives us guidance in establishing best practices and technical standards across our operations. At the same time, the Group has also received acknowledgements and awards, testament to our excellent service.

The following is the list of certification, accreditation, acknowledgements and awards by division:

DIVISION	COMPANY	CERTIFICATION/ ACCREDITATION/ ACKNOWLEDGEMENT/ AWARD	PROVISION/FOCUS
MAINTENANCE	ROADCARE SDN BHD	ISO 9001:2015 PERSATUAN KONTRAKTOR MELAYU MALAYSIA (PKMM) ANUGERAH 5 BINTANG UNTUK AUDITAN KERJA PENYENGGARAAN RUTIN JALAN PERSEKUTUAN	ROAD MAINTENANCE ANUGERAH KONTRAKTOR CEMERLANG 2015 JKR
CONSTRUCTION	HCM ENGINEERING SDN BHD	UKAS ISO 14001-2015 STANDARDS MALAYSIA ISO 14001-2015 UKAS ISO 9001-2015 STANDARDS MALAYSIA ISO 9001-2015 CIDB FOUR STAR	CONSTRUCTION AND REHABILITATION SERVICES FOR ROADS AND HIGHWAYS
ENGINEERING	IKRAM QA SERVICES SDN BHD	ISO 9001 ISO 17025 ISO/IEC 17065	MATERIAL TESTING LABORATORY
EDUCATION	INFRASTRUCTURE UNIVERSITY KUALA LUMPUR (IUKL)	MINISTRY OF EDUCATION ("MOE") SETARA 2017 - 4 STAR ISO 9001 : 2018 MALAYSIA QUALIFICATION AGENCY ("MQA")	ALL PROGRAMMES OFFERED BY IUKL RECEIVED APPROVAL BY MOE AND ACCREDITATION BY MQA
TRADING & MANUFACTURING	PROTASCO TRADING SDN BHD	ISO 9001:2015	SUPPLY OF QUALITY RANGE MATERIALS/ PRODUCTS
PROPERTY	DE CENTRUM LAND SDN BHD	PROPERTY INSIGHT'S PRESTIGIOUS DEVELOPER AWARD (PIPDA)	BEST BOUTIQUE LIFESTYLE DEVELOPMENT

PROTASCO'S COMMITMENT TO CUSTOMER SATISFACTION: STEPPING BEYOND EDUCATION

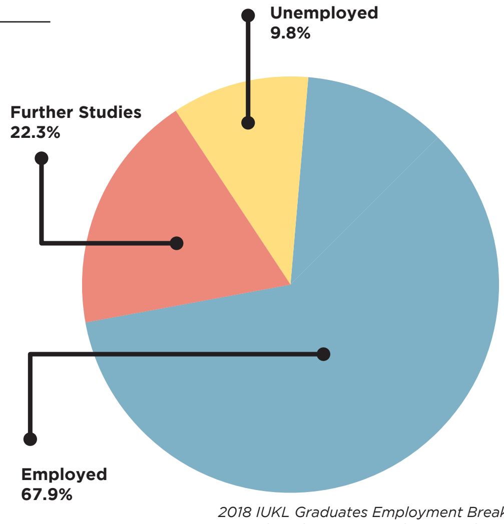
Protasco's education arm is testament to the organisation's commitment to ensure customer satisfaction. For this division, we believe that students' employability reflects the quality of education they have received.

Employability gives an impact on a country's standard of living measured by potential economic growth. To build a nation with skills for employment and thus improve the nation's economy have always been the agenda of Protasco's education wing.

IUKL continues to engage with the industry and provides various soft skills workshops, seminars and talks to equip students not just with skills alone but self-awareness about their strengths and weaknesses, work ethics and positive attitude that they would require as an employee.

Such activities add value to the degree that they have received, and have shown to help avoid unemployment to more than 90% of our graduates from the 2018 Convocation batch within six months of graduation.

This percentage is based on the number of graduates that had responded to the Tracer Study keyed into the Ministry of Higher Education system.



2018 IUKL Graduates Employment Breakdown (Based on the Tracer Study respond)

Employability Programmes Conducted by IUKL

- Guest lecture by Julia Gabriel Centre.
- Career talk: Six months jobless after graduation.
- Sharing session with EPF: Retirement Advisory Service (RAS).
- Career talk: Is your resume, getting calls from the employers?
- Industrial talk by Sifoo International Sdn Bhd: Introduction online business and digital marketing.
- What is next? Get hunted?
- Digital marketing in action.
- Aspiring youth leader conference.
- Young leaders conference 2018: Achievement unblocked.
- Seminar rise to lead: The voice of youth leaders.
- Empowering women summit 2018.
- Jobstreet ambassador programme.
- CPA (Australia) Profession session.
- I-Geo seminar series on water quality: Impacts, implication and mitigation measure.
- Professional talk: A case study using software modelling in traffic and transportation engineering & challenges working as a traffic/transportation engineer.
- Development of ITS for better road network system in Malaysia.
- Professional talk: Introduction to professional practices.
- Professional talk: Contracts & law, the legal system of Malaysia, principles of civil & criminal law, laws of tort, contract definition, criteria for valid contract, voidable contracts, typical types of contract as practiced in Malaysia.
- Professional talk: Engineering ethical issues.
- I-Geo seminar series on earthquake in the Klang Valley: Is it for real and are we ready?
- Professional talk: Engineers and management.
- Professional talk: Role of professional engineers and fulfilment to obtain the title.

IUKL graduates benefit from employability programmes

One of the many employability programme conducted for IUKL students

SUSTAINABILITY REPORT

Road rehabilitation work using microsurfacing

PROTASCO'S FOCUS ON RESEARCH AND DEVELOPMENT

As one of the biggest player in the local road maintenance industry, Protasco believes it is important for the organisation to be part of the industry's technological innovation efforts.

We are honoured to have been entrusted by the Malaysian Government, under Jabatan Kerja Raya ("JKR") to collaborate on these research initiatives:

1. Research on Fundamental Characteristics of Stabilised Full Depth Reclaimed (FDR) Pavement Layers in Malaysia
2. Development of Rejuvenating Agent for use in Hot In-Place Recycling (HIPR). (Jun 2015 – May 2018)
3. Road Rehabilitation Works of Road Surface using CMB Rubberised Pavement on Kuala Lumpur – Kuantan Road in Temerloh, Pahang Darul Makmur. (Sep 2016 – Sep 2018)
4. Road Rehabilitation Works of Road Surface using Latex Asphalt and Plastic in Bitumen on:
   - Laluan Ft 03, Seksyen 382.00 - 385.00 & Seksyen 419.00 - 421.00 Jalan Kuantan - K.Terengganu, Daerah Kemaman, Terengganu Darul Iman. (Oct 2018)
   - Laluan 98, Seksyen 14.00 - 15.00, Jalan Temerloh - Jerantut, Daerah Temerloh, Pahang. (Sep 2017 – Sep 2019)
5. Research on Road Resurfacing using Microsurfacing on:
   - Laluan Ft8, Jalan Bentong – Gua Musang, Daerah Raub, Pahang. (Oct 2017 – Oct 2018)

FOCUS STORY:
Roadcare (Protasco Maintenance Division) applied recycled rubber by-product and shredded plastic bottles to resurface roads

Malaysia is the largest rubber producing country in the world, but the value of this commodity has seen its ups and downs in the market price. To strengthen economic value of rubber tappers, the Government is committed to help this community by finding ways to utilise rubber usage especially in road technology.

Together with increasing stockpiles of plastic wastage every year, initiatives are explored to make full use of this by-product. JKR through its Research Development Agency, Center of Excellence & Technology (CREATE) has granted an allocation for a research programme, undertaken by Roadcare Sdn Bhd (a subsidiary of Protasco Berhad) on the usage of plastic and latex in asphalt concrete mix, involving 75 tonnes of plastic asphalt and 150 tonnes of latex asphalt.

Recycled plastic bottles collected at a centre for the research

The selected site for the programme was at FT98 Sect 13.0 road in Temerloh, Pahang. Recycled shredded plastic bottles were thrown into two openings of pugmill, where it was mixed with hot aggregate (hot mixing), and subsequently mixed with bitumen.

For latex asphalt, 5% of latex by weight of bitumen (which was kept in a 250L drum) was used to produce 150 tonnes of latex asphalt. The product had to be thoroughly stirred and mixed at least two hours prior to the site delivery.

It is anticipated that the usage of plastic and latex asphalt would improve the stability and elastic modulus of the mix. The research had been a success and the applied site is currently being monitored.

ENVIRONMENT

PROTASCO BUSINESS UNITS WITH POSITIVE ENVIRONMENTAL BENEFITS: GEO-ENVIRONMENTAL ENGINEERING

Our sustainability strategy supports our businesses and reaches beyond the doors of our assets to preserve and protect the planet and its resources. We have the expertise to provide engineering solutions in environmental preservation.

Geotechnical and Geo-Environmental engineering is one of Protasco engineering division's core service with cumulative track record of over five decades.

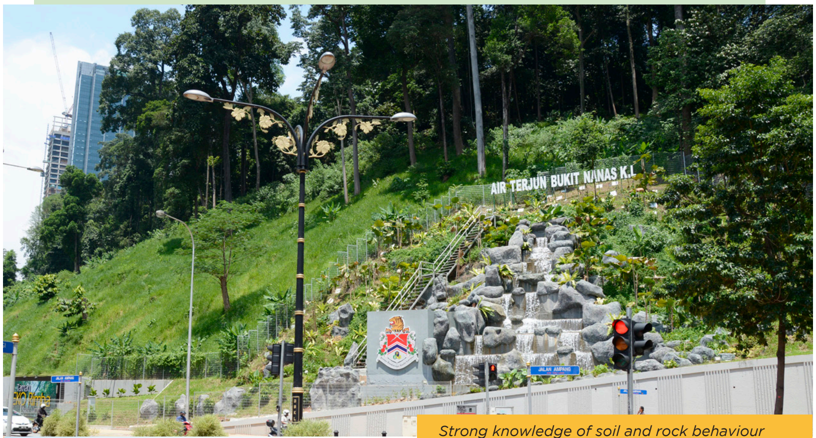
Protasco's strong theoretical and analytical knowledge of the properties and behaviour of soil and rocks has prevented or reduced damage on the environment caused by development works.

Other services on geotechnical engineering include:

Geotechnical Forensic & Failure Investigation
Protasco mobilise its team during disasters or emergencies in geotechnical and geological failures to recommend remedial actions and practical engineering solutions to minimise risk to lives and properties.

Landslide Hazard & Risk Mapping
Geological and Geomorphological Mapping: Utilising LiDAR technology to survey large areas and GIS application software to produce maps for land use planning and slope development as well as maintenance management.

Geo-Environmental Engineering
Services and solutions in environmental assessment, management and rehabilitation.



Strong knowledge of soil and rock behaviour prevents damage and reduce landslide hazards

PROTASCO BUSINESS UNITS WITH POSITIVE ENVIRONMENTAL BENEFITS: ROAD MAINTENANCE USING COLD IN-PLACE RECYCLING

Protasco's maintenance division is a pioneer in Malaysia in using the Cold In-Place Recycling ("CIPR"), an advanced and environmental friendly technique in treating distressed road pavements. CIPR provides a more cost-effective alternative to pavement rehabilitation for both partial or total construction options.

The technique sees the recycling machine scarify the existing pavement layers (to a maximum depth of 500mm) then add either cement or bituminous material or both as stabilising additives before relaying it back on the same pavement area in a single process.

CIPR offers exceptional performance for road rehabilitation. It represents the future of pavement technology, and with its proven track record, will replace conventional pavement rehabilitation methods.

CIPR method being used for road maintenance

- Cost effective where operations use less manpower and machinery, and a shorter construction time. Saves around 20% of the investment in repair costs.
- Versatile where pavements are now easy to construct through one pass operations, production is highly mobile, and causes less traffic disruption.
- Ecologically friendly where existing material can be reused, causes less air pollution and conserves natural resources (quarry product).

SUSTAINABILITY REPORT

PROTASCO BUSINESS UNITS WITH POSITIVE ENVIRONMENTAL BENEFITS: CLEAN ENERGY

In 2017, Protasco established its clean energy division firstly to develop a new business sector primarily in the solar energy industry. The division successfully secured a 8.5MW solar power contract from Energy Commission to design, build and operate a solar power plant where the power generated is to be sold to Tenaga Nasional Berhad (TNB) for 21 years.

2018 was a year of preparation. Embarking in any business especially in a niche energy market, the division had enhanced its skilled human resource, financial capabilities, legal framework and a network of business partners and clientele.

The clean energy division, under i2 Energy Sdn Bhd has developed two core businesses, one which is to invest, own and operate solar power plants as a solar developer and the other is to design, build and maintain solar power systems as a solar EPC (Engineering, Procurement & Construction).

2019 shall be the year of execution with clienteles in the pipeline and new policies and incentives from the Government that provide new opportunities in the solar industry.

Solar panels installed on the rooftop of one of i2 Energy's client in Selangor

DO YOU KNOW ?

The amount of power from the sun that strikes the earth in just one single hour is even more than the total power the entire world consume in a year.

The sun provides us free and accessible power. It enables us to harness this power using photovoltaic ("PV") technology. Solar PV cells convert sunlight into direct-current (DC) which is converted by the inverter technology into alternating-current (AC) which we all consume for our energy needs.

Due to the effectiveness and many benefits of solar power, governments across the globe has implemented policies to drive the solar industry forward. This does not only provide an opportunity for the group in Malaysia, but most importantly it addresses climate change, creates jobs and business prospects.

PROTASCO'S EFFORTS TO REDUCE IMPACT ON THE ENVIRONMENT: ENERGY MANAGEMENT

Energy is an important resource and a major expense for all divisions. We prioritise energy efficiency improvements that counteract rising energy costs and strengthen our competitiveness.

Introducing best business practices help us use energy efficiently, which maximises cost savings. Reducing our consumption leads to lower CO2 emissions. This approach conserves the environment and provides sustainable business management which helps secure our long-term position.

Energy efficiency is defined as using less energy to provide the same service. At Protasco Trading office, since the beginning of 2018, energy consumption has been monitored. By mindful usage, the team was able to reduce consumption by up to 15% with air conditioning of their offices accounting for 60% of total energy use; and the remaining 40% for lighting and running of office machines.

Other initiatives to reduce carbon footprint include reducing travelling where possible and to encourage carpooling.

ALTERNATIVE ENERGY

IUKL's main academic block (Block 11) is installed with rooftop solar panels. The panels generate about 180kWh of electricity over the course of 3 ½ effective sun hours per day.

During some months, when the semester is in full swing, electricity usage is higher and in other months such as during the semester break, electricity usage is lower. Currently, there is no excess in the net energy metering, which means that the block is fully consuming the electricity generated by the rooftop solar panels.

The panels are rated as Bloomberg tier 1, and have one of the highest power generation rates of the brands available on the market. Furthermore, they have a 25-year performance guarantee, which ensures that they will have a long-lasting return on initial investment.

SOCIAL

CONDUCIVE WORKPLACE

At Protasco, we are acutely aware of how our business operations impact the social systems of local communities. Our social sustainability initiatives cover practices at work, human rights and community.

Diversity and Inclusion

Diversity and inclusion are important aspects of our responsible workplace practices. A diverse workforce is better equipped to understand, relate and respond to the customers and communities at our multiple locations and regions.

This is essential for our continued growth as a diversified conglomerate with a multitude of businesses. We encourage individuals to grow and realise their full potential by providing fair and equal career opportunities.

Diversity encompasses all the differences that make each of us unique. Differences may be visible such as age, gender, ethnicity, language, abilities, physical appearance and cultural background. There may be underlying differences such as in thinking styles, beliefs, religions, nationality and education.

Protasco's Education Division Embraces Diversity on Campus

IUKL keeps evolving in line with its motto 'For Knowledge. For Humanity'. The university is constantly seeking new ways to contribute to the betterment of humanity. By integrating knowledge and values into its teaching practices, the university is able to produce work-ready graduates who demonstrate high levels of integrity, professionalism, and intellect.

International students
The average IUKL classroom resembles the world in miniature. International students abound in each of its faculties and many of its programmes. The academic staff are often complimented by the internationals students for the university's practices of tolerance and inclusiveness. Indeed, the university actively encourages its academic staff to conscientiously promote close interaction between local and international students, so that each can gain an understanding and appreciation of the other.

Group projects are planned to create a setting in which diversity is celebrated. Not only does this work to the benefit of the international students, it also creates an opportunity for Malaysian students to practise inclusivity beyond the boundaries of national identity.

Students come to IUKL from around the world. In 2018, there were students in IUKL programmes from 55 different countries in Asia, Africa, Europe, and North America.

Diverse staff
IUKL recruits and sustains an academic team that is qualified and experienced. Both local and international academics bring with them extensive industrial experience. Some 6% of academic staff are international lecturers, hailing from such diverse countries as Iraq, Canada and Zimbabwe.

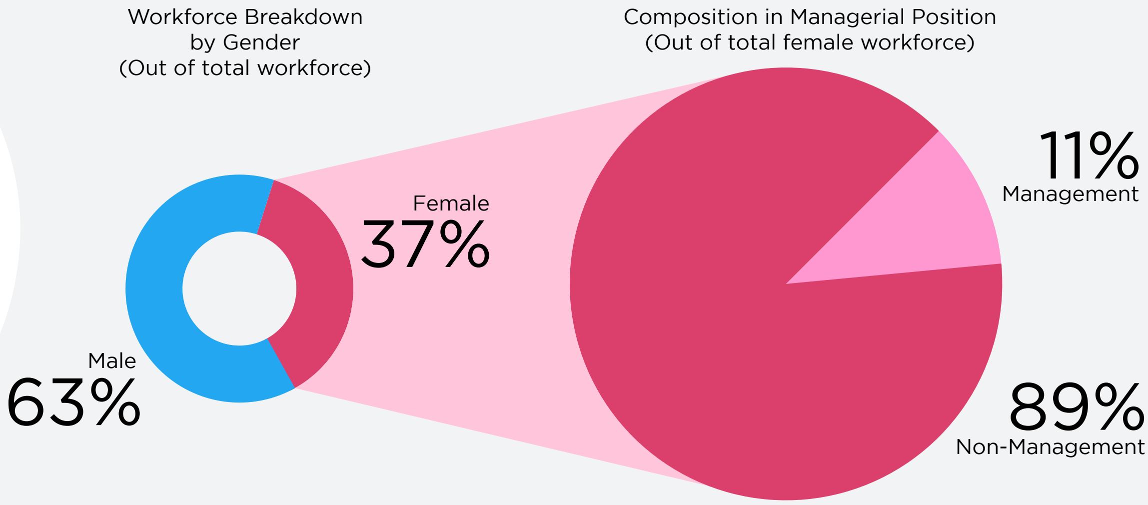
CHAMPIONING WOMEN INITIATIVES AT PROTASCO

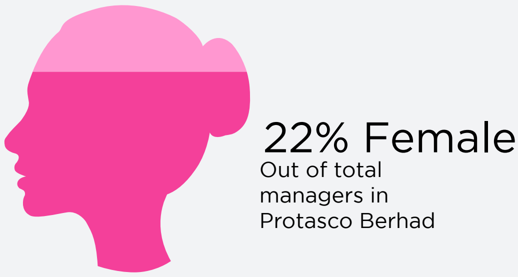
We support our people by providing a conducive work environment and enhancing their overall personal wellbeing and development.

37% of our employees are women, with 11% at managerial level. This supports the Government's push to include more women in the nation's workforce. Our corporate diversity strategy builds an inclusive culture that empowers every employee to succeed. We are committed to developing all employees' talents and increasing the number of women in leadership positions.

During the International Women's Day in March 2018, Protasco celebrated its female employees by donning the colour purple and conducted health-related activities that are women-focused.

Protasco celebrates women to create a culture of equality and narrow the gender gap





SOCIAL LINKAGE INITIATIVES FOR MORE ENGAGED PROTASCO EMPLOYEES

These initiatives create a feeling of belonging and encourage stronger rapport within the organisation. Fun-filled activities promote bonding within the workforce.

BUILDING RELATIONSHIPS AMONG EMPLOYEES	FUN INTERACTION BETWEEN EMPLOYEES	PROMOTE BONDING AMONG EMPLOYEES	ENGAGING WITH EMPLOYEES

Kelab Sukan & Kebajikan Protasco

Kelab Sukan & Kebajikan Protasco ("KKPro") organises sports and social activities to help forge closer relationships and togetherness with all employees.

This leads to improved work quality and work-life balance. KKPro supports the Group's Corporate Social Responsibility ("CSR") agenda and independent activities.

Club initiatives include recreational and charitable activities as well as health focused programmes to encourage staff well-being. KKPro also looks into providing monetary and counselling support for employees who have suffered loss such as death of loved ones.

Activities Organised by KKPro

SPORTING ACTIVITIES	NON-SPORTING ACTIVITIES	STAFF CSR
• PROTASCO FITNESS RACE CHALLENGE 2018 • PROTASCO FUN & FEAR 2018 • PROTASCO SPORTS CARNIVAL (PROSCAR) - PING PONG, BOWLING, BADMINTON, VOLLEY BALL, NETBALL, FUTSAL, SEPAK TAKRAW, DART, ARM WRESTLING, TUG-OF-WAR	• KURSUS PENGURUSAN JENAZAH • HEALTH CHECK WITH NKF • FUN TRAVEL TO LANGKAWI • VISIT TO QURAN-MAKING FACILITY COMPLEX	• MAJLIS BERBUKA PUASA BERSAMA SEKOLAH TAHFIZ ANAK YATIM ALKITAB, BERANANG • CONTINUOUS CONTRIBUTION BASED ON NEED (ILLNESS, DEATH, ETC) • CELEBRATION TOKEN FOR STAFF CHILDREN UPON ACHIEVING GOOD RESULTS FOR MAIN EXAMS IN PUBLIC SCHOOLS

Employee Volunteer Programme #ProtascoPrihatin

An Employee Volunteer Programme ("EVP") is defined as a planned and managed effort that seeks to motivate and enable employees to effectively serve community needs through the leadership of the employer.

Protasco launched the EVP in 2018 with a 'gotong royong' initiative at an Old Folks Activity Centre (PAWE) with more than 50 employees registered to volunteer as 'Squad Protasco Prihatin'.

Through the programme, Protasco employees will be able to join initiatives to do good for the community and the environment.

The launching event of Employee Volunteer Programme in 2018

SUSTAINABILITY REPORT

EMPLOYEE WELLNESS AT PROTASCO

Improving the health and well-being of employees are not only beneficial to the individual participant but brings positive values to the company as a whole. Protasco's comprehensive workplace health initiative focused on creating awareness, provide education and skill-building opportunities and create supportive environments.

Protasco's Wellness Commitment

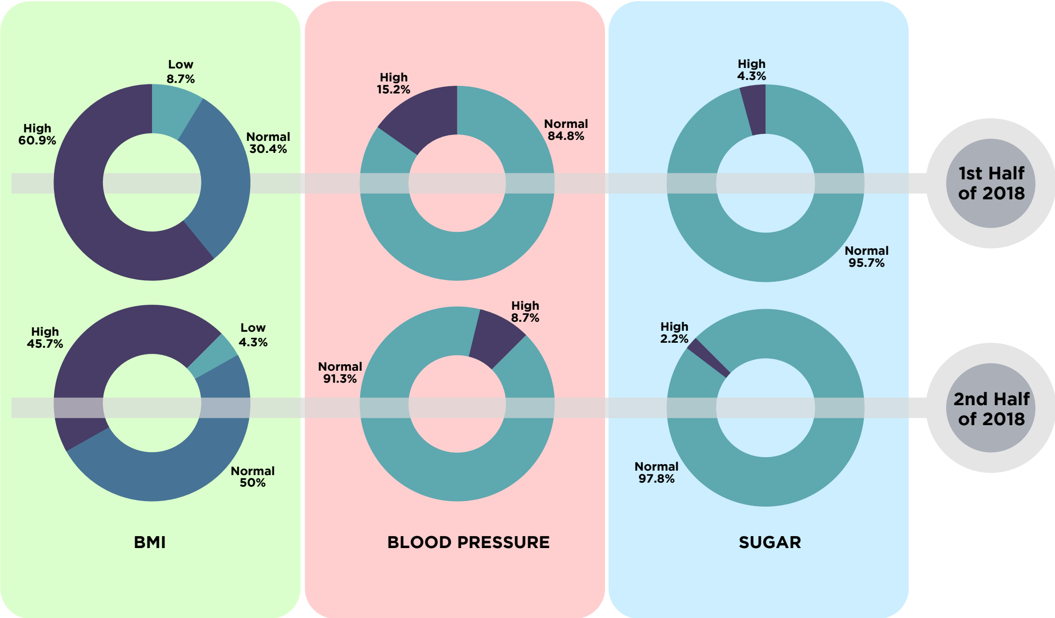
The AIA Vitality Programme is a unique health initiative that motivates participants to get fit. In November 2017, Protasco participated in its Healthiest Workplace Survey to encourage and set the stage for its employees to learn about their personal health status and habits, and ways to improve their health. The company then encouraged employees to engage in a healthier lifestyle through activities such as:

- Fitness routine sessions including jogging around the De Centrum campus every Wednesday
- Educational emails on healthier food consumption with nutritional values and calories information per plate of their favourite dish
- BMI calculation and talks by guest nutritionists
- Health screening sessions

Protasco received an acknowledgement for participating in the AIA Vitality Programme

Staff Fitness Monitoring by Protasco's Property Division

Protasco Development Sdn Bhd, a subsidiary of Protasco Berhad under the Property Division had started a Staff Fitness Monitoring programme following the holding company's initiatives to improve the health and wellness of its employees. Out of its total staff of 46, each individual's sugar, BMI and blood pressure was checked every quarter and those that are out of the normal range were given assistance to improve their readings.



MY10K Farm Run at De Centrum Mall

Amongst the wealth of initiatives on wellness that the employees of Protasco are encouraged to join included a 10km fun run that was co-organised and sponsored by De Centrum Mall which was held in December 2018.

Participation fees for staff of Protasco were subsidised to encourage the wellness lifestyle. In the spirit of leading by example, the run was flagged off and participated by Protasco's top management and their families.

Top finishers at the medal presentation ceremony of the MY10K Farm Run

RECOGNISING ACHIEVEMENTS AND LOYALTY AT PROTASCO

Companies who recognise their people are more apt to sustain performance excellence. Countless studies have shown that when people feel appreciated and are recognised, they are more engaged, motivated and productive. The result is greater productivity that eventually leads to better business results.

2018 Long Service Awards recipients at the 'Majlis Anugerah Khidmat Setia' ceremony

Employee recognition is a key component of a comprehensive rewards programme, which includes compensation, benefits, performance, work-life and recognition and professional development opportunities.

Each component of this total rewards programme serves to assist in the attraction, retention, engagement and motivation of an organisation's workforce.

Recognising employee excellence is an essential part of Protasco's culture. Our long service awards recognise the value of our loyal and dedicated long-serving employees.

Awards are given to employees who have reached 20 years of service and above. For 2018, a recognition ceremony was held in May.

ANUGERAH Khidmat Setia

Protasco Employees' 2018 Long Service Award Recipients

20 YEARS - 60 EMPLOYEES

21 - 24 YEARS - 14 EMPLOYEES

25 YEARS - 4 EMPLOYEES

Performance Management and Key Benefits Package by Protasco

Protasco offers competitive benefits packages to our employees. We focused on continuing to improve our Rewards System in 2018, which offered an integrated rewards package, including salaries, profit sharing scheme and benefits.

This will support our employees' personal and professional lives and is competitive with programmes offered by many other companies in Malaysia. It also reflects compensation linked to employee performance and goal achievement.

We work to continuously improve our Performance Management System. Our web-based HR portal allows employees to access information for their easy reference.

The Group's salary structure is reviewed annually in line with the general industry practice. Benchmarking is carried out periodically to monitor the market to ensure that cash and total remunerations remain competitive.

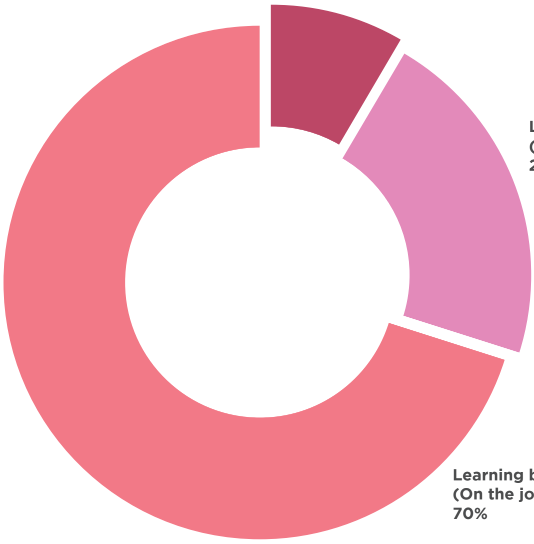
Employees have also enjoyed the benefits of the Employees' Share Option Scheme ("ESOS"). The ESOS structure promotes a culture of reward based on merit.

The vesting amount depends on the performance of the respective employees with higher performing staff vesting a higher proportion of options.

TRAINING & DEVELOPMENT

Employees are our greatest resource and their commitment has driven the Company to become what it is today. Career development at Protasco begins with ensuring our employees feel connected to our shared purpose and values and they understand the role they play in helping Protasco succeed. We offer employees a variety of experiences to grow personally and professionally.

Learning is a priority and important to our success. We invest in our employees' professional and personal development and provide them with challenging and rewarding opportunities for career growth. At Protasco, we adopt a three-pronged approach to employees' training and development based on the following learning principles:



Three-pronged approach to employees' training & development

LEARN BY DOING : 70% (On The Job Training)

• We believe that involving employees in cross department and/or industry projects, short and/or long term assignments and job scope enlargement benefit our employees the most in terms of exposure and experience.

LEARN FROM OTHERS : 20% (Coaching & Mentoring)

• We conduct mentoring programmes which allow employees to learn from senior management personnel. We facilitate the transfer of tacit knowledge and experience through these mentoring sessions. Coaching by managers is also adopted as an effective way of developing our people.

LEARN FROM TRAINING : 10% (Formal Learning Interventions & Structured Workshops)

• We provide training programmes for our employees in addition to exposing them to on-the-job training, coaching and mentoring. These programmes not only emphasise employees' technical or functional skills, but also managerial capability and knowledge.

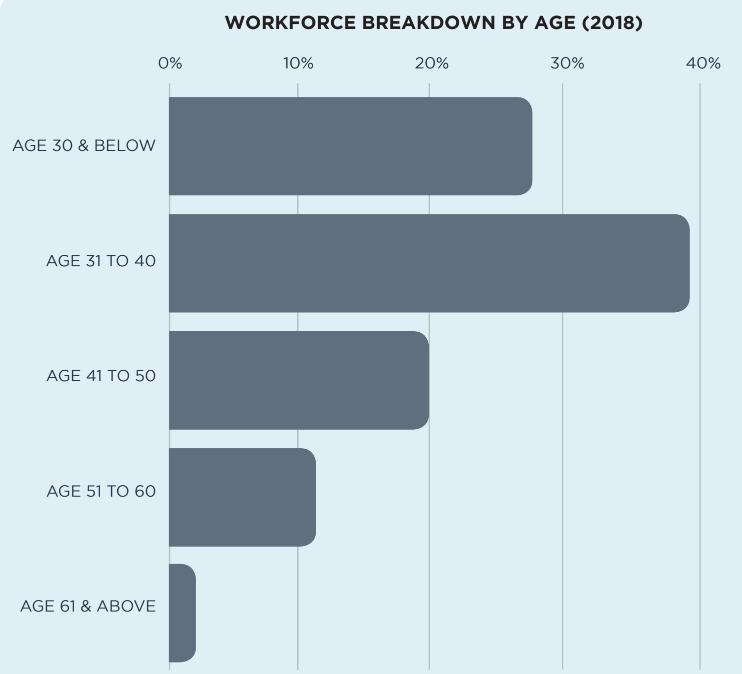
LEADERSHIP AT PROTASCO PROGRAMME

Protasco prepares our future leaders to meet the challenges of tomorrow and achieve its Business Strategic Plan by ensuring employees have the tools, resources and information necessary to create a fully engaged workforce.

Leadership at Protasco programme is to create Protasco Future Leaders. Commencing December 2016, selected talent receive Leadership Coaching and Mentoring to ensure that these talent are on the right career track, and understand their career aspirations.

The programme focuses on ensuring:

- The right talent are getting the training they need when they need it;
- Protasco is providing learning opportunities to build employee skills for future career opportunities.



HUMAN RIGHTS PRACTICES

> **In Protasco, talent is the heart of business performance and innovation. This philosophy strengthens employee commitment and performance while paving the way to a lasting strategic advantage.**

All of Protasco employees are urged to speak up immediately if they feel that our policies or their rights have been violated.

We have introduced the Grievance Procedure and Whistle Blowing Policy* in order for them to have the confidence to step forward without feeling intimidated to make their concerns known. We treat all inquiries/reports confidentially and investigate all concerns.

We believe there is an unquestionable link between sustainable development and human rights. We are committed to conducting our business in a manner that respects the rights and dignity of all people. We respect internationally recognised human rights and require employees to report any human rights abuse in our operations or in those of our business partners.

Non-discrimination and Equal Opportunities
Each of us should be treated with respect and dignity. We do our utmost to provide equal opportunities to ensure that employment decisions are based on merit and performance. Race, religion, gender, age, nationality or disabilities are not influential factors and we pledge to eradicate any form of discrimination or prejudice in the workplace.

**The Whistle Blowing Policy is available at www.protasco.com.my*

CORPORATE SOCIAL RESPONSIBILITY

Protasco believes in building a sustainable future for its stakeholders by developing and contributing towards the communities that it operates in. Protasco's focus areas in assistance include enabling education and sustainable community building.

Employee CSR:
Protasco Prihatin Squad Cleans Up Grounds of an Activity Centre for Senior Citizens in Cheras Baru

More than 50 Protasco employees volunteered their time and effort to clean up the grounds of Pusat Aktiviti Warga Emas ("PAWE"), an activity centre for the senior citizens in Cheras Baru on 2 February 2018. The volunteers were part of the newly launched Volunteer Programme for Employees of Protasco Berhad called Protasco Prihatin Squad. The 4-hour activity saw the team rolling up their sleeves to get their hands dirty through cleaning activities and exercising with the senior citizens. The charity initiative registered more than 200 man-hours from the Protasco staff pool, ranging from director to non-executives. Protasco also upgraded the centre's kitchen by sponsoring a kitchen cabinet as well as presented ang pow tokens to all the senior citizens who joined the day's activity.

Employee CSR: Igniting Safety Culture Amongst Employees

Protasco has always placed the safety of its employees as a priority and institutes a continuous culture of a safe working environment. On 3 May 2018, an event to educate employees about safety was organised by the My Safety team, a category under the My Wellness campaign.

Tagged 'towards a safety culture', the one-day event included activities on safety with the highlight being a talk on 'safety around fire' by the Cyberjaya Fire Department representative. Leading by example, employees were delighted to see Executive Vice Chairman and Group Managing Director of Protasco Berhad, Dato' Sri Ir Chong Ket Pen volunteering for the fire extinguisher demonstration.

Community: Protasco Berhad Contributed RM500,000 to Tabung Harapan Malaysia

Protasco Berhad and four of its subsidiaries contributed RM500,000 to Tabung Harapan Malaysia on 8 June 2018, towards easing the country's debt repayments. The cheque was presented to YAB Tun Dr Mahathir Mohammad in Putrajaya, by Dato' Sri Ir Chong Ket Pen, Executive Vice Chairman and Group Managing Director of Protasco Berhad. "Protasco is proud to play its part, and join Malaysians in helping make a better future for all," said Dato' Sri Ir Chong Ket Pen.

Education: Protasco Enables Education Through Provision of School Supplies to Underprivileged Children

i. Ba'kelalan, Sarawak:
Protasco sponsored school bags for students of Sekolah Kebangsaan Long Luping, in Ba'kelalan, Sarawak on 14 December 2018. The bags were presented to the recipients by YB Tuan Baru Bian, Works Minister at an event co-organised by Roadcare Sdn Bhd, DAL-HCM Sdn Bhd and the Works Ministry's PUSPANITA.

ii. Temerloh, Pahang:
A total of 2,000 school bags and stationary sets were presented to underprivileged students in Temerloh, Pahang on 21 December 2018 at an event attended by YB Tuan Hj Mohd Anuar Mohd Tahir, Deputy Works Minister.

iii. Muadzam Shah, Pahang:
School bags and stationaries were also presented to students in Felda Selancar, in Muadzam Shah, Pahang.

Education: Protasco Encourages Excellence in Education by Acknowledging Students with Good Results

Students from Felda Purun in Bera, Pahang who sat for their UPSR in 2018 and managed to receive excellent results were acknowledge and received special gifts from Protasco at an event that took place on 16 December 2018.

Community: Wheel Chairs and Hospital Beds Sponsorship

Protasco's commitment to community sustainability includes awareness on the lack of proper facilities for the sick.

Wheel chairs and hospital beds were sponsored for those in need in Kampung Sandur, Lawas, Sarawak on 14 December 2018, in an event attended by Works Minister, YB Tuan Baru Bian.

Community: Lighting the Way with Solar Lamp Posts

In line with the new business venture in clean energy, Protasco provided solar lamp posts along the roads for the benefit of the residents of Kampung Long Luping, Ba'kelalan, Sarawak. This initiative was sponsored by Protasco's DAL-HCM Sdn Bhd.

PROFILE OF DIRECTORS

Tan Sri Datuk Dr Hadenan Bin A Jalil

Malaysian | Age 73 | Male

Chairman
Independent Non-Executive Director

EDUCATION & QUALIFICATION	■ PhD from Henley Management College, United Kingdom, 1986 ■ Master in Business Management from the Asian Institute of Management, Philippines, 1975 ■ Bachelor of Economics (Honours) degree from the University of Malaya, 1970 ■ Recipient of the Asian Institute of Management Alumni Award (AAA), 2013 ■ Fellow Member of Association of International Accountants ■ Honorary Member of the Institute of Internal Auditors Malaysia
TERM OF OFFICE	Chairman and a Director of Protasco Berhad since 28 April 2010
SKILLS & EXPERIENCE	Tan Sri Datuk Dr Hadenan was Malaysia's Auditor General from 2000 to 2006. He began with a career in public service at the Ministry of Finance in 1970, as an Assistant Secretary in the Budget Division of the Malaysian Administrative and Diplomatic Services. He then went on to assume various positions such as Principal Assistant Secretary, Tax Division; Deputy Secretary, Economic Division; Deputy Secretary, Finance Division and Secretary, Finance Division until 1998. He then became the Deputy Secretary General (Trade) at the Ministry of International Trade and Industry from 1998 to 1999 and Secretary General at the Ministry of Works from 1999 to 2000, before becoming the Auditor General. Upon his retirement as a civil servant, Tan Sri Datuk Dr Hadenan had served the public for 36 years. Tan Sri Datuk Dr Hadenan was a Director of Unilever (M) Holdings Sdn Bhd until 1 January 2018. He was the Chairman of the Operations Review Panel, Malaysian Anti-Corruption Commission until 26 February 2015 and the Chairman of ICB Islamic Bank Ltd Bangladesh until June 2014. He was also the Chairman of PNB Commercial Sdn Bhd and its subsidiaries, PG Hotel Sdn Bhd and held directorships at Malayan Banking Berhad and Maybank Islamic Berhad.
OTHER PUBLIC COMPANY DIRECTORSHIP & OFFICES	Tan Sri Datuk Dr Hadenan is the Chairman of the Board of Governors of Infrastructure University Kuala Lumpur and Chairman of THP Sinar Sdn Bhd. He is also a Director at Universiti Tun Abdul Razak Sdn Bhd, a member of Advisory Board of Malaysian Anti-Corruption Commision and the Group Business Advisor of Sinar Jernih Sdn Bhd. He is also a member of the Economic Advisory Council Malacca.

PROFILE OF DIRECTORS

Dato' Sri Ir Chong Ket Pen

Malaysian | Age 64 | Male

Executive Vice Chairman / Group Managing Director

EDUCATION & QUALIFICATION	■ Master of Philosophy (Civil Engineering) degree, University Of Birmingham, United Kingdom, 1990 ■ Bachelor of Engineering (Honours) degree from the University of Malaya, 1979 ■ Registered Chartered Engineer with the United Kingdom's Engineering Council, 1987 ■ Member of the Institution of Civil Engineers, United Kingdom, 1985 ■ Registered Professional Engineer with the Board of Engineers Malaysia (BEM) ■ Member of the Institute of Engineers Malaysia (IEM), 1984
TERM OF OFFICE	Director of Protasco Berhad since 18 May 2001
SKILLS & EXPERIENCE	Dato' Sri Ir Chong Ket Pen is the founder of Protasco Berhad Group of Companies. He is a road pavement specialist with extensive experience in the evaluation, design, construction and maintenance of roads and pavements. Upon graduating from the University of Malaya in 1979, he joined the Public Works Department of Kelantan (JKR Kelantan) as a Road Design Engineer. He was then promoted to the post of Project Engineer where he supervised the construction of roads and bridges in southern part of Kelantan. Equipped with invaluable design and site experience in roads and bridges, he was then transferred to the Design and Research Branch of the JKR Headquarters and became a Senior Research Engineer. He then embarked on a Master by Research course with the University of Birmingham while carrying out research works in the field of pavement engineering and subsequently obtained a Master of Philosophy (Civil Engineering) degree in 1990. In 1991, he left the public sector to begin Protasco's corporate legacy.
OTHER PUBLIC COMPANY DIRECTORSHIP & OFFICES	Dato' Sri Ir Chong is currently the President of the KL-Selangor Hopo Association, Deputy President of the Federal Hopo Association of Malaysia, Chairman of the Malaysia Hopo Cultural Foundation and also the Vice President of the KL-Selangor Chinese Assembly Hall.

PROFILE OF DIRECTORS

Dato' Sri Su-Azian @ Muzaffar Syah Bin Abd Rahman

Malaysian | Age 54 | Male

Executive Director

EDUCATION & QUALIFICATION	■ Certificate in Business Management, Malay Chamber of Commerce (BBMC), 1988
TERM OF OFFICE	Director of Protasco Berhad since 16 December 2014
SKILLS & EXPERIENCE	Dato' Sri Muzaffar Syah brings with him years of invaluable experience in business development. He was the Chief Executive Officer at Molek Engineering Sdn Bhd from 2001 to 2012. He also served as a Director in GIA Consult Sdn Bhd from 2006 to 2012 and Papan Agro Valley Sdn Bhd from 2007 to 2012. He is currently the Managing Director of the Maintenance Division of Protasco Berhad and the Managing Director of HCM Engineering Sdn Bhd.
OTHER PUBLIC COMPANY DIRECTORSHIP & OFFICES	None

PROFILE OF DIRECTORS

Suhaimi Bin Badrul Jamil

Malaysian | Age 56 | Male

Independent Non-Executive Director

BOARD COMMITTEE	■ Chairman of the Audit Committee
EDUCATION & QUALIFICATION	■ Master of Business Administration from Deakin University, Australia, 2004 ■ Graduate Diploma in Accounting, Australian National University, 1986 ■ Bachelor of Economics (with specialisation in Accounting), Australian National University, 1985 ■ Chartered Accountant (Malaysia) with the Malaysian Institute of Accountants ■ Fellow of CPA Australia
TERM OF OFFICE	Director of Protasco Berhad since 16 December 2014
SKILLS & EXPERIENCE	Suhaimi possess invaluable experience and skills in leadership, corporate transformation, value management, corporate finance, corporate restructuring, risk management, turnaround management, cross border investments in South East Asia, mergers & acquisitions and strategic management and regularly provides consultancies to companies. He started his career with an international Chartered Accounting firm in the audit and financial consulting department. He then joined the corporate sector and held various senior positions as Group Financial Controller, Group General Manager and finally as Group Executive Director for a Malaysian conglomerate whose activities included property development, transportation, insurance and banking, plantation, construction, manufacturing and investment holdings. He has held various board directorships in public listed companies as well as licensed financial institutions. Among the companies in which he was a board member were MEMS Technology Berhad as Chairman of the Board, Petra Energy Berhad, Credit Corporation (M) Berhad, MIMB Investment Bank Berhad, Gadek Capital Berhad, SPK-Sentosa Corporation Berhad, Intrakota Consolidated Berhad, eB Capital Berhad and SJ Kumpulan Berhad. He was also an Executive Director with Ferrier Hodgson MH and Baker Tilly MH.
OTHER PUBLIC COMPANY DIRECTORSHIP & OFFICES	None

PROFILE OF DIRECTORS

Dato' Tan Yee Boon

Malaysian | Age 44 | Male

Independent Non-Executive Director

BOARD COMMITTEE	■ Chairman of the Nomination & Remuneration Committee ■ A member of the Audit Committee ■ A member of the Board Risk Management Committee
EDUCATION & QUALIFICATION	■ Admitted as an Advocate & Solicitor, High Court of Malaya, 1999 ■ Certificate of Legal Practice from Malaysia, 1998 ■ Bachelor of Law (Honours) degree from University of South Wales, 1997
TERM OF OFFICE	Director of Protasco Berhad since 18 January 2013
SKILLS & EXPERIENCE	Dato' Tan Yee Boon possesses more than 19 years of experience in contentious and non-contentious legal matters with specialisation in corporate, commercial, litigation and advisory works. In recent years, Dato' Tan Yee Boon has focused more on matters such as initial public offering, transactions involving public listed companies, mergers and acquisitions and has acted for various listed companies in matters relating to listing rules and the takeover code. He also has vast experience in compliance and advisory works for listed companies in Malaysia as well as general commercial work such as corporate restructuring and cross-border matters in particular foreign investment from People Republic of China.
OTHER PUBLIC COMPANY DIRECTORSHIP & OFFICES	He is a Director of Central Industrial Corporation Berhad and Binasat Communications Berhad. He is also Director of companies listed on the Hong Kong Stock Exchange being China Dynamic Holdings Limited and Worldgate Global Logistic Limited.

Ir Tan Heng Kui

Malaysian | Age 62 | Male

Non-Independent Non-Executive Director

BOARD COMMITTEE
- A member of the Nomination & Remuneration Committee
- A member of the Board Risk Management Committee

EDUCATION & QUALIFICATION
- Bachelor of Science (Honours) degree in Civil Engineering from the University of Wales, United Kingdom, 1981
- Professional Engineer registered with the Board of Engineers Malaysia (BEM)
- Chartered Engineer with the Engineering Council, United Kingdom
- Honorary Fellow with the ASEAN Federation of Engineering Organisation (AFEO)

TERM OF OFFICE

Director of Protasco Berhad since 10 December 2012

SKILLS & EXPERIENCE

Ir Tan Heng Kui has more than 30 years of practical experience in the local engineering industry, mainly in water resources and waste water engineering projects.

His other professional and community services include holding various positions such as National Vice President of the Institution of Engineers Malaysia (IEM) from 1999 to 2004; President of Sabah Engineers Association and President of the Rotary Club of Likas Bay. He was also the Chairman of IEM Sabah Branch from 1995 to 1997; Chairman of the IEM Arbitration Nomination Committee and also the IEM Professional Practice Standing Committee from 1999 to 2004.

Ir Tan Heng Kui was a member of the Professional Practice Committee of BEM from 2001 to 2004 and a member of Dewan Bandaraya Kota Kinabalu High Risk Building Committee from 1995 to 2002.

In 2015, he was conferred the Honorary Fellow of the Asean Federation of Engineering Organisations in recognition of his contribution to the engineering communities. In 2017, he was appointed as the Honorary Consul of the Czech Republic for Sabah.

OTHER PUBLIC COMPANY DIRECTORSHIP & OFFICES

Ir Tan Heng Kui is a Director at Incoprime Sdn Bhd and Press Metal Aluminum Holdings Berhad since 1991 and 2001 respectively. Ir Tan Heng Kui is a Director of Kumpulan Ikram (Sabah) Sdn Bhd since 1997. He is also Principal of Perunding Pertama Consulting Engineers since 1988.

PROFILE OF DIRECTORS

Lim Yew Ting

Malaysian | Age 63 | Male

Independent Non-Executive Director

BOARD COMMITTEE	■ Chairman of the Board Risk Management Committee ■ A member of the Audit Committee
EDUCATION & QUALIFICATION	■ Bachelor of Accounting (Honours) from the University of Malaya ■ Member of The Malaysian Institute of Certified Public Accountants
TERM OF OFFICE	Director of Protasco Berhad since 1 August 2016
SKILLS & EXPERIENCE	Lim Yew Ting started his career in 1980 in Bank Negara Malaysia as a Bank Examiner in the Examination Department and then was appointed as a Senior Officer in the Accounts Department. In 1986, he was seconded to the Capital Issues Committee, Ministry of Finance and was responsible for processing and supervising corporate proposals. Lim Yew Ting left public service in 1992 to join Aokam Perdana Berhad as Assistant General Manager and subsequently Rahman Hydraulic Tin Berhad as General Manager in 1996, where he was involved in corporate finance. In 1998, he joined Kumpulan Ikram Sdn Bhd as General Manager, Corporate Advisory and in 2002, he became its Senior General Manager, Corporate Advisory. Since then, Lim Yew Ting held various positions in Protasco Berhad Group of Companies including as General Manager of Group Corporate Planning, Chief Operating Officer in Kuala Lumpur Infrastructure University College (now known as Infrastructure University Kuala Lumpur) and Executive Director of Group Corporate Office. His last appointment in the Protasco Berhad Group before his resignation in 2014 was as Corporate Advisor.
OTHER PUBLIC COMPANY DIRECTORSHIP & OFFICES	None

Tham Wei Mei

Malaysian | Age 52 | Female

Independent Non-Executive Director

BOARD COMMITTEE	■ A member of the Nomination & Remuneration Committee
EDUCATION & QUALIFICATION	■ Degree in Mass Communications, Universiti Sains Malaysia.
TERM OF OFFICE	Director of Protasco Berhad since 1 January 2018
SKILLS & EXPERIENCE	Tham Wei Mei has over 26 years of experience in the fields of mass media, communications, journalism, marketing, publishing and public relations, having served companies locally and abroad. She is also actively involved in social media campaigns. She has served GLCs, MNCs and government agencies on national issues, crisis, lobbying, mergers & acquisitions as well as other corporate exercises. Her career started in Jakarta before she headed to Cambodia. Based in Phnom Penh, she served as a journalist and Assistant Bureau Chief for The Cambodia Times newspapers which were published in English and Khmer languages. While in Cambodia, Tham Wei Mei was also the principal writer and key servicing person to manage the publishing of a United Nations newsletter, called The Peacekeeper. Upon leaving Cambodia, she returned to Malaysia to serve in a US telco services company with clients in Hong Kong, Singapore, Indonesia and Thailand. Three years later, Tham Wei Mei left to set up Alpha Platform Sdn Bhd, a public relations consultancy. With clients from the government, state institutions, multinationals and financial institutions, Tham Wei Mei provided strategic advisory as well as execution of the public relations campaigns for some of the largest national issues.
OTHER PUBLIC COMPANY DIRECTORSHIP & OFFICES	None

Notes:

(i) None of the Directors have any family relationship with each other and with any substantial shareholders of the Company.

(ii) Save for compound issued by Companies Commission of Malaysia to Dato' Sri Ir Chong Ket Pen for late notification of change in his shareholdings in the Company, none of the Directors have any conviction for offences, other than traffic of fences, for the past five years.

(iii) Other than Dato' Sri Ir Chong Ket Pen and Ir Tan Heng Kui's interests in related party transactions as disclosed in Note 44 on page 154 of the Financial Statements, none of the other Directors have conflict of interest with the Company.

(iv) The Directors' shareholdings in the Company are disclosed in the Analysis of Shareholdings section of the Annual Report. Other than Ir Tan Heng Kui, none of the other Directors hold any shares in the subsidiaries of the Company.

PROFILE OF SENIOR MANAGEMENT TEAM

Dato' Sri Su-Azian @ Muzaffar Syah Bin Abd Rahman

Malaysian | Age 54 | Male

Managing Director, Maintenance Division

Please refer to profile of Board of Directors on page 36.

Dato' Ir Chong Ther Nen

Malaysian | Age 38 | Male

Managing Director, Property & Infrastructure Division

QUALIFICATION

- Professional Engineer, Board of Engineers Malaysia, 2010
- Corporate Member, Institute of Engineering, Malaysia, 2010
- A member, Institute of Engineers, Australia, 2004
- Master of Engineering Science, University of Melbourne, Australia, 2005
- Bachelor of Civil Engineering (Honours), University of Melbourne, Australia, 2003

WORK EXPERIENCE

- Managing Director, Protasco Berhad 2018
  - Construction Division
  - Property Division
  - Trading & Manufacturing Division
  - Corporate Security
  - Special Projects
- Managing Director, Property & Infrastructure, Protasco Berhad, 2014
- Executive Director, International Business & Property Development Division, Protasco Berhad, 2013
- Special Assistant to Group Managing Director, Protasco Berhad, 2012
- Director, Ikram Centre of Excellence for Sustainability & Green Technology (ICSG), 2010
- Senior Engineer, Research & Documentation Unit, Infrastructure Research & Development Centre (IRDC), 2009
- Senior Pavement Engineer, Technical Consulting, VicRoads Australia, 2006 - 2008

DATE APPOINTED TO KEY SENIOR MANAGEMENT POSITION

January 2010

Dato' Ir Chong Ther Nen is the eldest son of Dato' Sri Ir Chong Ket Pen, Executive Vice Chairman / Group Managing Director who is a major shareholder of Protasco Berhad.

PROFILE OF SENIOR MANAGEMENT TEAM

Chong Ther Vern

Malaysian | Age 36 | Male

Executive Director

QUALIFICATION

- Master of Sustainable Energy, RMIT University, Melbourne, Australia, 2011
- Master of Finance, RMIT University, Melbourne, Australia, 2005
- Bachelor of Electronic Engineering (Honours), RMIT University, Melbourne, Australia, 2003
- Graduate Member, Institute of Engineers, Malaysia, 2010

WORK EXPERIENCE

- Executive Director, Protasco Berhad, 2018 for,
  - Engineering & Consultancy Services
  - Education
  - Clean Energy
- Executive Director, Group Corporate Office, Protasco Berhad, 2017
- Business Development Consultant, Protasco Berhad & Head of De Centrum Mall, De Centrum Development Sdn Bhd, 2016
- Managing Director, Tutti Frutti Australia Pty Ltd, 2011
- Head of After Sales Service, XiMAX Communications Sdn Bhd, 2009
- Electronic Engineer, XiMAX Communications Sdn Bhd, 2006

DATE APPOINTED TO KEY SENIOR MANAGEMENT POSITION

January 2017

Chong Ther Vern is the son of Dato' Sri Ir Chong Ket Pen, Executive Vice Chairman / Group Managing Director who is a major shareholder of Protasco Berhad.

Ho Chun Fuat

Malaysian | Age 52 | Male

Chief Financial Officer

QUALIFICATION

- Chartered Accountant, Malaysian Institute of Accountants, 1993
- Certified Public Accountant, Malaysian Institute of Certified Public Accountant, 1993

WORK EXPERIENCE

- Director, Corporate Finance, Protasco Berhad, 2014
- Chief Financial Officer, Malayan United Industries Berhad (MUI), 2012
- Joint Company Secretary of MUI, MUI Properties Berhad, Pan Malaysian Industries Berhad, Metrojaya Berhad and MUI Continental Insurance Berhad (currently known as MUI Continental Berhad), 2011
- Group Financial Controller, MUI, 2011
- Director, Finance and Corporate Strategy, Two-p Technology (M) Sdn Bhd, 2010
- Senior Manager, Corporate Finance, Bolton Berhad (now known as Symphony Life Berhad), 2007
- Group Accountant, Bolton Berhad, 2007
- Advisor, Asia Telecommunication (M) Sdn Bhd, 2006
- Chief Financial Officer, Pan Pacific Asia Berhad, 2001
- Group Financial Controller, Uniphoenix Corporation Berhad, 1998
- Assistant General Manager, Corporate Finance, Uniphoenix Corporation Berhad, 1996
- Senior Manager, Corporate Finance, Uniphoenix Corporation Berhad, 1995
- Manager, Corporate System Planning, Uniphoenix Corporation Berhad, 1993
- Audit Experience Senior, Hanafiah Raslan & Mohamed / Arthur Andersen & Co, 1993
- Audit Senior, Hanafiah Raslan & Mohamed / Arthur Andersen & Co, 1991
- Audit, Hanafiah Raslan & Mohamed / Arthur Andersen & Co, 1987

DATE APPOINTED TO KEY SENIOR MANAGEMENT POSITION

January 2014

PROFILE OF SENIOR MANAGEMENT TEAM

Low Kian Seng

Malaysian | Age 48 | Male

Executive Director, Group Corporate Office

Chief Operating Officer,
Infrastructure University Kuala Lumpur

QUALIFICATION

- CPA Australia, 2007
- Chartered Accountant, Malaysian Institute of Accountants, 2009
- Bachelor of Commerce (Accounting), University of Southern Queensland, Australia, 2001
- Diploma in Business Studies, HELP Institute, 1995
- Third Level Group Diploma in Accounting, London Chamber of Commerce and Industry (LCCI),1991

WORK EXPERIENCE

- Executive Director, Group Corporate Office, Protasco Berhad, 2018
- Chief Operating Officer, Infrastructure University Kuala Lumpur, 2018
- Director, Strategic Planning & Advisory Services, Protasco Berhad, 2017
- Director, Corporate Office, Protasco Berhad, 2016
- Director, International Business, Protasco Berhad, 2013
- General Manager, Protasco Trading Sdn Bhd, 2012
- General Manager, XiMAX Communications Sdn Bhd, 2008
- Senior Manager, QP Industries Sdn Bhd, 2006
- Manager, Operations, Protasco Trading Sdn Bhd, 2003
- Accountant, Kumpulan Ikram Sdn Bhd, 1997

DATE APPOINTED TO KEY SENIOR MANAGEMENT POSITION

January 2013

Dato' Ir Tan Swee Kee

Malaysian | Age 67 | Male

Chief Executive Officer, Engineering & Consultancy Services Division

QUALIFICATION

- Professional Engineer with Practicing Certificate (Reg No: C14264), Board of Engineers Malaysia, 2016
- Professional Engineer Membership, Board of Engineers Malaysia, 1982
- Bachelor of Engineering (Civil), (Honours), University of Malaya, 1976

WORK EXPERIENCE

- Chief Executive Officer, Engineering & Consultancy Services Division (Kumpulan IKRAM Sdn Bhd), 2018
- Executive Director, Engineering & Consultancy Services Division (Kumpulan IKRAM Sdn Bhd), 2013
- Chief Executive, IKRAM Infrastructure & Asset Management (IIAM) & Training Group (ITiDi & ISRA), 2010
- Director, IKRAM Training & Infrastructure Development Institute (ITiDi) & CEO, IKRAM Skills & Retraining Academy (ISRA), 2008
- Director, IKRAM Training & Infrastructure Development Institute (ITiDi), 2007
- Director, IKRAM Training & Infrastructure Development Institute (ITiDi) & Deputy Chief Executive Officer, IKRAM College of Technology (iCT), 2000
- Director, Quality and Productivity Division, Department of Irrigation & Drainage Malaysia, 1998
- Chief Engineer, Research & Training Division, Department of Irrigation & Drainage Malaysia, 1992
- Deputy Director, Research and Training Division, Department of Irrigation & Drainage Malaysia, 1988
- Chief Resident Engineer, World Bank funded Kerian - Sg. Manik Development Project, Perak, 1984
- Senior Resident Engineer, World Bank funded North Kelantan Development Project, Kelantan, 1979
- District Engineer, Pasir Mas & Tumpat Districts, Department of Irrigation & Drainage Kelantan, 1976

DATE APPOINTED TO KEY SENIOR MANAGEMENT POSITION

September 2000

PROFILE OF SENIOR MANAGEMENT TEAM

Ir Edward Khoo Mong Wei

Malaysian | Age 41 | Male

Executive Director,
Property & Construction Divisions

QUALIFICATION

- Chartered Professional Engineer of Australia (CP Eng), 2007
- Professional Engineer Membership, National Professional Engineering Register, Australia (NPER), 2007
- Professional Engineer Membership, Board of Engineers Malaysia, 2006
- Professional Engineer Membership, Institute of Engineers Malaysia, 2006
- Green Building Index (GBI) Accredited Facilitator, 2010
- Bachelor of Engineering (Civil), (Honours), University of Melbourne, Australia, 2000

WORK EXPERIENCE

- Executive Director, Property Development Division, Protasco Berhad, 2013
- Director, Protasco Development Sdn Bhd, November 2013
- Project Director, Protasco Development Sdn Bhd, June 2009
- Project Engineer, with Cardno Grogan Richards in Melbourne, Australia, 2007
- Project Manager, Mahajaya Berhad, 2004
- Structural Engineer, Sepakat Setia Perunding, 2001

DATE APPOINTED TO KEY SENIOR MANAGEMENT POSITION

January 2009

Dato' Ronnie Yap Kee Tian

Malaysian | Age 45 | Male

Executive Director,
Protasco Trading & Manufacturing Division

QUALIFICATION

- B.A. (Honours) in Business Administration, University of Coventry, United Kingdom, 1995
- Certificate in Business Administration & Higher Diploma in Business Administration, INTI College, Petaling Jaya, 1994

WORK EXPERIENCE

- Executive Director, Protasco Trading Sdn Bhd, 2014
- General Manager, Protasco Trading Sdn Bhd, 2001
- Assistant Manager, Marketing, Protasco Trading Sdn Bhd, 1997

DATE APPOINTED TO KEY SENIOR MANAGEMENT POSITION

July 2001

PROFILE OF SENIOR MANAGEMENT TEAM

Professor Ideris bin Zakaria

Malaysian | Age 66 | Male

President & Vice-Chancellor,
Education Division

QUALIFICATION

- PhD (Geotechnical Engineering) University of Sheffield, 1995
- MSc (Civil Engineering) University of Glasgow, 1987
- B Eng (Honours) (Civil), Universiti Teknologi MARA (UiTM), 1981
- Diploma (Civil Engineering), Universiti Teknikal Melaka (UTM), 1976

WORK EXPERIENCE

- President & Vice-Chancellor, IUKL, 2018
- Professor, Infrastructure University Kuala Lumpur (IUKL), 2013
- Vice President / Deputy Vice Chancellor (Academic & Research), IUKL, 2013
- Dean, Faculty of Civil Engineering & Earth Resources, UMP, 2008
- Professor, Universiti Malaysia Pahang (UMP), 2007
- Dean, School of Engineering & IT, UMS, 2004
- Deputy Dean (R&D), School of Engineering & IT, UMS, 2001
- Associate Professor, Universiti Malaysia Sabah (UMS), 2000
- Deputy Dean (Academic) Faculty of Civil Eng, UiTM, 1996
- Senior Lecturer, UiTM, 1996
- HML Consultancy Sdn Bhd, 1996
- Course Tutor Diploma, UiTM, 1995
- Wan Mohamed & Khoo Consulting Engineers, 1990
- Course Tutor Diploma, UiTM, 1988
- Jurutera Konsultant (SEA) Sdn Bhd, 1982
- Perbadanan Pembangunan Bandar (UDA), Kuala Lumpur, 1982
- Lecturer, UiTM, 1981

DATE APPOINTED TO KEY SENIOR MANAGEMENT POSITION

August 2013

Dato' Wan Imran Bin Wan Omar

Malaysian | Age 45 | Male

Chief Operating Officer,
Maintenance Division

QUALIFICATION

- Master of Business Administration (Construction Business), International Islamic University Malaysia, May 2015
- Bachelor in Quantity Surveying, Universiti Teknologi Malaysia, June 1997

WORK EXPERIENCE

- Chief Operating Officer, Roadcare (M) Sdn Bhd, 2015
- Assistant General Manager, Roadcare (M) Sdn Bhd, 2013
- Contracts Manager, Roadcare (M) Sdn Bhd, 2007
- Area Manager Kerteh, Roadcare (M) Sdn Bhd, 2007
- Quantity Surveyor, Roadcare (M) Sdn Bhd, 2006
- Contracts Officer Kelantan, Roadcare (M) Sdn Bhd, 2002
- Senior Quantity Surveyor, Pasir Puteh Development Corporation Sdn Bhd, 2001
- Site Quantity Surveyor, Ranhill Bersekutu Sdn Bhd, 1999
- Assistant Contract Manager, Pengurusan KPRJ Ranhill Sdn Bhd, 1997

DATE APPOINTED TO KEY SENIOR MANAGEMENT POSITION

September 2015

Notes:

(i) Save as per disclosed, none of the Senior Management have:

a. any family relationship with any Directors and/or major shareholders of the Company

b. any conflict of interest with the Company

c. any directorship in public companies

(ii) None of the Senior Management have any convictions for offences other than traffic offences within the past five years.

(iii) None of the Senior Management have any public sanction or penalty imposed by the relevant regulatory bodies during the financial year 31 December 2018.

AUDIT COMMITTEE REPORT

COMPOSITIONS AND ATTENDANCE

The Audit Committee comprises of three members, all of whom are Independent Non-Executive Directors.

As at the date of this Annual Report, the composition of the Audit Committee is as follows:

Members	Date of Appointment	No. of Meeting Attended
Mr Suhaimi Bin Badrul Jamil Chairman (Independent Non-Executive Director)	16 December 2014 (Redesignated on 31 May 2018)	6/6
Dato' Mohd Hanif bin Sher Mohamed Former Chairman (Independent Non-Executive Director)	28 November 2012 (Retired on 30 May 2018)	3/3
Dato' Tan Yee Boon Member (Independent Non-Executive Director)	7 August 2014	6/6
Mr Lim Yew Ting Member (Independent Non-Executive Director)	31 May 2018	3/3

The Nomination & Remuneration Committee reviews the term of office and performance of the Audit Committee and each of its members annually to determine whether the Audit Committee members have carried out their duties in accordance with their terms of reference.

MEETINGS

The Audit Committee held six meetings in 2018 without the presence of other Directors or staff except upon the request of the Audit Committee.

The Head of Internal Audit attended all Audit Committee meetings to table the Internal Audit Plan and reports.

Minutes of each Audit Committee meeting were recorded and tabled for confirmation at the next following Audit Committee meeting.

SUMMARY OF WORKS

The main works undertaken by the Audit Committee during the year are as follows:

1) Financial Reporting

a) At the Audit Committee meetings held on 23 February 2018, 24 May 2018, 23 August 2018 and 22 November 2018, the Chief Financial Officer, Mr Ho Chun Fuat presented the quarterly financial results to the Audit Committee.

b) The Audit Committee reviewed and discussed the quarterly unaudited financial results to ensure compliance to approved accounting standards and other statutory & regulatory requirements prior to recommending the results to the Board for approval.

2) External Audit

a) On 23 February 2018, the Audit Committee was briefed by External Auditors on the Audit Review Memorandum in respect of their audit for financial year ended 31 December 2017.

b) On 5 April 2018, the draft Audited Financial Report for financial year 2017 was tabled to the Audit Committee for review and deliberation, and recommendations were made to the Board for approval.

c) The Audit Committee was informed on 5 April 2018 that the External Auditors would review the draft Statement on Risk Management and Internal Control ("SRMIC"), and furnish a letter of clearance in respect of the SRMIC accordingly.

The Audit Committee had approved SRMIC on 5 April 2018 for recommendation to the Board subject to clearance to be received from External Auditors.

d) The Audit Committee conducted an assessment of External Auditors on 5 April 2018. The Audit Committee reviewed the competencies and resources, provision of non-audit services, rotation of audit partner and communication with Management.

The Audit Committee was satisfied with the External Auditors' technical competency and audit independence. As such, the Audit Committee agreed to propose for the re-appointment of External Auditors for the next financial year.

e) The Audit Committee held private meetings with the External Auditors twice during the financial year under review on 23 February 2018 and 22 November 2018 without the presence of the Management and Internal Auditors.

AUDIT COMMITTEE REPORT

3) Internal Audit

a) At the Audit Committee meetings on 23 February 2018, 5 April 2018, 24 May 2018, 23 August 2018 and 22 November 2018, the Head of Internal Auditors, Mohd Faisal Bin Mohd Yunus presented the progress of the Internal Audit Plan and reports to the Audit Committee to review.

b) The Audit Committee accepted the Internal Audit Plan for 2019 on 22 November 2018. The Committee also assessed the adequacy of resources within Internal Audit Department.

c) The Head of Internal Auditors, Mohd Faisal Bin Mohd Yunus had resigned on 3 December 2018. He is replaced by Han Long Kong.

INTERNAL AUDIT FUNCTION

The Group's Internal Audit Department reports to the Audit Committee and assists the Board in monitoring and managing risks and internal controls.

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

The reviews were performed in accordance with the International Professional Practices Framework (IPPF). This involved compliance to its code of ethics, commitment to ongoing learning, improvements to its skills and competencies and risk-based audit works.

The Internal Audit Department has been carrying out the following works during the year to achieve the above objectives:

i) Reviewing and assessing the effectiveness and adequacy of risk management and internal controls of various operating divisions within the Group;

ii) Conducting special reviews, audits and investigations on an ad-hoc basis as requested by the Audit Committee or the Management;

iii) Reviewing and assessing the compliance with the established policies and procedures;

iv) Identifying opportunities to improve the operations and business processes in the Group; and

v) Recommending improvements on the existing internal controls in the Group.

Total costs incurred by Internal Audit Department to discharge its functions and responsibilities in 2018 amounted to RM350,000.

OVERVIEW STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors of Protasco Berhad ("the Board") believes in good corporate governance practices in line with the principles, requirements, and best practices specified in the Malaysian Code on Corporate Governance.

THE ROLE AND RESPONSIBILITIES OF THE BOARD

The Board is aware of its accountability to the shareholders and various stakeholders of Protasco Berhad in discharging its duty and regulatory role in building a sustainability business.

The Board is responsible for delivering shareholder value over the long term, through the Group's culture, strategy, values and governance. The Independent Directors have a particular responsibility for challenging the Group's strategy and monitoring the performance of Executive Directors against goals and objectives.

The Board is supported by the Audit, Nomination and Remuneration and Risk Management Committees.

Decisions on operational matters and the day-to-day management of the business are delegated to the Group Managing Director and its senior management. This includes implementing group policy and procedures, managing client and contractor service, monitoring financial performance and human resource management.

Board Charter

The Board has adopted a Board Charter which serves as a reference for the Directors.

The Board Charter sets out the roles, functions, composition, operations and processes of the Board which is intended to ensure that all the Board members are fully aware of their obligation in discharging their duties and responsibilities.

The Board Charter is available for reference at the company's website www.protasco.com.my.

Code of Conducts

Director's Code of Conducts is set out as the rules and values for the Directors in conducting their duties and responsibilities to the highest ethical standards.

The Director's Code of Conduct is available for reference at the company's website www.protasco.com.my.

Board Information

Board papers containing current quarter results, business plans, proposed projects, business risk, governance and litigation updates are distributed in advance of the meeting to allow Directors to have sufficient time for preparation.
The Board received presentations from the Group Managing Director and senior management on issues within the Group.

Company Secretary

Both company secretaries are qualified to act as company secretary under Section 235 of the Companies Act 2016.
They are both Associates members of the Malaysia Institute of Chartered Secretaries and Administrators ("MAICSA"). The company secretaries provide support to the Board in fulfilling its fiduciary duties. They are responsible in advising the Board with regards to the Company's constitution, Board policies and procedures, and its compliance with regulatory requirements, codes, guidance and legislations as well as best practices of corporate governance. All Directors have access to the advice and services of the company secretaries. The company secretaries ensure deliberations of Board and Board Committee meetings are well documented and maintained at the registered office of the Company.

Promote Sustainability

The Board recognises that sustainability is an integral part of its business. It supports the environmental, economic and social sustainability in its business operations.

For further information, please refer to the Sustainability Report on pages 16 to 33.

The Sustainability Policy is available for reference at the company's website www.protasco.com.my.

OVERVIEW STATEMENT ON CORPORATE GOVERNANCE

Professional Advice

The Company provides the Board with full assistance and gives it complete access to necessary materials and relevant information. Together with proper counsel from qualified company secretaries and others, the Board has been able to discharge its functions properly. The Directors are also encouraged to make verifications and endorsements, and to seek external guidance.

Whistleblowing

The Board encourages employees and associates to report suspected or known misconduct, wrongdoing, corruption and instances of fraud, waste, and abuse involving the resources of the Group.

Whistleblowing Policy enables employees and associates to raise their concerns without fear.

The Whistleblowing Policy is available for reference at the company's website www.protasco.com.my.

The following channels should be used by employees and associates to raise their concerns:

- Via email : whistleblow@protasco.com.my
- In writing to : The Chairman, Protasco Berhad, 2nd Floor, Corporate Block, Unipark Suria, Jalan Ikram-Uniten, 43000 Kajang, Selangor. Tel: 03 8738 3388

Composition of the Board

The Board aims to have diversity of skills, experience, knowledge and gender. The profiles of the Directors are set out on pages 34 to 41. These demonstrate a broad range of experience, expertise and sufficient calibre to bring independent judgement on issues of strategy, performance, resources and standards of conduct, which are vital to the success of the Group.

At present, there are eight members of the Board comprising five Independent Non-Executive Directors, one Non-Independent Non-Executive Director and two Executive Directors.

Appointments and Re-Election of Directors

In compliance with the Company's Constitution, at each Annual General Meeting, one-third (1/3) of Directors or if their number is not three, the number nearest to one-third (1/3), shall retire from office at least once in three years.
The Directors to retire shall be those who have been longest in office since their last re-election or appointment.

The Nomination and Remuneration Committee will assess the Directors who are due for re-election at the Annual General Meeting based on the result of the annual performance evaluation and will submit its recommendation to the Board for approval.

Board Performance Evaluation

The Board undertakes performance evaluation annually which comprises Board assessment, self-assessment and assessment on board committees. The Chairman of the Nomination and Remuneration Committee will be presented with the analysis of the overall performance evaluation and deliberated at the Nomination and Remuneration Committee meeting. The Nomination and Remuneration Committee will access and identify areas which require improvement and recommend to the Board for action.

Independence

The Board considers that, notwithstanding their interests in the shares of the Company as set out in the Directors Interest on pages 65 to 66 of the Directors' Report, all of the current Independent Directors are independent of the management of the Group and are free from any business or other relationship that could materially interfere with the exercise of their independent judgement.

Pursuant to the Succession Planning Policy of the Company, the tenure of Independent Director is capped at nine years of continuous service. In the event the Board intends to retain any Director as an Independent Director who has served beyond a consecutive or a cumulative term of nine years, the Board should justify and seek approval from the shareholders at the Company's Annual General Meeting.

At the date of the Annual Report, the Board Chairman, Tan Sri Datuk Dr Hadenan Bin A Jalil ("Tan Sri Hadenan"), has served the Company for a consecutive or a cumulative term of nine years.

The Board has vide the Nomination and Remuneration Committee assessed the independence of Tan Sri Hadenan and was satisfied with his contributions and independent judgement that he brings to the Board.

OVERVIEW STATEMENT ON CORPORATE GOVERNANCE

The Board recommended the re-appointment of Tan Sri Hadenan as an Independent Non-Executive Director based on the justifications set out in the explanatory notes of the notice of the Annual General Meeting.

Chairman and Group Managing Director

The roles of Chairman and Group Managing Director are held by separate persons and have different responsibilities. The Chairman of the Board is an Independent Non-Executive Director.

Board Meetings

During the year under review, five Board meetings were held. Details of Directors' attendance are set out as follows:

	Board meeting attended in 2018
Tan Sri Datuk Dr Hadenan Bin A Jalil	5/5
Dato' Sri Ir Chong Ket Pen	5/5
Dato' Sri Su-Azian @ Muzaffar Bin Abd Rahman	5/5
Dato' Mohd Hanif Bin Sher Mohamed (Retired on 30 May 2018)	3/3
Dato' Tan Yee Boon	4/5
Mr Suhaimi Bin Badrul Jamil	5/5
Mr Ir Tan Heng Kui	5/5
Mr Lim Yew Ting	5/5
Ms Tham Wei Mei	5/5

Directors' Training

Details of training programmes, conferences and forums attended by the Directors during the year under review are set out as follows:

Name	Date	Description of Training
Tan Sri Datuk Dr Hadenan Bin A Jalil	28 August 2018	Detecting Financial Frauds, Tricor Knowledge House Sdn Bhd.
Dato' Sri Ir Chong Ket Pen	15 March 2018	Corporate Governance Briefing Sessions: Malaysian Code on Corporate Governance Reporting & Corporate Governance Guide, Bursa Malaysia.
	28 August 2018	Detecting Financial Frauds, Tricor Knowledge House Sdn Bhd.
Dato Sri Su-Azian @ Muzaffar Syah Bin Abd Rahman	28 August 2018	Detecting Financial Frauds, Tricor Knowledge House Sdn Bhd.
Dato' Tan Yee Boon	28 August 2018	Detecting Financial Frauds, Tricor Knowledge House Sdn Bhd.
Mr Ir Tan Heng Kui	15 August 2018	Sales Tax & Service Tax: Re-introduction and Transitional Issues, Boardroom Corporate Services (KL) Sdn Bhd.
	28 August 2018	Detecting Financial Frauds, Tricor Knowledge House Sdn Bhd.

OVERVIEW STATEMENT ON CORPORATE GOVERNANCE

Name	Date	Description of Training
Mr Suhaimi Bin Badrul Jamil	28 August 2018	Detecting Financial Frauds, Tricor Knowledge House Sdn Bhd.
	9 & 10 October 2018	MIA International Accountants Conference 2018, Malaysian Institute of Accountants.
	17 October 2018	Deloitte MFRS 15 Revenue from Contracts with Customers, MFRS 9 Financial Instruments and MFRS 16 Leases training, Deloitte Malaysia.
Mr Lim Yew Ting	15 March 2018	Corporate Governance Briefing Sessions: Malaysian Code on Corporate Governance Reporting & Corporate Governance Guide, Bursa Malaysia.
	28 August 2018	Detecting Financial Frauds, Tricor Knowledge House Sdn Bhd.
	10 October 2018	Gearing Up For Corporate Liability, Corporate Anti-Corruption Compliance Centre
Ms Tham Wei Mei	12 & 13 March 2018	Mandatory Accreditation Programme, ICLiF.
	28 August 2018	Detecting Financial Frauds, Tricor Knowledge House Sdn Bhd.
	29 October 2018	The Independent Directors' Programme: The Essence of Independence, ICLiF.
	18 December 2018	30% Club Board Mentoring Scheme Event, Securities Commissioner Malaysia.

FINANCIAL REPORTING

The Board takes responsibility to ensure that financial statements are prepared in accordance with the regulatory requirements and applicable financial reporting in Malaysia. The Board deliberates on financial statements and ensures that the Group has used appropriate accounting policies, supported by reasonable, and prudent judgment and estimates. The Audit Committee assists the Board by scrutinising the information to be disclosed. The Group's financial statements are presented in pages 62 to 199 of this Annual Report.

RELATIONSHIP WITH THE AUDITORS

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

External Auditors

The Audit Committee met the external auditors twice during the year under review on 23 February 2018 and 22 November 2018 without the presence of the Executive Directors and Management to exchange independent views on matters which require the Committee's attention.

The Audit Committee had assessed the suitability and independence of the external auditors. In its assessment, the Audit Committee considered several factors such as adequacy of experience, resources of the firm, the professional staff assigned to the audit, independence of Crowe Malaysia PLT and the provision of non-audit services rendered by Crowe Malaysia PLT for financial year 2018.

OVERVIEW STATEMENT ON CORPORATE GOVERNANCE

Crowe Malaysia PLT confirmed that they have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements for the financial year 2018.

Being satisfied with Crowe Malaysia's PLT performance, technical competency and audit independence, the Audit Committee recommended to the Board to put forth a proposal for the re-appointment of Crowe Malaysia PLT as external auditors for financial year ending 2019 at the forthcoming Annual General Meeting.

Internal Auditors

The Board acknowledges their responsibility for the Group's system of internal controls and reviews its effectiveness regularly via the Internal Audit Department which provides support to the Audit Committee in dispensing its responsibilities with respect to the adequacy and integrity of the system of internal controls within the Group. The internal audit function is independent of the operations of the Group and reports directly to the Audit Committee.

The works of the internal auditors during 2018 is set out in the Audit Committee Report on pages 47 to 48 in this Annual Report.

BOARD COMMITTEES

Audit Committee

The Audit Committee plays an active role in assisting the Board in discharging its responsibility. The full details of the composition, summary of the works of the Audit Committee are set out in the Audit Committee Report on page 47 of the Annual Report.

Board Risk Management Committee

The Board has established a Board Risk Management Committee to oversee the internal controls and risk management processes.

A Group Risk Management Committee is assisting the Board Risk Management Committee in identifying, mitigating and monitoring the risks of the Group.

The Group Risk Management Committee comprises management staff from the Accounts & Finance Department, Group Corporate Office and Business Units.

Significant risk matters that require the attention of the Board are reported to the Board Risk Management Committee. The Statement on Risk Management and Internal Control as set out in pages 56 to 58 of this Annual Report.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee assists the Board on matters relating to Board appointments including the composition of the Board Committees, reviews the performance of the Directors and Board Committees, and reviews Directors' remunerations.

A summary of the Nomination and Remuneration Committee's activities during the year is set out below:

- Review the performance of the Directors and Board Committees;
- Review the terms of office and performance of Audit Committee and each of its members;
- Review the Directors' fees & benefits;
- Review the Group's cost optimisation proposal;
- Review the training needs of Directors; and
- Review the Directors standing for re-election at the forthcoming Annual General Meeting.

OVERVIEW STATEMENT ON CORPORATE GOVERNANCE

Details of the Directors' remuneration for the financial year ended 31 December 2018 are as follows:

	Director's Fee		Salary / Bonus / Benefits		Total
	Protasco Bhd (RM)	Subsidiary (RM)	Protasco Bhd (RM)	Subsidiary (RM)	
Tan Sri Datuk Dr Hadenan Bin A Jalil	112,500	40,000	4,500	-	157,000
Dato' Sri Ir Chong Ket Pen	-	-	1,836,753	-	1,836,753
Dato' Mohd Hanif Bin Sher Mohamed (retired on 30 May 2018)	26,500	-	6,360	-	32,860
Dato' Sri Su-Azian @ Muzaffar Syah Bin Abd Rahman	-	-	-	605,621	605,621
Dato' Tan Yee Boon	56,250	-	9,000	-	65,250
Mr Ir Tan Heng Kui	56,250	36,000	6,000	4,680	102,930
Mr Suhaimi Bin Badrul Jamil	56,250	-	7,000	-	63,250
Mr Lim Yew Ting	56,250	-	6,500	-	62,750
Ms Tham Wei Mei	56,250	-	3,500	-	59,750

Top five Senior Management's Remuneration for the financial year ended 31 December 2018 are as follows:

Senior Management		
1.	Dato' Mohd Taufik Bin Haron	RM250,001 – RM300,000
2.	Mr Low Kian Seng	
3.	Ir Edward Khoo Mong Wei	
4.	Mr Ho Chun Fuat	RM300,001 – RM350,000
5.	Dato' Ir Kenny Chong Ther Nen	RM350,001 – RM400,000

CORPORATE DISCLOSURE

To ensure quality disclosure, the Company has a corporate disclosure policy to ensure accurate, clear and timely disclosure of material information and take reasonable steps to ensure that the general public has access to such information. The Company is committed to communicate the Company's strategy, operational performance, financial results and other material developments to Bursa Malaysia, analysts, investors, shareholders and other stakeholders in a timely, open and comprehensive manner.

The Corporate Disclosure Policy is available at www.protasco.com.my.

GROUP CORPORATE WEBSITE

The Board is committed to leverage on information technology for effective dissemination of information in a timely manner. Protasco's corporate website (www.protasco.com.my) provides easy access to information about the Group. Information available on the corporate website includes Protasco's corporate profile, Board of Directors and Group senior management, financial results, annual reports, Group newsletters and latest corporate news.

In addition, stakeholders can obtain regulatory announcements made by Protasco to Bursa Malaysia at www.bursamalaysia.com.

OVERVIEW STATEMENT ON CORPORATE GOVERNANCE

ANNUAL REPORT

The Company's annual report provides a comprehensive report on the Group's operations and financial performance for the year under review. It provides full disclosure and is in compliance with the relevant regulations to ensure greater transparency. The annual report is printed in abridged format together with a digital version in CD-ROM format. An online version of the Annual Report is also available on Protasco's corporate website.

ANNUAL GENERAL MEETING

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

The notices of Annual General Meeting are sent out to shareholders at least 28 days before the date of the meeting, exceeding the 21 days requirement under the Companies Act 2016 and Listing Requirements.

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

Shareholders are encouraged to be aware of their rights with regards to the convening of general meetings, appointment of proxies, demand for poll voting and access to information. The details of shareholder's rights are available at www.protasco.com.my.

In line with the Listing Requirements on strengthening good Corporate Governance Practice, the Company had conducted electronic poll voting in General Meeting. An independent party was appointed to carry out the polling.

INVESTOR RELATIONS

The Company's Investor Relations Department plays an important role in conducting regular dialogues and discussions with shareholders, fund managers, journalists and financial analysts to update them on business performance, operations and corporate developments as well as obtaining feedback and discuss matters of common interests.

In addition, the Company issues timely release of its financial results and other mandatory announcements and responds promptly to enquiries from investors, regulators, the public and financial analysts.

The Company has a dedicated website, www.protasco.com.my, designed to assist its stakeholders. The Company has subscribed to Bursa Malaysia website linking service so that the Company's announcements made to Bursa Malaysia can be retrieved concurrently from both websites.

Investor Relations Contact:
Ho Chun Fuat, Chief Financial Officer
Tel: 603-8738 3388   Fax: 603-8926 4023
Email: ho.cf@protasco.com.my

This statement is prepared in compliance with the Main Market Listing Requirements and it is to be read together with the Corporate Governance Report 2018 of the Company which is available in Protasco Berhad's website, www.protasco.com.my.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("the Board') is committed to maintain a sound system of risk management and internal control of the Group and is pleased to present its Statement on Risk Management and Internal Control ("Statement") for the financial year ended 31 December 2018. This Statement is prepared pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") in accordance with Malaysian Code of Corporate Governance ("MCCG") and as guided by the latest "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers" ("the Guidelines").

RESPONSIBILITY

The Board acknowledges its responsibility for the Group's system of internal controls and risk management which includes the establishment and reviewing the adequacy and integrity of the systems. The Board however recognises that this system is designed to manage rather than eliminate the risks completely. As such, it should be noted that it only provides reasonable assurance against its occurrence of any material misstatement, operational failure, loss or fraud.

The Board does not review the internal control systems of associate companies where the Group does not have any direct control over their operations. Notwithstanding the above, the Group's interests are served through representation on the boards of the respective companies and the receipt and review of the management accounts and enquiries thereon.

The Board has established ongoing processes for identifying the principal risks impeding the achievement of the organisation's goals and objectives; to evaluate the nature and extent of those risk; and to manage them efficiently, effectively and economically. This process is regularly reviewed by the Board, taking into account changes in the regulatory and business environment as mentioned in the Guidelines.

In accordance with the Guidelines, the Board assures that this process has been in place for the year under review and is up to the date of issuance of the Annual Report.

RISK MANAGEMENT FRAMEWORK

The Board Risk Management Committee, which is guided by its Terms of Reference, was established to assist the Board to oversee the overall compliance to relevant laws and regulations, internal policies and procedures. The Board Risk Management Committee also reviews investment proposals that are significant from a risk perspective, especially overseas ventures. Upon review of the proposals, the proposals will be recommended to the Board of Directors for approval or otherwise. The Board Risk Management Committee monitors the execution of risk migration for these proposals and to ensure that the risk mitigation strategies are implemented in accordance with Board of Directors' approval.

The members of the Board Risk Management Committee are:

Members	Directorship	Roles
Lim Yew Ting	Independent Non-Executive Director	Chairman
Dato' Tan Yee Boon	Independent Non-Executive Director	Member
Ir Tan Heng Kui	Non-Independent Non-Executive Director	Member

The management, through its Risk Management Committee ("RMC"), is responsible to continuously monitor and manage the risks of the Group.

The members of the RMC are:

Members	Designation
Chief Financial Officer	Chairman
Managing Director, Property & Infrastructure	Committee Member
Executive Director, Group Corporate Office	Committee Member
Executive Director, Construction	Committee Member
Group Financial Controller	Committee Member

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Group's Risk Assessment Process is depicted as follows:

The Group adopts an enterprise wide risk management approach. The Head of Divisions are responsible to identify, analyse and evaluate their respective division's risk profile. Risks identified are evaluated based on their potential impact on the Group, the likelihood of occurrence as well as the effectiveness of available control procedures. The Business Risk Profile, where identified risks are recorded, is reviewed and updated on an ongoing basis. The review and update of the risk profile includes identification of risks resulting from changes in the business environment, both external and internal.

Significant risk matters that require the attention of the Board are reported to the Board Risk Management Committee/Audit Committee.

THE GROUP'S RISKS

Overview

The significant risks faced by the Group for the financial year ended 31 December 2018 are categorised as follows:

Type of Risk	Description of Risk	Impact of Risk
Maintenance Division		
External	Potential contract review due to change in policy	Loss of revenue
Construction Division		
External	Depletion of project order book and challenges in securing new projects	Reduced revenue and profitability
Property Development Division		
External	Failure to procure new housing projects	Loss of revenue
Finance		
Cash Management	Low liquidity of cash reserve due to delay in cash collections	Cash flow issue

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

KEY ELEMENTS OF INTERNAL CONTROL

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

1. Control Environment

- The Board demonstrates a commitment to integrity and ethical values.
- The Board established the Board Audit and Risk Management Committee comprises of Non-Executive Directors, majority of whom are Independent Directors. The Committee primarily assist the Board in reviewing the organisational risk and internal control with the assistance of the Risk Management and Internal Audit Department.
- Well-defined lines of responsibilities for the Board, management and each operating unit within the Group; including authorisation level on day-to-day operation.
- The Board and Management holds individual risk owners accountable for their internal control procedures and policies.

2. Risk Assessment

- The Management of each divisions are responsible to assess, review and update their division's risk profile.
- The Management to identify and assess changes that could significantly impact the system internal control.

3. Control Activities

- Each operating unit undertakes business planning and budgeting process each year which are appraised at regular interval.
- The Group review, assess and update the internal control procedures and policies to improve such policies that have been established and put these policies into action.

4. Information and Communication

- The Business Risk Profile, where identified risks are recorded, is updated on an ongoing basis and presented to the Risk Management Committee on a half-yearly basis.
- Significant risk matters that require the attention of the Board are reported to the Board Risk Management Committee / Audit Committee.
- The Group's quarterly financial performance is presented to the Board for review and approval.

5. Monitoring

- The Group performs and evaluates internal control system (e.g. Internal Audit) to ascertain its adequacy and effectiveness.
- The Group perform follow up on the Management's response and action plans stated in the reports from tests and evaluations carried out.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the Listing Requirements, the External Auditors have reviewed this Statement. Their review was performed in accordance with Audit and Assurance Practice Guide 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysia Institute of Accountants. Based on their review, nothing has come to their attention that causes them to believe this Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers and Practices 9.1 and 9.2 of the MCCG to be set out, nor is this Statement factually incorrect.

CONCLUSION

The Board has received assurance from the Group Managing Director and Chief Financial Officer that the Company's risk management and internal control system is operating adequately and effectively in all material respects.

For the financial year under review, the Board is of the opinion that the Group's system of internal controls is satisfactory. Any deficiencies identified have been or are being addressed accordingly. Notwithstanding this, review of the internal control systems will be continuously carried out to ensure the ongoing effectiveness of the system.

OTHER COMPLIANCE INFORMATION

1. AUDIT AND NON-AUDIT FEES

The details of total audit and non-audit fees paid/payable to the external auditors of the Group for the financial year ended 31 December 2018 were as follows:

	RM'000
Audit Fees	578
Non-Audit Fees#	43

#Fees incurred primarily in relation to advisory services.

2. MATERIAL CONTRACTS

Other than as disclosed in Note 44 of the Financial Statements, there were no material contracts entered into by the Company or its subsidiaries involving Directors' and major shareholders' interests since the end of previous financial year.

3. EMPLOYEES' SHARE SCHEME ("ESS")

There were no ESS shares granted or ESS options vested during the financial year. The ESS had expired on 3 October 2018.

4. UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS

On 26 April 2018, 106,051,448 new Warrants were issued pursuant to the Bonus Issue of Warrants on the basis of 1 Warrant for every 4 existing ordinary shares. Such Bonus Issue of Warrants is not expected to raise any immediate funds as the Warrants were issued at no cost to the Entitled Shareholders.

The quantum of proceeds that may be raised by the Company from the exercise of the Warrants by the Warrantholders in the future would depend on the actual number of Warrants exercised by the Warrantholders during the tenure of the Warrants.

As at 31 December 2018, no Warrants were exercised.

5. RECURRENT RELATED PARTY TRANSACTIONS

Details of the Recurrent Related Party Transactions are disclosed in Note 44 of the Financial Statements.

6. GOING CONCERN STATEMENT

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

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors hereby submit their annual report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	The Group	The Company
	RM'000	RM'000
(Loss)/Profit after taxation for the financial year	(37,618)	19,902
Attributable to:		
Owners of the Company	(48,107)	19,902
Non-controlling interests	10,489	-
	(37,618)	19,902

DIVIDENDS

Since the end of the previous financial year, the Company:-

(a) paid a first dividend of 3 sen per ordinary share amounting to RM12,726,282 in respect of the financial year ended 31 December 2017 on 26 January 2018 as declared in the directors' report of that financial year; and

(b) declared a second dividend of 2.5 sen per ordinary share amounting to RM12,372,733 in respect of the financial year ended 31 December 2017 and paid on 3 July 2018.

No dividend was recommended by the Directors for the financial year ended 31 December 2018.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) the Company increased its issued and paid-up share capital from 424,692,914 ordinary shares to 495,392,310 ordinary shares by an issuance of 70,699,396 new ordinary shares pursuant to the bonus issue on the basis of one (1) new share for every six (6) existing ordinary shares held. The new ordinary shares issued were wholly capitalised from the share premium account of the Company at RM0.50 per ordinary share, which is referenced to the par value of the Company's ordinary share immediately before the effective date of the Companies Act 2016. The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company; and

(b) there were no issues of debentures by the Company.

WARRANTS

The details of the Warrants are disclosed in Note 25 to the financial statements.

TREASURY SHARES

During the financial year, the Company purchased 1,779,900 (2017 - 2,000) of its issued ordinary shares from the open market at market prices ranging from RM0.19 to RM0.23 (2017 - RM0.99 to RM1.05) per share. The total consideration paid for the purchase including transaction costs amounted to RM368,007 (2017 - RM2,128). The shares purchased were retained as treasury shares in accordance with the requirement of Section 127(6) of the Companies Act 2016 and presented as a deduction from equity.

There was no resale of issued ordinary shares that were held as treasury shares during the financial year.

As at 31 December 2018, the Company held as treasury shares a total of 2,263,400 (2017 - 483,500) of its 495,392,310 (2017 - 424,692,914) issued and paid-up ordinary shares. The treasury shares are held at a carrying amount of RM1,129,900 (2017 - RM761,893). The details are disclosed in Note 21 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

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

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

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

DIRECTORS' REPORT

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

DIRECTORS

The names of Directors of the Company who served during the financial year and up to the date of this report are as follows:-

Tan Sri Datuk Dr Hadenan Bin A. Jalil
Dato' Sri Chong Ket Pen
Tan Heng Kui
Dato' Sri Su-Azian @ Muzaffar Syah Bin Abd Rahman
Dato' Tan Yee Boon
Suhaimi Bin Badrul Jamil
Lim Yew Ting
Tham Wei Mei
Dato' Mohd Hanif Bin Sher Mohamed (Retired 30 May 2018)

The names of Directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those Directors mentioned above, are disclosed in Appendix A to the financial statements.

DIRECTORS' INTERESTS

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

	Number of Ordinary Shares			
	At 1.1.2018	Bought/ Alloted	Sold	At 31.12.2018
Direct Interests				
Tan Sri Datuk Dr Hadenan Bin A. Jalil	187,500	31,250	-	218,750
Dato' Sri Chong Ket Pen	65,460,677	28,165,699	-	93,626,376
Tan Heng Kui	7,682,375	1,280,395	-	8,962,770
Dato' Sri Su-Azian @ Muzaffar Syah Bin Abd Rahman	750,000	125,000	-	875,000
Suhaimi Bin Badrul Jamil	25,000	80,832	-	105,832
Indirect Interests				
Dato' Sri Chong Ket Pen ^^	43,654,562	8,876,759	-	52,531,321
Dato' Sri Su-Azian @ Muzaffar Syah Bin Abd Rahman #	3,125,000	520,833	-	3,645,833

	Number of Warrants 2018/2023			
	At 26.4.2018	Entitled	Exercised	At 31.12.2018
Direct Interests				
Tan Sri Datuk Dr Hadenan Bin A. Jalil	-	46,875	-	46,875
Dato' Sri Chong Ket Pen	-	16,527,669	-	16,527,669
Tan Heng Kui	-	1,920,593	-	1,920,593
Dato' Sri Su-Azian @ Muzaffar Syah Bin Abd Rahman	-	187,500	-	187,500
Suhaimi Bin Badrul Jamil	-	16,250	-	16,250
Indirect Interests				
Dato' Sri Chong Ket Pen ^^	-	10,913,641	-	10,913,641
Dato' Sri Su-Azian @ Muzaffar Syah Bin Abd Rahman #	-	781,250	-	781,250

DIRECTORS' REPORT

DIRECTORS' INTERESTS (CONT'D)

Notes:-

^^ *Deemed interest by virtue of his substantial shareholdings in Penmacorp Sdn Bhd which in turn is a substantial shareholder of the Company pursuant to Section 8 of the Companies Act 2016 as well as his spouse and children's shareholdings in the Company pursuant to Section 59(11)(c) of the Companies Act 2016.*

Deemed interest by virtue of his substantial shareholdings in Rencana Berkat Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

By virtue of his interest in the Company, Dato' Sri Chong Ket Pen is deemed to have interests in shares in the subsidiaries to the extent of the Company's interest, in accordance with Section 8 of the Companies Act 2016.

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors shown in the financial statements or the fixed salary of a full-time employee of the Company or related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain Directors have substantial financial interests as disclosed in Note 44 to the financial statements.

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

DIRECTORS' REMUNERATION

The details of the Directors' remuneration paid or payable to the Directors of the Group and the Company during the financial year are disclosed in Note 37 to the financial statements.

INDEMNITY AND INSURANCE COST

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and certain officers of the Company were RM30,000,000 and RM63,610 respectively. No indemnity was given to or insurance effected for auditors of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 48 to the financial statements.

SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

The significant event occurring after the reporting period is disclosed in Note 49 to the financial statements.

AUDITORS

The auditors, Crowe Malaysia PLT (converted from a conventional partnership, Crowe Malaysia which was previously known as Crowe Horwath), have expressed their willingness to continue in office.

The auditors' remuneration are disclosed in Note 36 to the financial statements.

Signed in accordance with a resolution of the directors dated 19 April 2019.

Dato' Sri Chong Ket Pen **Suhaimi Bin Badrul Jamil**

STATEMENT BY DIRECTORS

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

We, Dato' Sri Chong Ket Pen and Suhaimi Bin Badrul Jamil, being two of the directors of Protasco Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 73 to 199 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 of 31 December 2018 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 19 April 2019.

Dato' Sri Chong Ket Pen

Suhaimi Bin Badrul Jamil

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Ho Chun Fuat, MIA Membership Number: 8372, being the officer primarily responsible for the financial management of Protasco Berhad, do solemnly and sincerely declare that the financial statements set out on pages 73 to 199 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Ho Chun Fuat
at Kuala Lumpur in the Federal Territory
on this 19 April 2019.

Ho Chun Fuat

Before me

Lai Din
W668
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PROTASCO BERHAD (INCORPORATED IN MALAYSIA)
COMPANY NO: 548078 - H

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Protasco Berhad, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 73 to 199.

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 2018, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters (Cont'd)

<table>
<tr><th colspan="2">Revenue and Profit Recognition for Construction Contracts
Refer to Note 4.1.1(d), Note 4.23(d) and Note 34 to the financial statements</th></tr>
<tr><th>Key Audit Matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>Construction contract accounting is inherently complex due to the contracting nature of the business, which involves significant judgements. This includes the determination of the total budgeted contract costs to complete the projects and the calculation of percentage of completion which affects the quantum of revenue and profit to be recognised.

In estimating the revenue to be recognised, the management considers past experience and work done certified by customers and/or independent third parties, where applicable.

In estimating the total budgeted contract costs to completion, the management considers the completeness and accuracy of its costs estimation, including its obligations to contract variations and claims. The total costs to completion are subject to a number of variables including the accuracy of designs, market conditions in respect of materials and sub-contractor cost and construction issues.

An error in the estimated profit on contracts could result in a material variance in the amount of profit or loss recognised to date and therefore also in the current period. The profit recognition on contract includes key judgements over the expected recovery of costs arising from variations and claims and assessment on liquidated and ascertained damages costs, where applicable. In addition, changes in judgements, and the related estimates, as contracts progress, can result in material adjustments to margin, which can be both positive and negative. The potential outcome for contracts can have an individually and collectively material impact on the financial statements, whether through error or management bias.

We determined this to be a key audit matter due to the complexity and judgemental nature of the budgeting of contract costs to completion, calculation of percentage of completion and the determination of revenue and profit to be recognised.</td><td>Our procedures included, amongst others:-

• read all key contracts and discussed with management to obtain a full understanding of the terms and risks to assess our consideration of whether revenue was appropriately recognised;

• testing the operating effectiveness of internal controls over the completeness, accuracy and timing of revenue recognised in the financial statements;

• assessing the management's assumptions in determining the percentage of completion of projects, estimations of revenue and costs, provisions for foreseeable losses, liquidated and ascertained damages as well as recoverability of billed receivables and costs incurred on variation orders;

• assessing the reasonableness of percentage of completion by comparing to certification by external parties;

• assessing the estimated profit and costs to completion, adjustments for job costing and potential contract losses;

• performing subsequent event review to support year-end judgements;

• assessing whether the amounts recognised in the financial statements were in line with the Group's accounting policy and relevant accounting standards; and

• considering the adequacy of the Group's disclosures in respect of the judgements taken with respect to profit recognition and the key risks relating to these amounts.</td></tr>
</table>

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PROTASCO BERHAD (INCORPORATED IN MALAYSIA)
COMPANY NO: 548078 - H

Key Audit Matters (Cont'd)

Impairment of Trade Receivables **Refer to Note 4.1.1(c), Note 12 and Note 46.1(b) in the financial statements**	
Key Audit Matter	**How our audit addressed the key audit matter**
As at 31 December 2018, trade receivables that were past due and not impaired amounted to RM157.2 million. The details of trade receivables and its credit risk are disclosed in Note 12 and Note 46.1(b) to the financial statements. The management applied assumptions in assessing the level of allowance for impairment losses on trade receivables based on the following:- • customers' payment profiles of past sales and corresponding historical credit losses; • specific known facts or circumstances on customers' ability to pay; or • by reference to past default experience. The impairment assessment involves significant judgements and there is inherent uncertainty in the assumptions applied by the management to determine the level of allowance. We determined this to be a key audit matter due to the significant judgements and level of uncertainty involved in assessing the recoverability of trade receivables.	Our procedures included, amongst others:- • testing on the account receivables ageing to ascertain the accuracy of the underlying information used to assess the adequacy of impairment loss of trade receivables; • testing payment history of major customers during the financial year and after the year end; • evaluating the credit standing of the customers with reference to payment history; • evaluating the Directors' judgements on recoverability, taking into account specific customer circumstances known to the Directors, and publicly available data on liquidations and insolvencies post year-end; • testing the retention balances due by:- (i) corroborating the value of the retention to customer correspondence and original contracts; and (ii) reviewing the status of the projects and formed a conclusion on the recoverability of the balance in light of the evidence presented; and • considering the adequacy of the Group's disclosures in this area.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of the 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PROTASCO BERHAD (INCORPORATED IN MALAYSIA)
COMPANY NO: 548078 - H

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 a 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.

- 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PROTASCO BERHAD (INCORPORATED IN MALAYSIA)
COMPANY NO: 548078 - H

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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 financial 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 5 to the financial statements.

OTHER MATTERS

1. As stated in Note 3.1 to the financial statements, Protasco Berhad adopted Malaysian Financial Reporting Standards on 1 January 2018 with a transition date of 1 January 2017. These standards were applied retrospectively by Directors to the comparative information in these financial statements, including the statements of financial position of the Group and of the Company as at 31 December 2017 and 1 January 2017, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year ended 31 December 2017 and related disclosures. We were not engaged to report on the comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 31 December 2018, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2018 do not contain misstatements that materially affect the financial position as at 31 December 2018 and the financial performance and cash flows for the financial year then ended.

2. 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.

Crowe Malaysia PLT
LLP0018817-LCA & AF 1018
Chartered Accountants

Chua Wai Hong
02974/09/2019 J
Chartered Accountant

Kuala Lumpur

19 April 2019

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	The Group			The Company		
		31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
ASSETS							
NON-CURRENT ASSETS							
Investment in subsidiaries	5	-	-	-	162,506	162,506	162,506
Investment in associates	6	10,458	3,693	307	-	-	-
Property, plant and equipment	7	190,418	199,354	205,643	91	75	85
Investment properties	8	80,549	82,125	94,899	-	-	-
Inventories	9	17,389	17,389	29,654	-	-	-
Goodwill on consolidation		36	36	36	-	-	-
Long-term investments	10	145	175	225	-	-	-
Deferred tax assets	11	-	1	15	-	-	-
		298,995	302,773	330,779	162,597	162,581	162,591
CURRENT ASSETS							
Inventories	9	34,907	38,664	29,450	-	-	-
Trade receivables	12	212,225	282,801	246,209	-	-	-
Contract assets	13	224,572	143,638	531,800	-	-	-
Other receivables, deposits and prepayments	14	31,895	30,496	20,542	84	97	244
Amount owing by subsidiaries	15	-	-	-	106,066	106,338	107,892
Amount owing by associates	16	2,128	4,886	845	-	-	-
Current tax assets		17,141	14,345	18,146	-	-	-
Short-term investments	17	38,289	18,867	72,883	39	151	147
Deposits with licensed banks	18	98,842	106,606	35,307	1,764	1,000	1,000
Cash and bank balances	19	52,674	111,534	102,423	296	1,527	1,151
		712,673	751,837	1,057,605	108,249	109,113	110,434
TOTAL ASSETS		1,011,668	1,054,610	1,388,384	270,846	271,694	273,025

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

		The Group			The Company		
		31.12.2018	31.12.2017	1.1.2017	31.12.2018	31.12.2017	1.1.2017
	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES							
EQUITY							
Share capital	20	249,437	212,346	212,346	249,437	212,346	212,346
Treasury shares	21	(1,130)	(762)	(760)	(1,130)	(762)	(760)
Share premium	22	-	37,508	37,508	-	37,508	37,508
Foreign exchange translation reserve	23	(10,642)	(10,614)	(11,375)	-	-	-
Capital reserve	24	8,875	8,875	8,875	-	-	-
Fair value reserve		(30)	-	-	-	-	-
Retained profits	26	85,891	148,699	146,089	10,079	2,550	4,753
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		332,401	396,052	392,683	258,386	251,642	253,847
Non-controlling interests		19,432	25,830	14,735	-	-	-
TOTAL EQUITY		351,833	421,882	407,418	258,386	251,642	253,847
NON-CURRENT LIABILITIES							
Deferred tax liabilities	11	7,769	8,860	8,645	-	-	-
Long-term borrowings	27	157,260	95,367	95,089	-	-	-
		165,029	104,227	103,734	-	-	-
CURRENT LIABILITIES							
Trade payables	30	315,696	362,300	350,448	-	-	-
Other payables and accruals	31	43,162	32,332	45,011	415	398	721
Amount owing to subsidiaries	15	-	-	-	4,239	3,979	3,000
Amount owing to associates	16	2,300	-	-	-	-	-
Dividend payable		-	12,726	12,726	-	12,726	12,726
Current tax liabilities		5,216	5,874	7,467	2,804	2,804	2,731
Short-term borrowings	32	93,402	98,868	421,886	-	-	-
Bank overdrafts	33	35,030	16,401	39,694	5,002	145	-
		494,806	528,501	877,232	12,460	20,052	19,178
TOTAL LIABILITIES		659,835	632,728	980,966	12,460	20,052	19,178
TOTAL EQUITY AND LIABILITIES		1,011,668	1,054,610	1,388,384	270,846	271,694	273,025

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

STATEMENTS OF PROFIT OR LOSS

AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		The Group		The Company	
		2018	2017	2018	2017
	Note	RM'000	RM'000	RM'000	RM'000
REVENUE	34	904,860	939,277	29,000	33,518
COST OF SALES		(780,365)	(723,747)	-	-
GROSS PROFIT		124,495	215,530	29,000	33,518
OTHER INCOME		4,015	6,293	75	15
ADMINISTRATIVE EXPENSES		(54,804)	(45,202)	(8,787)	(10,047)
OTHER EXPENSES		(77,558)	(88,258)	-	-
(LOSS)/PROFIT FROM OPERATIONS		(3,852)	88,363	20,288	23,486
FINANCE COSTS		(12,207)	(18,141)	(386)	(260)
NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS	35	(9,334)	(967)	-	-
SHARE OF PROFITS OF EQUITY ACCOUNTED ASSOCIATES		1,515	1,072	-	-
(LOSS)/PROFIT BEFORE TAXATION	36	(23,878)	70,327	19,902	23,226
INCOME TAX EXPENSE	38	(13,740)	(23,904)	-	24
(LOSS)/PROFIT AFTER TAXATION		(37,618)	46,423	19,902	23,250
OTHER COMPREHENSIVE (EXPENSES)/INCOME:-					
Item that will be reclassified subsequently to profit or loss: - Foreign currency translation differences		(28)	991	-	-
		(28)	991	-	-
TOTAL COMPREHENSIVE (EXPENSES)/ INCOME FOR THE FINANCIAL YEAR		(37,646)	47,414	19,902	23,250

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

STATEMENTS OF PROFIT OR LOSS

AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	The Group		The Company	
		2018	2017	2018	2017
		RM'000	RM'000	RM'000	RM'000
(LOSS)/PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		(48,107)	28,063	19,902	23,250
Non-controlling interests		10,489	18,360	-	-
		(37,618)	46,423	19,902	23,250
TOTAL COMPREHENSIVE (EXPENSES)/INCOME ATTRIBUTABLE TO:-					
Owners of the Company		(48,135)	28,824	19,902	23,250
Non-controlling interests		10,489	18,590	-	-
		(37,646)	47,414	19,902	23,250
(LOSS)/EARNINGS PER SHARE (SEN)	39				
Basic		(9.72)	5.67		
Diluted		(9.72)	5.67		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

			Non-Distributable			Distributable			
	Share Capital	Treasury Shares	Share Premium	Foreign Exchange Translation Reserve	Capital Reserve	Retained Profits	Attributable to Owners of the Company	Non-Controlling Interests	Total Equity
The Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1.1.2017	212,346	(760)	37,508	(11,375)	8,875	146,089	392,683	14,735	407,418
Profit after taxation for the financial year	-	-	-	-	-	28,063	28,063	18,360	46,423
Other comprehensive income for the financial year: - foreign currency translation	-	-	-	761	-	-	761	230	991
Total comprehensive income for the financial year	-	-	-	761	-	28,063	28,824	18,590	47,414
Balance carried forward	212,346	(760)	37,508	(10,614)	8,875	174,152	421,507	33,325	454,832

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

The Group	Note	Share Capital	Treasury Shares	Non-Distributable			Distributable	Attributable to Owners of the Company	Non-Controlling Interests	Total Equity
				Share Premium	Foreign Exchange Translation Reserve	Capital Reserve	Retained Profits			
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance brought forward		212,346	(760)	37,508	(10,614)	8,875	174,152	421,507	33,325	454,832
Contributions by and distribution to owners of the Company:-										
Issuance of shares by subsidiaries to non-controlling interests ("NCI")		-	-	-	-	-	-	-	88	88
Disposal of a subsidiary	41	-	-	-	-	-	-	-	(903)	(903)
Treasury shares acquired	21	-	(2)	-	-	-	-	(2)	-	(2)
Dividends: - by the Company	40	-	-	-	-	-	(25,453)	(25,453)	-	(25,453)
- by subsidiaries to non-controlling interests		-	-	-	-	-	-	-	(6,680)	(6,680)
Total transactions with owners of the Company		-	(2)	-	-	-	(25,453)	(25,455)	(7,495)	(32,950)
Balance at 31.12.2017		212,346	(762)	37,508	(10,614)	8,875	148,699	396,052	25,830	421,882

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

				Non-Distributable				Distributable			
		Share Capital	Treasury Shares	Share Premium	Foreign Exchange Translation Reserve	Capital Reserve	Fair Value Reserve	Retained Profits	Attributable to Owners of the Company	Non-Controlling Interests	Total Equity
The Group	**Note**	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1.1.2018		212,346	(762)	37,508	(10,614)	8,875	-	148,699	396,052	25,830	421,882
Effects of MFRS adoption		-	-	-	-	-	(30)	(2,328)	(2,358)	(1,738)	(4,096)
Balance at 1.1.2018 (restated)	51	212,346	(762)	37,508	(10,614)	8,875	(30)	146,371	393,694	24,092	417,786
(Loss)/Profit after taxation for the financial year		-	-	-	-	-	-	(48,107)	(48,107)	10,489	(37,618)
Other comprehensive expenses for the financial year: - foreign currency translation		-	-	-	(28)	-	-	-	(28)	-	(28)
Total comprehensive (expenses) /income for the financial year		-	-	-	(28)	-	-	(48,107)	(48,135)	10,489	(37,646)
Balance carried forward		212,346	(762)	37,508	(10,642)	8,875	(30)	98,264	345,559	34,581	380,140

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

The Group	Note	Share Capital RM'000	Treasury Shares RM'000	Non-Distributable: Share Premium RM'000	Non-Distributable: Foreign Exchange Translation Reserve RM'000	Non-Distributable: Capital Reserve RM'000	Non-Distributable: Fair Value Reserve RM'000	Distributable: Retained Profits RM'000	Attributable to Owners of the Company RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
Balance brought forward		212,346	(762)	37,508	(10,642)	8,875	(30)	98,264	345,559	34,581	380,140
Contributions by and distribution to owners of the Company:-											
Issuance of shares pursuant to bonus issue	20 & 22	35,350	-	(35,350)	-	-	-	-	-	-	-
Bonus issue expenses	22	-	-	(417)	-	-	-	-	(417)	-	(417)
Issuance of shares by a subsidiary to NCI		-	-	-	-	-	-	-	-	60	60
Transfer to share capital pursuant to the Companies Act 2016	20 & 22	1,741	-	(1,741)	-	-	-	-	-	-	-
Acquisition of a subsidiary		-	-	-	-	-	-	-	-	9	9
Derecognition of a subsidiary upon subsidiary struck off		-	-	-	-	-	-	-	-	*	*
Treasury shares acquired	21	-	(368)	-	-	-	-	-	(368)	-	(368)
Dividends:											
- by the Company	40	-	-	-	-	-	-	(12,373)	(12,373)	-	(12,373)
- by subsidiaries to NCI		-	-	-	-	-	-	-	-	(15,218)	(15,218)
Total transactions with owners of the Company		37,091	(368)	(37,508)	-	-	-	(12,373)	(13,158)	(15,149)	(28,307)
Balance as at 31.12.2018		249,437	(1,130)	-	(10,642)	8,875	(30)	85,891	332,401	19,432	351,833

Remark:

* - (RM400)

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

				Non-Distributable	Distributable	
		Share Capital	Treasury Shares	Share Premium	Retained Profits	Total Equity
The Company	**Note**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Balance at 1.1.2017		212,346	(760)	37,508	4,753	253,847
Profit after taxation/Total comprehensive income for the financial year		-	-	-	23,250	23,250
Contributions by and distribution to owners of the Company:-						
Treasury shares acquired	21	-	(2)	-	-	(2)
Dividends	40	-	-	-	(25,453)	(25,453)
Total transactions with owners of the Company		-	(2)	-	(25,453)	(25,455)
Balance at 31.12.2017		212,346	(762)	37,508	2,550	251,642

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

The Company	Note	Share Capital	Treasury Shares	Non-Distributable Share Premium	Distributable Retained Profits	Total Equity
		RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1.1.2018		212,346	(762)	37,508	2,550	251,642
Profit after taxation/Total comprehensive income for the financial year		-	-	-	19,902	19,902
Contributions by and distribution to owners of the Company:-						
Issuance of shares pursuant to bonus issue	20 & 22	35,350	-	(35,350)	-	-
Bonus issue expenses	22	-	-	(417)	-	(417)
Transfer to share capital pursuant to the Companies Act 2016	20 & 22	1,741	-	(1,741)	-	-
Treasury shares acquired	21	-	(368)	-	-	(368)
Dividends	40	-	-	-	(12,373)	(12,373)
Total transactions with owners of the Company		37,091	(368)	(37,508)	(12,373)	(13,158)
Balance at 31.12.2018		249,437	(1,130)	-	10,079	258,386

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
CASH FLOWS (FOR)/ FROM OPERATING ACTIVITIES				
(Loss)/Profit before taxation	(23,878)	70,327	19,902	23,226
Adjustments for:				
Bad debts written off	684	-	-	-
Depreciation of investment properties	1,703	1,701	-	-
Depreciation of property, plant and equipment	14,227	15,352	33	26
Allowance for impairment losses on:				
- trade receivables	9,802	1,443	-	-
- other receivables	48	-	-	-
- amount owing by associates	57	-	-	-
Interest expense	14,457	21,878	386	260
Property, plant and equipment written off	70	114	-	-
Gain on disposal of property, plant and equipment	(164)	(240)	-	-
Gain on disposal of a subsidiary	-	(208)	-	-
Gross dividends from subsidiaries	-	-	(24,000)	(28,500)
Income from short-term investments	(486)	(301)	(9)	(13)
Interest income	(1,040)	(1,378)	(66)	(2)
Share of profit of equity accounted associates	(1,515)	(1,072)	-	-
Unrealised loss/(gain) on foreign exchange	12	(14)	-	-
Writeback of impairment losses on trade receivables	(573)	(476)	-	-
Operating profit/(loss) before working capital changes	13,404	107,126	(3,754)	(5,003)
Decrease in inventories	3,757	3,051	-	-
(Increase)/Decrease in contract assets	(80,934)	388,162	-	-
Decrease/(Increase) in amount owing by associates	2,701	(4,034)	-	-
Increase in amount owing to associates	2,300	-	-	-
Decrease/(Increase) in trade and other receivables	55,150	(47,618)	13	147
(Decrease)/Increase in trade and other payables	(36,544)	10,774	17	(323)
CASH (FOR)/FROM OPERATIONS	(40,166)	457,461	(3,724)	(5,179)
Interest paid	(2,610)	(3,519)	(386)	(260)
Income tax paid	(18,284)	(21,956)	-	97
NET CASH (FOR)/FROM OPERATING ACTIVITIES CARRIED FORWARD	(61,060)	431,986	(4,110)	(5,342)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		The Group		The Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
NET CASH (FOR)/FROM OPERATING ACTIVITIES BROUGHT FORWARD		(61,060)	431,986	(4,110)	(5,342)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Investment in an associate		(5,250)	-	-	-
Interest received		1,040	1,371	66	2
Income from short-term investments received		486	301	9	13
Net dividend received from subsidiaries		-	-	24,000	28,500
Net cash outflow from disposal of a subsidiary	41	-	(2,315)	-	-
Net cash inflow from acquisition of a subsidiary		9	-	-	-
Net (placement)/withdrawal of:					
- deposits pledged to licensed banks		(4,084)	1,131	(64)	-
- short-term investments with maturity period above 3 months		1,022	8,621	-	-
Proceeds from disposal of property, plant and equipment		2,405	4,207	-	-
Purchase of property, plant and equipment	42(a)	(7,504)	(12,583)	(49)	(16)
Addition of investment property		(127)	-	-	-
Purchase of treasury shares		(368)	(2)	(368)	(2)
Repayment from subsidiaries		-	-	272	1,554
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(12,371)	731	23,866	30,051
BALANCE CARRIED FORWARD		(73,431)	432,717	19,756	24,709

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	The Group		The Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
BALANCE BROUGHT FORWARD		(73,431)	432,717	19,756	24,709
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Dividends paid		(25,099)	(25,453)	(25,099)	(25,453)
Dividends paid to non-controlling interests		(15,218)	(6,680)	-	-
Net cash inflow from issuance of shares by subsidiaries to non-controlling interests		60	88	-	-
Shares issuance expenses		(417)	-	(417)	-
Advance from subsidiaries		-	-	260	979
Interest paid		(11,117)	(17,710)	-	-
Drawdown of term loans		110,839	20,705	-	-
Repayment of term loans		(45,507)	(349,955)	-	-
Repayment of hire purchase obligations		(1,807)	(1,839)	-	-
Net (repayment)/drawdown of short-term borrowings		(7,196)	7,566	-	-
NET CASH FROM/(FOR) FINANCING ACTIVITIES		4,538	(373,278)	(25,256)	(24,474)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(68,893)	59,439	(5,500)	235
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		214,113	154,674	1,533	1,298
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	42(c)	145,220	214,113	(3,967)	1,533

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

1. GENERAL INFORMATION

The Company is a public company limited by shares, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office	:	802, 8th Floor, Block C, Kelana Square, 17, Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan.
Principal place of business	:	Unipark Suria, Jalan Ikram-Uniten, 43000 Kajang, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 19 April 2019.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

3.1 This is the first year the Group has prepared its financial statements in accordance with MFRSs, which are also in line with International Financial Reporting Standards as issued by the International Accounting Standards Board.

In the previous financial year, the financial statements of the Group were prepared in accordance with Financial Reporting Standards ("FRSs").

The transition to MFRSs is accounted for in accordance with MFRS 1 "First-time Adoption of Malaysian Financial Reporting Standards", with 1 January 2017 as the date of transition. An opening statements of financial position as at the date of transition has been prepared based on the accounting policies as described in Note 4 to the financial statements. Such accounting policies have also been applied to other financial information covered under this set of financial statements, including the comparative information presented. The financial impacts on the transition from FRSs to MFRSs are disclosed in Note 51 to the financial statements.

3. BASIS OF PREPARATION (CONT'D)

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

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 23 Uncertainty Over Income Tax Treatments	1 January 2019
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 January 2019

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

MFRS 16: Leases

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and will replace the current guidance on lease accounting when it becomes effective. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their leased assets and the related lease obligations in the statement of financial position (with limited exceptions). The leased assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. The Group is currently assessing the financial impact that may arise from the adoption of this standard.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

4.1.1 Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 9 to the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

4.1.1 Key Sources of Estimation Uncertainty (Cont'd)

(b) Impairment of Investment Properties

The Group determines whether its investment properties are impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amount of investment properties as at the reporting date is disclosed in Note 8 to the financial statements.

(c) Impairment of Trade Receivables and Contract Assets

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables and contract assets. The contract assets are grouped with trade receivables for impairment assessment because they have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying amounts of trade receivables and contract assets. The carrying amounts of trade receivables and contract assets as at the reporting date are disclosed in Notes 12 and 13 to the financial statements.

(d) Revenue Recognition for Construction Contracts

The Group recognises construction revenue by reference to the construction progress based on the physical proportion of contract work certified by professional consultants. Significant judgement is required in determining the progress towards complete satisfaction of the performance obligation based on the contract work certified to-date corroborated by the level of completion of the construction based on actual costs incurred to-date over the estimated total contract costs. The total estimated costs are based on approved budgets, which require assessment and judgement to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, management relies on past experience and the work of specialists. The carrying amount of contract assets as at the reporting date are disclosed in Note 13 to the financial statements.

(e) Property Development

The Group recognises property development revenue and expenses in profit or loss by using an input method which is based on cost incurred to-date relative to the total expected cost to the satisfaction of that performance obligation.

Significant judgement is required in determining the measure of progress, the extent of the property development cost incurred, the estimated total property development revenue and cost, as well as the recoverability of the property development cost. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists. The carrying amounts of the land held for property development and property development costs as at the reporting date are disclosed in Note 9 to the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

4.1.2 Critical Judgement Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

(a) Classification between Investment Properties and Owner-occupied Properties

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(b) Classification of Leasehold Land

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

(c) Contingent Liabilities

The recognition and measurement for contingent liabilities is based on management's view of the expected outcome on contingencies after consulting legal counsel for litigation cases and experts, for matters in the ordinary course of business. Furthermore, the Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees issued by the Group and the Company are remote.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(b) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(c) Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

(d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 (2017 – MFRS 139) or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

As part of its transition to MFRSs, the Group elected not to restate those business combinations that occurred before the date of transition. Such business combinations and the related goodwill and fair value adjustments have been carried forward from the previous FRS framework as at the date of transition.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss immediately.

In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

4.4 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM") which is the Company's functional and presentation currency and has been rounded to the nearest thousand unless otherwise stated.

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss except for differences arising from the translation of available-for-sale equity instruments which are recognised in other comprehensive income.

(c) Foreign Operations

Assets and liabilities of foreign operations (including any goodwill and fair value adjustments arising on acquisition) are translated to the Group's presentation currency at the exchange rates at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

Goodwill and fair value adjustments arising from 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 end of the reporting period.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or a partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion that related to non-controlling interests is derecognised but is not reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the proportionate share of the accumulative exchange differences is reclassified to profit or loss.

In the consolidated financial statements, when settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

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

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 – Revenue from Contracts with Customers at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

(c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

(i) Ordinary Shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(ii) Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

Where treasury shares are reissued by resale, the difference between the sales consideration received and the carrying amount of the treasury shares is recognised in equity.

Where treasury shares are cancelled, their costs are transferred to retained profits.

(d) Derivative Financial Instruments

Derivatives financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives during the reporting period, other than those accounted for under hedge accounting, are recognised directly in profit or loss.

Any derivative embedded in a financial asset is not accounted for separately. Instead, the entire hybrid contract is classified and subsequently measured as either amortised cost or fair value as appropriate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(d) Derivative Financial Instruments (Cont'd)

An embedded derivative is recognised separately from the host contract which is a financial liability as a derivative if, and only if, its risks and characteristics are not closely related to those of the host contract and the host contract is not measured at fair value through profit or loss.

(e) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(f) 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 specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

4.6 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 INVESTMENTS IN ASSOCIATES

An associate is an entity in which the Group has a long-term equity interest and where it exercise significant influence over the financial and operating policies.

The investment in an associate is accounted for in the consolidated statement of financial position using the equity method, based on the financial statements of the associate made up to the end of the reporting period. The Group's share of the post-acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gains or losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 9 (2017 – MFRS 139). Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued.

4.8 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bridging the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and any impairment losses. Freehold land is stated at cost less any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Freehold land is not depreciated. Depreciation on other property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Leasehold land	Over the lease period of 99 years
Buildings	2%
Renovation	10% - 33.33%
Reference books, office equipment, furniture and fittings	10% - 33.33%
Laboratory equipment, plant and machinery	12.50% - 20%
Motor vehicles	12.50% - 20%

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. Capital work-in-progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use. Cost of capital work-in-progress includes direct cost, related expenditure and interest cost on borrowings taken to finance the construction or acquisition of the assets to the date that the assets are completed and put into use.

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

4.9 INVESTMENT PROPERTIES

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss on the straight-line method over the estimated useful lives of the investment properties. The estimated useful lives of the investment properties are 50 years. Investment property under construction is not depreciated.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. All transfers do not change the carrying amount of the property reclassified.

4.10 INVENTORIES

(a) Land Held for Property Development

Land held for property development consist of land costs where no development activities are carried out or where development activities are not expected to be completed within the normal operating cycle. Land held for property development is classified within non-current assets and is stated at the lower of cost and net realisable value.

Costs associated with the acquisition of land include the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Pre-acquisition costs are charged to profit or loss as incurred unless such costs are directly identifiable to the consequent property development activity.

Land held for property development is reclassified as property development costs (within current assets) at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 INVENTORIES (CONT'D)

(b) Property Development Costs

Property development costs are those assets on which significant works have been undertaken and are expected to be completed within the normal operating cycle.

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities as well as borrowing costs relating to the financing of the development activities.

Property development costs that are not recognised as an expense are recognised as an asset and carried at the lower of cost and net realisable value.

When the financial outcome of a development activity can be reliably estimated, the amount of property revenue and expenses recognised in profit or loss are determined by reference to the stage of completion method. The stage of completion is determined based on the proportion that the property development costs incurred for work performed to date bear to the estimated total property development costs at the end of the reporting period.

When the financial outcome of a development activity cannot be reliably estimated, the property development revenue is recognised only to the extent of property development costs incurred that will be recoverable. The property development costs on the development units sold are recognised as an expense in the period in which they are incurred.

Where it is probable that property development costs will exceed property development revenue, any expected loss is recognised as an expense in profit or loss immediately, including costs to be incurred over the defects liability period.

On completion, sold properties are recognised in profit or loss and unsold properties are transferred to developed properties held for sale.

(c) Developed Properties Held for Sale

Developed properties held for sale are stated at the lower of cost and net realisable value. Cost is determined by the specific identification method and comprises the land and related development expenditure incurred in bringing the inventories to their present location and condition.

(d) Other Inventories

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

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

4.11 CONTRACT ASSET AND CONTRACT LIABILITY

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment requirements of MFRS 9 - Financial Instruments.

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 IMPAIRMENT

(a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income, trade receivables and contract assets, as well as on financial guarantee contracts.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 – Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value-in-use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

4.13 LEASED ASSETS

(a) Finance Assets

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statement of financial position as hire purchase payables.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 LEASED ASSETS (CONT'D)

(a) Finance Assets (Cont'd)

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

(b) Operating Lease

All leases that do not transfer substantially to the Group all the risks and rewards incidental to ownership are classified as operating leases and, the leased assets are not recognised on the statement of financial position of the Group and of the Company.

Payments made under operating leases are recognised as an expense in the profit or loss on a straight-line method over the lease term. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

4.14 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

4.15 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

4.16 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss and included in the development costs, where appropriate, in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss and included in the development costs, where appropriate, in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

4.17 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted. The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the weighted average of the borrowing costs applicable to borrowings that are outstanding during the financial year, other than borrowings made specifically for the purpose of financing a specific project-in-progress, in which case the actual borrowing costs incurred on that borrowings less any investment income on temporary investment of that borrowings will be capitalised.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.18 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax are recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

4.19 OPERATING SEGMENTS

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

4.20 CONTINGENT LIABILITIES

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

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

4.21 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.22 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market 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. However, this basis does not apply to share-based payment transactions.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical asset or liability that the entity can access at the measurement date;

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

Level 3: Inputs are unobservable inputs for the asset or liability.

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

4.23 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time. The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:-

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as at when the asset is created or enhanced.
- 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.23 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

(a) Sale of Goods

Revenue from sale of goods is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(b) Rendering of Services

Revenue from rendering of services is recognised over time in the period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

Customers are invoiced on a monthly basis and consideration is payable when invoiced.

(c) Education and Training Fees

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

(d) Construction Contracts

Revenue from construction contracts is recognised over time in the period in which the services are rendered using the output method by reference to the construction progress based on the physical proportion of construction work certified by professional consultants. Transaction price is computed based on the price specified in the contract and adjusted for any variable consideration such as incentives and penalties. Past experience is used to estimate and provide for the variable consideration, using expected value method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

A receivable is recognised when the construction services are rendered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. If the construction services rendered exceed the payment received, a contract asset is recognised. If the payments exceed the construction services rendered, a contract liability is recognised.

(e) Property Development

Property development contracts with customers may include multiple promises to customers and are accounted for as separate performance obligations. Transaction price will be allocated to each performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on expected cost-plus margin.

Revenue from property development is recognised as and when the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to-date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by using an input method which is based on cost incurred to-date relative to the total expected cost to the satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The Group recognises sales at a point in time for the sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.24 REVENUE FROM OTHER SOURCES AND OTHER OPERATING INCOME

(a) Dividend Income

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

(b) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(c) Management Fee

Management fee is recognised when services are rendered.

(d) Rental Income

Rental income is accounted for on a straight-line method over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

5. INVESTMENT IN SUBSIDIARIES

	The Company		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
At cost:			
Unquoted shares in Malaysia:			
- ordinary shares	144,679	144,679	144,679
- Redeemable Convertible Preference Shares	17,500	17,500	17,500
	162,179	162,179	162,179
Unquoted shares outside Malaysia:			
- ordinary shares	327	327	327
	162,506	162,506	162,506

During the financial year:-

(a) On 9 January 2018, Ikram Greentech Sdn. Bhd., a wholly-owned subsidiary of the Company, acquired 11,000 ordinary shares of I2 Solarpark One Sdn. Bhd. ("I2SOSB"), representing 44% of the issued and paid-up share capital in I2SOSB for a total cash consideration of RM11,000.

The Group assessed that I2SOSB is an indirect subsidiary of the Company as the Group has control over I2SOSB.

(b) On 2 February 2018, HCM Engineering Sdn. Bhd. ("HCME"), a wholly-owned subsidiary of the Company, incorporated a company in the Kingdom of Cambodia namely, V-HCM Engineering & Construction Co., Ltd., ("V-HCME&C"), with a registered capital of USD100,000. The Group agreed to contribute 70% of the registered share capital whilst the remaining 30% equity interests will be contributed by a local business partner. Both parties have yet to inject their respective agreed capital contribution into V-HCME&C at the end of the reporting period.

(c) On 2 April 2018, HCM-TH Technologies Sdn. Bhd., an indirect 70% owned subsidiary of the Company, has been struck off from the Registrar of Companies in Malaysia.

(d) On 20 September 2018, Ximax Communication Sdn. Bhd., an indirect wholly-owned subsidiary of the Company, has been struck off from the Registrar of Companies in Malaysia.

(e) On 19 December 2018, Teras Pancar Sdn. Bhd., an indirect wholly-owned subsidiary of the Company, has been struck off from the Registrar of Companies in Malaysia.

The effects of the acquisition and recognition (upon struck off) of the subsidiaries during the financial year has no significant impact on the financial statements of the Group for the current financial year and the financial position of the Group as at the end of the current reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

Name of Subsidiary	Country of Incorporation	Effective 2018 %	Equity Interest 2017 %	Principal Activities
HCM Engineering Sdn. Bhd.	Malaysia	100	100	Buildings, bridges and road construction, rehabilitation and maintenance.
Kumpulan Ikram Sdn. Bhd.	Malaysia	100	100	Engineering and geotechnical related activities and services.
Protasco Trading Sdn. Bhd.	Malaysia	100	100	Trading of construction materials, products and equipment, petroleum based products and highway safety products and equipment.
Protasco Infra Sdn. Bhd.	Malaysia	100	100	Investment holding.
Protasco Development Sdn. Bhd.	Malaysia	100	100	Property development.
Protasco Venture Partners Inc.Δ	British Virgin Islands	100	100	Investment holding.
Ikram Greentech Sdn. Bhd.*	Malaysia	100	100	Investment holding.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

Name of Subsidiary	Country of Incorporation	Effective 2018 %	Equity Interest 2017 %	Principal Activities
Permint Granite-HCM Sdn. Bhd.	Malaysia	70	70	Road maintenance and rehabilitation.
HCM Kijang Sdn. Bhd.	Malaysia	60	60	Road maintenance and rehabilitation.
Roadcare (M) Sdn. Bhd.*	Malaysia	51	51	Road maintenance and rehabilitation.
Empayar Indera Sdn. Bhd.	Malaysia	51	51	Road maintenance and rehabilitation.
HCM (L) Bhd.^	FT Labuan	100	100	Renting out machines.
HCM-Ikhtisas Sdn. Bhd.*	Malaysia	78	78	Investment holding.
HCM Arabia Sdn. Bhd.*	Malaysia	78	78	Trading of construction premix products.
HCM-Molek JV Sdn. Bhd.*	Malaysia	60	60	Road construction and rehabilitation.
HCM Kasturi Sdn. Bhd.*	Malaysia	100	100	Dormant.
HCM Engineering-Isyoda JV Sdn. Bhd.*	Malaysia	100	100	Dormant.
Konsortium HCM Perkasa Sdn. Bhd.*	Malaysia	100	100	Dormant.
Makmur Bersih Sdn. Bhd.*	Malaysia	100	100	Dormant.
Infra Water Sdn. Bhd.*	Malaysia	100	100	Dormant.
HCM-TH Technologies Sdn. Bhd.*#	Malaysia	-	70	Dormant.
Teras Pancar Sdn. Bhd.*#	Malaysia	-	100	Dormant.

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of subsidiaries held through HCM Engineering Sdn. Bhd. are as follows (Cont'd):-

Name of Subsidiary	Country of Incorporation	Effective 2018 %	Equity Interest 2017 %	Principal Activities
H C M Builders Lanka (Private) Limited @	Sri Lanka	100	100	Dormant.
V-HCM Engineering & Construction Co. Ltd. Δ	Kingdom of Cambodia	70	-	Road construction and rehabilitation.

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

Name of Subsidiary	Country of Incorporation	Effective 2018 %	Equity Interest 2017 %	Principal Activities
Global Traders Ltd.^	FT Labuan	100	100	Dormant.

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

Name of Subsidiary	Country of Incorporation	Effective 2018 %	Equity Interest 2017 %	Principal Activities
Ikram Engineering Services Sdn. Bhd.	Malaysia	100	100	Site investigation and soil testing services.
Kumpulan Ikram (Sabah) Sdn. Bhd.*	Malaysia	60	60	Site investigation and soil testing services.
Kumpulan Ikram (Sarawak) Sdn. Bhd.*	Malaysia	60	60	Site investigation and soil testing services.
Ikram Education Sdn. Bhd.	Malaysia	100	100	Providing tertiary education.
Ikram Latihan Sdn. Bhd.*	Malaysia	100	100	Providing training courses.
Ikram QA Services Sdn. Bhd.	Malaysia	100	100	Certification and listing of products.
Ikram Paves Sdn. Bhd.	Malaysia	100	100	Provision of evaluation and testing services for road pavement.
Ikram International Sdn. Bhd.*	Malaysia	100	100	Dormant.
Ikram Libyana Sdn. Bhd.*	Malaysia	60	60	Dormant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

Name of Subsidiary	Country of Incorporation	Effective 2018 %	Equity Interest 2017 %	Principal Activities
Ikram Skills Academy Sdn. Bhd.	Malaysia	100	100	Provision of skills training courses.

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

Name of Subsidiary	Country of Incorporation	Effective 2018 %	Equity Interest 2017 %	Principal Activities
Ikram Infra Ventures Sdn. Bhd.*	Malaysia	100	100	Dormant.

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

Name of Subsidiary	Country of Incorporation	Effective 2018 %	Equity Interest 2017 %	Principal Activities
QP Industries Sdn. Bhd.*	Malaysia	100	100	Dealing in materials for road pavement and road maintenance.
QP Trading Sdn. Bhd.*	Malaysia	100	100	Dealing in materials for road pavement
Ximax Communications Sdn. Bhd.*#	Malaysia	-	100	Investment holding.

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

Name of Subsidiary	Country of Incorporation	Effective 2018 %	Equity Interest 2017 %	Principal Activities
Protasco Land Sdn. Bhd.	Malaysia	100	100	Property development.
De Centrum Development Sdn. Bhd.	Malaysia	100	100	Property development.
Sun Rock Development Sdn. Bhd. *	Malaysia	100	100	Property development.
De Centrum Land Sdn. Bhd.	Malaysia	100	100	Property development.
De Centrum Retail Sdn. Bhd. *	Malaysia	100	100	Retail business.
Jalur Saujana Sdn. Bhd. *	Malaysia	60	60	Property development.

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

Name of Subsidiary	Country of Incorporation	Effective 2018 %	Equity Interest 2017 %	Principal Activities
Protasco Land SA (Pty) Ltd.*	South Africa	100	100	Dormant.

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

Name of Subsidiary	Country of Incorporation	Effective 2018 %	Equity Interest 2017 %	Principal Activities
Ikram Masterbuilder Sdn. Bhd.	Malaysia	100	100	Dormant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of subsidiaries held through Protasco Venture Partners Inc. are as follows:-

Name of Subsidiary	Country of Incorporation	Effective 2018 %	Equity Interest 2017 %	Principal Activities
Protasco Agro Ltd.∆	British Virgin Islands	100	100	Dormant.
PT. Protasco Infra Indonesia ("PPII")∆ß	Indonesia	67	67	Dormant.

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

Name of Subsidiary	Country of Incorporation	Effective 2018 %	Equity Interest 2017 %	Principal Activities
I2 Energy Sdn. Bhd.*	Malaysia	51	51	Solar panel installation contract work.
I2 Solarpark One Sdn. Bhd. *	Malaysia	44	-	Supply of power and electricity derived from solar power plant.

Notes:-

^ *The subsidiary was audited by a member firm of Crowe Global of which Crowe Malaysia PLT is a member.*

* *These subsidiaries were audited by other firms of chartered accountants.*

These subsidiaries were struck off during the financial year.

∆ *The subsidiary is not required to be audited under the laws of the country of incorporation.*

@ *These subsidiaries are currently dormant and the audited financial statements and the auditors' reports on the financial statements are not available. The financial results of these subsidiaries are not material to the Group.*

ß *A company incorporated in Indonesia with a registered capital of USD1 million. The Group agreed to contribute 67% of the registered share capital whilst the remaining 33% equity interests will be contributed by a local business partner. Both parties have yet to inject their respective agreed capital contribution into PPII at the end of the reporting period.*

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

The details of non-controlling interests ("NCI") at the end of the reporting period are as follows:-

	Roadcare	PG-HCM	KPS-HCM	EISB	HCM-Molek	HCMA	KI-Sabah	KI-Sarawak
	%	%	%	%	%	%	%	%
Effective equity interest								
At 1.1.2017	49	30	30	49	40	22	40	40
At 31.12.2017	49	30	-	49	40	22	40	40
At 31.12.2018	49	30	-	49	40	22	40	40

	Roadcare	PG-HCM	KPS-HCM	EISB	HCM-Molek	HCMA	KI-Sabah	KI-Sarawak	Others	Total
Total NCI	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1.1.2017	12,881	4,208	2,231	6,415	(2,852)	(12,435)	2,961	1,850	(524)	14,735
Balance at 31.12.2017	24,813	3,563	-	8,620	(2,732)	(12,293)	2,785	1,606	(532)	25,830
Effects of MFRS 9 adoption	(825)	-	-	-	(30)	-	(751)	(132)	-	(1,738)
Balance at 1.1.2018 (restated)	23,988	3,563	-	8,620	(2,762)	(12,293)	2,034	1,474	(532)	24,092
Balance at 31.12.2018	20,384	3,720	-	8,706	(2,767)	(12,473)	2,573	863	(1,574)	19,432

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows:-

	Roadcare RM'000	PG-HCM RM'000	EISB RM'000	HCM-Molek RM'000	HCMA RM'000	KI-Sabah RM'000	KI-Sarawak RM'000
At 31 December 2018							
Non-current assets	14,672	765	3,771	-	-	1,309	2,052
Current assets	150,088	14,577	32,992	3,126	3,420	7,210	2,192
Non-current liabilities	(1,608)	(245)	(105)	-	-	-	(796)
Current liabilities	(121,551)	(2,696)	(18,891)	(10,045)	(60,116)	(2,088)	(1,292)
Net assets/(liabilities)	41,601	12,401	17,767	(6,919)	(56,696)	6,431	2,156
Financial year ended 31 December 2018							
Revenue	352,663	17,082	115,676	-	-	8,427	650
Profit/(Loss) for the financial year	12,645	3,523	9,175	(12)	(818)	1,348	(1,278)
Total comprehensive income/(expenses)	12,645	3,523	9,175	(12)	(818)	1,348	(1,278)
Total comprehensive income/(expenses) attributable to NCI	6,196	1,057	4,496	(5)	(180)	539	(511)
Dividends paid to non-controlling interests	9,800	900	4,410	-	-	-	100
Net cash flows (for)/from operating activities	(6,577)	1,812	4,144	599	1,119	972	(323)
Net cash flows for investing activities	(5,116)	(93)	(1,197)	-	-	(59)	(155)
Net cash flows for financing activities	(20,000)	(2,967)	(9,016)	-	-	(75)	(86)
Net (decrease)/increase in cash and cash equivalents	(31,693)	(1,248)	(6,069)	599	1,119	838	(564)

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows (Cont'd):-

	Roadcare RM'000	PG-HCM RM'000	EISB RM'000	HCM-Molek RM'000	HCMA RM'000	KI-Sabah RM'000	KI-Sarawak RM'000
At 31 December 2017							
Non-current assets	16,278	693	3,192	-	-	1,519	2,129
Current assets	196,704	13,056	40,276	3,635	4,476	7,189	3,634
Non-current liabilities	(1,457)	(245)	(105)	-	-	(39)	(886)
Current liabilities	(160,887)	(1,625)	(25,771)	(10,466)	(60,354)	(1,708)	(863)
Net assets/(liabilities)	50,638	11,879	17,592	(6,831)	(55,878)	6,961	4,014
Financial year ended 31 December 2017							
Revenue	406,118	12,126	102,960	50	959	6,289	1,303
Profit/(Loss) for the financial year	24,351	851	13,500	299	(398)	60	(311)
Total comprehensive income/(expenses)	24,351	851	13,500	299	645	60	(311)
Total comprehensive income/(expenses) attributable to NCI	11,932	225	6,615	120	142	24	(124)
Dividends paid to NCI	-	900	4,410	-	-	200	120
Net cash flows from/(for) operating activities	66,940	2,071	19,434	(8)	2,155	799	(27)
Net cash flows (for)/from investing activities	41,305	484	(1,235)	-	-	(162)	(395)
Net cash flows for financing activities	-	(2,989)	(9,025)	-	-	(625)	328
Net (decrease)/increase in cash and cash equivalents	108,245	(434)	9,174	(8)	2,155	12	(94)

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows (Cont'd):-

	Roadcare RM'000	PG-HCM RM'000	KPS-HCM RM'000	EISB RM'000	HCM-Molek RM'000	HCMA RM'000	KI-Sabah RM'000	KI-Sarawak RM'000
At 1 January 2017								
Non-current assets	12,219	1,017	394	2,756	2	-	1,667	1,974
Current assets	138,053	14,042	7,843	30,028	3,606	6,091	7,474	4,513
Non-current liabilities	(1,519)	(245)	(62)	(105)	-	-	(159)	(287)
Current liabilities	(122,466)	(787)	(739)	(19,587)	(10,737)	(62,613)	(1,581)	(1,574)
Net assets/(liabilities)	26,287	14,027	7,436	13,092	(7,129)	(56,522)	7,401	4,626
Financial year ended 1 January 2017								
Revenue	361,394	26,331	-	64,593	-	214	5,881	2,521
Profit/(Loss) for the financial year	10,418	3,660	(3,309)	8,498	3,010	(22)	(29)	108
Total comprehensive income/(expenses)	10,418	3,660	(3,309)	8,498	3,010	(239)	(29)	108
Total comprehensive income/(expenses) attributable to NCI	5,105	1,098	(993)	4,164	1,204	(53)	(11)	43
Dividends paid to non-controlling interests	24,500	1,800	-	2,940	-	-	200	240
Net cash flows (for)/from operating activities	(24,871)	(1,885)	(1,788)	4,938	(132)	(199)	318	1,447
Net cash flows from/(for) investing activities	18,730	850	296	(1,030)	4	-	(266)	(1,201)
Net cash flows (for)/from financing activities	(50,000)	(6,172)	1,045	(6,000)	-	-	(591)	(406)
Net decrease in cash and cash equivalents	(56,141)	(7,207)	(447)	(2,092)	(128)	(199)	(539)	(160)

6. INVESTMENT IN ASSOCIATES

	The Group		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Unquoted shares, at cost			
At 1 January	2,967	653	425
Addition during the financial year	5,250	-	20
Transfer from subsidiaries at fair value	-	2,314	208
At 31 December	8,217	2,967	653
Share of post acquisition results	3,958	2,443	1,371
Foreign exchange translation reserve	(438)	(438)	(438)
	11,737	4,972	1,586
Redeemable preference shares	1,400	1,400	1,400
	13,137	6,372	2,986
Accumulated impairment losses	(2,679)	(2,679)	(2,679)
	10,458	3,693	307

During the financial year:-

(a) On 31 January 2018, HCM Engineering Sdn. Bhd. ("HCME"), a wholly-owned subsidiary of the Company, incorporated DAL HCM Sdn. Bhd. ("DALHCM"), through the subscription of 300,000 ordinary shares for a total consideration of RM4,500,000, representing 30% equity interest in DALHCM. Consequently, DALHCM became an associate to the Group.

On 31 December 2018, HCME subscribed for 750,000 Redeemable Preference Shares ("RPS") at an issue price of RM1 each in DALHCM for a total cash consideration of RM750,000. The RPS is transferable, non-cumulative and not convertible into ordinary shares of DALHCM.

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

Name of Company	Country of Incorporation	Effective Equity Interest 2018 %	Effective Equity Interest 2017 %	Principal Activities
THT-HCM JV Sdn. Bhd.	Malaysia	40	40	Dormant.
HCM-KI Engineering Sdn. Bhd.	Malaysia	40	40	Dormant.
KPS-HCM Sdn. Bhd.	Malaysia	49	49	Building, bridges and road construction.
DAL HCM Sdn. Bhd.	Malaysia	30	-	Road maintenance and rehabilitation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

6. INVESTMENT IN ASSOCIATES (CONT'D)

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

Name of Company	Country of Incorporation	Effective 2018 %	Equity Interest 2017 %	Principal Activities
Ikram Premier Consulting Sdn. Bhd.	Malaysia	30	30	Provision of consultancy services.
Ikram Engineering Consulting Sdn. Bhd.	Malaysia	30	30	Provision of consultancy services.

Details of an associate held through HCM-Ikhtisas Sdn. Bhd. are as follows:-

Name of Company	Country of Incorporation	Effective 2018 %	Equity Interest 2017 %	Principal Activities
Libyan Malaysian Company for Roads and Construction*	Libya	49	49	Construction and maintenance.

Note:-

* *The management accounts of Libyan Malaysian Company for Roads and Construction for the financial year ended 31 December 2018 have been used for the purpose of applying the equity method of accounting. As no results have been generated by the associated company during the financial year, there was no share of profit or loss recognised for the financial year.*

The Group has impaired its investment in Libyan Malaysian Company for Roads and Construction in prior years due to a civil war in Libya.

6. INVESTMENT IN ASSOCIATES (CONT'D)

(a) The summarised unaudited financial information for the associate that is material to the Group is as follows:-

	KPS-HCM Sdn. Bhd.	
	31.12.2018 RM'000	31.12.2017 RM'000
At 31 December		
Non-current assets	941	702
Current assets	90,499	40,594
Non-current liabilities	(310)	-
Current liabilities	(82,017)	(34,409)
Net assets	9,113	6,887
12 (2017 - 6) months Period Ended 31 December		
Revenue	72,194	33,968
Profit for the financial period	2,224	2,163
Total comprehensive income	2,224	2,163
Group's share of profit for the financial period	1,090	1,060
Reconciliation of Net Assets to Carrying Amount		
Group's share of net assets above	4,465	3,375
Carrying amount of the Group's interest in this associate	4,465	3,375

6. INVESTMENT IN ASSOCIATES (CONT'D)

(a) The summarised unaudited financial information for the associate that is material to the Group is as follows (Cont'd):-

	DAL HCM Sdn. Bhd.	
	31.12.2018	31.12.2017
	RM'000	RM'000
At 31 December		
Non-current assets	1,437	N/A
Current assets	11,573	N/A
Non-current liabilities	-	N/A
Current liabilities	(6,371)	N/A
Net assets	6,639	N/A
11-months Period Ended 31 December		
Revenue	8,937	N/A
Profit for the financial period	1,387	N/A
Total comprehensive income	1,387	N/A
Group's share of profit for the financial period	416	N/A
Reconciliation of Net Assets to Carrying Amount		
Group's share of net assets above	1,992	N/A
Goodwill	3,674	N/A
Carrying amount of the Group's interest in this associate	5,666	N/A

Remark:-

N/A - Not applicable

(b) The summarised unaudited financial information for all associates (except for Libyan Malaysian Company for Roads and Construction) that are individually immaterial to the Group is as follows:-

	Individually Immaterial Associates		
	31.12.2018	31.12.2017	1.1.2017
	RM'000	RM'000	RM'000
Financial year ended 31 December			
Group's share of (loss)/profit for the financial year	9	12	(229)
Aggregate carrying amount of the Group's interests in these associates	327	318	307

7. PROPERTY, PLANT AND EQUIPMENT

The Group	Freehold Land RM'000	Leasehold Land RM'000	Buildings RM'000	Renovation RM'000	Reference Books, Office Equipment, Furniture and Fittings RM'000	Laboratory Equipment, Plant and Machinery RM'000	Motor Vehicles RM'000	Capital Work-in-Progress RM'000	Total RM'000
At cost									
At 1 January 2018	63,193	4,804	100,498	23,551	60,423	87,013	47,857	-	387,339
Additions	-	-	-	1,534	1,770	619	1,858	1,821	7,602
Disposals	-	-	-	(800)	(1,971)	(6,901)	(6,798)	-	(16,470)
Reclassification	-	-	(3)	3	-	-	-	-	-
Written off	-	-	-	-	(161)	(13)	(352)	-	(526)
At 31 December 2018	63,193	4,804	100,495	24,288	60,061	80,718	42,565	1,821	377,945
Accumulated depreciation									
At 1 January 2018	-	1,175	16,582	17,420	50,158	71,960	30,690	-	187,985
Depreciation charges	-	92	2,080	1,603	2,638	3,660	4,154	-	14,227
Disposals	-	-	-	(709)	(1,852)	(6,241)	(5,427)	-	(14,229)
Written off	-	-	-	-	(160)	(10)	(286)	-	(456)
At 31 December 2018	-	1,267	18,662	18,314	50,784	69,369	29,131	-	187,527
Carrying amount at 31 December 2018	63,193	3,537	81,833	5,974	9,277	11,349	13,434	1,821	190,418

7. **PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

The Group	Freehold Land RM'000	Leasehold Land RM'000	Buildings RM'000	Renovation RM'000	Reference Books, Office Equipment, Furniture and Fittings RM'000	Laboratory Equipment, Plant and Machinery RM'000	Motor Vehicles RM'000	Capital Work-in-Progress RM'000	Total RM'000
At cost									
At 1 January 2017	63,193	4,804	99,001	22,441	58,255	123,972	49,544	1,147	422,357
Additions	-	-	193	1,254	3,515	4,326	3,753	325	13,366
Disposals	-	-	-	-	(635)	(41,071)	(3,773)	-	(45,479)
Reclassification	-	-	1,304	171	(3)	2	(2)	(1,472)	-
Written off	-	-	-	-	(5)	-	(226)	-	(231)
Disposal of subsidiaries (Note 41)	-	-	-	(315)	(704)	(216)	(1,439)	-	(2,674)
At 31 December 2017	63,193	4,804	100,498	23,551	60,423	87,013	47,857	-	387,339
Accumulated depreciation									
At 1 January 2017	-	1,083	14,479	16,241	48,577	105,574	30,760	-	216,714
Depreciation charges	-	92	2,103	1,488	2,792	4,298	4,579	-	15,352
Disposals	-	-	-	-	(588)	(37,787)	(3,137)	-	(41,512)
Written off	-	-	-	-	(5)	-	(112)	-	(117)
Disposal of subsidiaries (Note 41)	-	-	-	(309)	(618)	(125)	(1,400)	-	(2,452)
At 31 December 2017	-	1,175	16,582	17,420	50,158	71,960	30,690	-	187,985
Carrying amount at 31 December 2017	63,193	3,629	83,916	6,131	10,265	15,053	17,167	-	199,354

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

	Office Equipment, Furniture and Fittings	
	2018	2017
	RM'000	RM'000
The Company		
At cost		
At 1 January	153	137
Additions	49	16
At 31 December	202	153
Accumulated depreciation		
At 1 January	(78)	(52)
Depreciation charge	(33)	(26)
At 31 December	(111)	(78)
Carrying amount	91	75

(a) The carrying amounts of the property, plant and equipment at the end of the reporting period acquired under hire purchase arrangements are as follows:-

	The Group		
	31.12.2018	31.12.2017	1.1.2017
	RM'000	RM'000	RM'000
Laboratory equipment, plant and machinery	2,420	3,029	3,644
Motor vehicles	1,844	3,400	4,225
	4,264	6,429	7,869

The leased assets have been pledged as security for the related finance lease liability of the Group.

(b) The carrying amounts of the property, plant and equipment of the Group at the end of the reporting period pledged as security with the financial institutions for credit facilities granted to the Group as disclosed in Note 29 and Note 32 to the financial statements were as follows:-

	The Group		
	31.12.2018	31.12.2017	1.1.2017
	RM'000	RM'000	RM'000
Freehold land	62,782	62,782	62,782
Buildings	69,627	71,431	69,882
	132,409	134,213	132,664

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

(c) The capital work-in-progress represents the construction of the following buildings:-

	The Group		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Hotel building	1,733	-	-
Solar plant	88	-	-
A detached light industrial shop	-	-	1,147
	1,821	-	1,147

8. INVESTMENT PROPERTIES

The Group	Mall RM'000	Condominium RM'000	Total RM'000
At cost			
At 1 January 2018	38,773	46,210	84,983
Additions	102	25	127
At 31 December 2018	38,875	46,235	85,110
Accumulated depreciation			
At 1 January 2018	(1,639)	(1,219)	(2,858)
Depreciation charges	(778)	(925)	(1,703)
At 31 December 2018	(2,417)	(2,144)	(4,561)
Carrying amount at 31 December 2018	36,458	44,091	80,549
At fair value: 2018	44,000	55,088	

8. INVESTMENT PROPERTIES (CONT'D)

The Group	Mall RM'000	Condominium RM'000	Total RM'000
At cost			
At 1 January 2017	39,385	56,671	96,056
Cost saving*	(612)	(10,461)	(11,073)
At 31 December 2017	38,773	46,210	84,983
Accumulated depreciation			
At 1 January 2017	(863)	(294)	(1,157)
Depreciation charges	(776)	(925)	(1,701)
At 31 December 2017	(1,639)	(1,219)	(2,858)
Carrying amount at 31 December 2017	37,134	44,991	82,125
At fair value: 2017	44,000	55,088	

Note:

* *In the previous financial year, the cost saving was related to adjustment to the final construction costs of the mall and condominium.*

The fair values of the investment properties are within level 2 of the fair value hierarchy.

The fair values of investment properties were determined by reference to:-

(i) market evidence of transaction prices for similar properties;
(ii) valuation reports performed during the financial year by registered valuers having appropriate professional qualification; and
(iii) recent experience in the locations and category of properties being valued.

The most significant input into these valuation approaches is the price per square foot of comparable properties.

9. INVENTORIES

	The Group		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Non-current:-			
Land held for property development (Note 9(a))	17,389	17,389	29,654
Current:			
Property development costs (Note 9(b))	17,633	17,581	3,347
Stores and spares	987	1,965	1,735
Developed properties held for sale	16,287	19,118	24,368
	34,907	38,664	29,450
	52,296	56,053	59,104

	The Group	
	2018 RM'000	2017 RM'000
Recognised in profit or loss:-		
Inventories recognised as cost of sales	157,758	172,664

(a) Land held for property development (non-current)

	The Group	
	2018 RM'000	2017 RM'000
At cost:-		
At 1 January	17,389	29,654
Transfer to property development costs	-	(12,265)
At 31 December	17,389	17,389
Comprise:-		
Long-term leasehold land	17,389	17,389

The long-term leasehold land comprises four (2017 - four) parcels of commercial land which were pledged to a financial institution as security for credit facilities granted to the Group as disclosed in Note 29 to the financial statements.

9. INVENTORIES (CONT'D)

(b) Property development costs (current)

	The Group	
	2018 RM'000	2017 RM'000
At 1 January:-		
Freehold land	1,500	1,500
Leasehold Land	12,265	-
Development costs	3,816	1,847
	17,581	3,347
Incurred during the financial year:-		
Leasehold land	-	12,265
Development costs	2,148	1,969
	2,148	14,234
Development costs written off during the financial year	(2,096)	-
Property development costs as at 31 December	17,633	17,581
Represented by:-		
Freehold land	1,500	1,500
Leasehold land	12,265	12,265
Development costs	3,868	3,816
	17,633	17,581

The freehold land and leasehold land included in the property development costs of the Group are pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 29 and Note 32 to the financial statements.

10. LONG-TERM INVESTMENTS

	The Group		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
At fair value (2017: At cost):-			
Unquoted shares	10	30	30
Golf club memberships	135	145	195
	145	175	225

	The Group	
	2018 RM'000	2017 RM'000
Unquoted shares:-		
At 1 January	30	30
Effects of adoption of MFRS 9	(20)	-
At 1 January (restated)/31 December	10	30
Golf club memberships:-		
At 1 January	145	145
Effects of adoption of MFRS 9	(10)	-
At 1 January (restated)/31 December	135	145
Total	145	175

At 1 January 2018, the Group designated its investments in unquoted shares and golf club memberships to be measured at fair value through other comprehensive income because the Group intends to hold for long-term strategic purposes. In the previous financial year, these investments were classified as available-for-sale financial assets and measured at cost.

11. DEFERRED TAX ASSETS/(LIABILITIES)

	The Group		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
At 1 January	(8,859)	(8,630)	(8,462)
Recognised in profit or loss (Note 38)	1,090	(290)	(189)
Disposal of a subsidiary (Note 41)	-	61	18
Translation differences	-	-	3
At 31 December	(7,769)	(8,859)	(8,630)
Presented as follows:-			
Deferred tax assets	-	1	15
Deferred tax liabilities	(7,769)	(8,860)	(8,645)
	(7,769)	(8,859)	(8,630)

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

The deferred tax assets/(liabilities) recognised at the end of the reporting period and before appropriate offsetting are as follows:-

	The Group			The Company		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Deferred tax assets:-						
Unutilised tax losses	88	88	192	-	-	-
Unabsorbed capital allowances	14	24	25	7	13	11
Allowance for impairment losses	-	113	118	-	-	-
Others	236	237	251	-	-	-
	338	462	586	7	13	11
Deferred tax liability:-						
Accelerated capital allowances	(8,107)	(9,321)	(9,216)	(7)	(13)	(11)
	(7,769)	(8,859)	(8,630)	-	-	-

The deferred tax assets on unutilised tax losses and unabsorbed capital allowances have been recognised on the basis of the Group's previous history of recording profits and to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

No deferred tax assets have been recognised in respect of the following items (stated at gross):-

	The Group			The Company		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Allowance for impairment losses	5,743	4,210	1,528	-	-	-
Unutilised tax losses	76,694	36,881	31,121	23,816	20,852	17,524
Unabsorbed capital allowances	1,897	1,217	896	116	89	63
	84,334	42,308	33,545	23,932	20,941	17,587

At the end of the reporting period, the unutilised tax losses and unabsorbed capital allowances are available to offset against future taxable profits of the subsidiaries and the Company in which the losses and allowances arose. No deferred tax assets are recognised in respect of these items as it is not probable that taxable profits of the subsidiaries and the Company will be available against which the deductible temporary differences can be utilised.

The unutilised tax losses will expire at end of the year of assessment 2025 but the unabsorbed capital allowances can be carried forward indefinitely to be utilised against taxable income from the same business source, subject to no substantial change in shareholders of the subsidiaries.

12. TRADE RECEIVABLES

	The Group		
	31.12.2018	31.12.2017	1.1.2017
	RM'000	RM'000	RM'000
Trade receivables	201,495	268,759	238,808
Retention sums	45,810	37,237	29,962
	247,305	305,996	268,770
Allowance for impairment losses	(35,080)	(23,195)	(22,561)
	212,225	282,801	246,209

	The Group	
	2018	2017
	RM'000	RM'000
Allowance for impairment losses:-		
At 1 January:		
- As previously reported	(23,195)	(22,561)
- Effects on adoption of MFRS 9	(4,066)	-
- Amount reported under		
MFRS 9 (2017 - FRS 139)	(27,261)	(22,561)
Addition during the financial year	(9,802)	(1,443)
Writeback during the financial year	573	476
Write-off during the financial year	1,410	333
At 31 December	(35,080)	(23,195)

The Group's normal trade credit terms range from 21 to 90 (2017 - 21 to 90) days. Other credit terms are assessed and approved on a case-by-case basis.

The retention sums are unsecured, interest-free and due to be received within 6 to 24 months or within normal operating cycle (2017 - 6 to 12 months or within normal operating cycle).

13. CONTRACT ASSETS

	The Group		
	31.12.2018	31.12.2017	1.1.2017
	RM'000	RM'000	RM'000
Contract assets relating to:-			
Construction contracts	218,035	137,289	522,431
Rendering of services	5,199	6,202	287
Accrued billings in respect of sale of goods	1,338	147	9,082
	224,572	143,638	531,800

The contract assets primarily relate to the Group's right to consideration for completed works but not yet billed as at the reporting date. The contract assets are recoverable upon billing to customers.

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group			The Company		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Other receivables	116,054	114,248	103,759	84,704	84,714	84,702
Deposits	23,205	22,997	23,231	14	14	15
Prepayments	663	1,230	1,531	9	12	170
	139,922	138,475	128,521	84,727	84,740	84,887
Allowance for impairment losses	(108,027)	(107,979)	(107,979)	(84,643)	(84,643)	(84,643)
	31,895	30,496	20,542	84	97	244

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Allowance for impairment losses:-				
At 1 January	(107,979)	(107,979)	(84,643)	(84,643)
Addition during the financial year	(48)	-	-	-
At 31 December	(108,027)	(107,979)	(84,643)	(84,643)

Included in the other receivables and deposits of the Group and of the Company was an amount of RM84,643,170 (2017 - RM84,643,170) paid for the proposed acquisition of 78,750,000 ordinary shares of IDR1,000 each, representing 63% equity interest in PT Anglo Slavic Indonesia. The amount has been fully impaired in the financial year ended 31 December 2014. Notwithstanding that, the Group has initiated legal proceedings to recover the amount as disclosed in Note 47(a) to the financial statements.

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

Included in the deposits of the Group was an amount of RM18,904,000 (2017 - RM18,904,000) paid as coal trades deposits. The amount has been fully impaired in the financial year ended 31 December 2014. Notwithstanding that, the Group has initiated legal proceedings to recover the amount as disclosed in Note 47(b) to the financial statements.

15. AMOUNTS OWING BY/TO SUBSIDIARIES

The amounts owing are non-trade in nature, unsecured, and bore effective interest rates ranging from 3.49% to 4.38% (2017 - 3.49% to 4.38%) per annum and repayable on demand. The amounts owing are to be settled in cash.

16. AMOUNTS OWING BY/(TO) ASSOCIATES

	The Group		
	31.12.2018	31.12.2017	1.1.2017
	RM'000	RM'000	RM'000
Amount owing by associates	2,185	4,886	845
Allowance for impairment losses	(57)	-	-
	2,128	4,886	845
Amount owing to associates	(2,300)	-	-

The amounts owing are trade in nature and subject to normal trade credit terms ranging from 30 to 90 (2017 - 30 to 90) days. Other credit terms are assessed and approved on a case-by-case basis. The amounts owing are unsecured and to be settled in cash.

17. SHORT-TERM INVESTMENTS

	The Group			The Company		
	31.12.2018	31.12.2017	1.1.2017	31.12.2018	31.12.2017	1.1.2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Money market fund, at fair value	38,289	18,867	72,883	39	151	147

Short-term investments are classified as financial assets at fair value through profit or loss, measured at fair value.

18. DEPOSITS WITH LICENSED BANKS

Deposits with licensed banks of the Group amounting to approximately RM8,168,000 (2017 - RM4,083,500) are pledged to banks for bank guarantees and credit facilities granted to the subsidiaries.

The effective interest rates of the deposits with licensed banks at the end of the reporting period were as follows:-

	The Group			The Company		
	31.12.2018	31.12.2017	1.1.2017	31.12.2018	31.12.2017	1.1.2017
	%	%	%	%	%	%
Effective Interest Rates	2.60 to 3.35	2.78 to 3.35	2.00 to 3.45	2.60 to 3.35	3.35	3.25

The maturity periods of the deposits with licensed banks at the end of the reporting period were as follows:-

Maturity periods (days)	2 to 365	1 to 150	1 to 365	2 to 365	150	61 to 365

19. CASH AND BANK BALANCES

Included in cash and bank balances of the Group are as follows:-

(i) a sum of approximately RM6,355,000 (2017 - RM1,565,000) held under a Housing Development Account pursuant to Section 7A of the Housing Development (Control & Licensing) Act 1966.

(ii) a Debt Service Account amounting to RM1,000,000 (2017 - RM1,000,000) pledged to a licensed bank for bank overdraft facilities granted to a subsidiary.

20. SHARE CAPITAL

	The Group/The Company			
	2018	2017	2018	2017
	Number of Shares			
	'000	'000	RM'000	RM'000
Issued and fully paid-up				
At 1 January	424,693	424,693	212,346	212,346
Issuance of shares pursuant to bonus issue	70,699	-	35,350	-
Transfer from share premium account	-	-	1,741	-
	70,699	-	37,091	-
At 31 December	495,392	424,693	249,437	212,346

Of the total 495,392,310 (2017 - 424,692,914) issued and fully paid-up ordinary shares at the end of the reporting period, ordinary shares amounted to 2,263,400 (2017 - 483,500) were held as treasury shares by the Company. At the end of the reporting period, the number of outstanding ordinary shares in issue and fully paid-up, net of treasury shares, amounted to 493,128,910 (2017 - 424,209,414).

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

21. TREASURY SHARES

	The Group/The Company	
	2018	2017
	RM'000	RM'000
At 1 January	762	760
Share buy-back during the financial year	368	2
At 31 December	1,130	762

The amount relates to the acquisition cost of treasury shares.

At the annual general meeting held on 30 May 2018, the shareholders of the Company approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

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

Date	Price per Share	Number of Shares	Total Costs RM'000
At 1 January 2018		483,500	762
Purchases in the month of:			
- December 2018	0.19 to 0.23	1,779,900	368
At 31 December 2018		2,263,400	1,130

The total shares purchased under the share buy-back programme were financed by internally generated funds. The shares purchased were retained as treasury shares in accordance with Section 127(6) of the Companies Act 2016 and are presented as a deduction from shareholders' equity. None of the treasury shares were resold during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

22. SHARE PREMIUM

	The Group/The Company	
	2018	2017
	RM'000	RM'000
At 1 January	37,508	37,508
Utilised during the financial year for:		
- issuance of ordinary shares pursuant to bonus issue	(35,350)	-
- bonus issue expenses	(417)	-
	(35,767)	-
Transfer to share capital pursuant to the Companies Act 2016	(1,741)	-
At 31 December	-	37,508

23. FOREIGN EXCHANGE TRANSLATION RESERVE

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

24. CAPITAL RESERVE

The capital reserve relates to the Group's portion of bonus shares issued by a sub-subsidiary through the capitalisation of its retained profits account. The reserve is not distributable as cash dividends.

25. WARRANTS

On 26 April 2018, the Company issued 106,051,448 Warrants 2018/2023 on the basis of one (1) free Warrant for every four (4) ordinary shares held in the Company. The salient features of Warrants 2018/2023 as constituted in the Deed Poll dated 10 April 2018 are as follows:-

Terms	Details
Exercise Rights	Each Warrant entitles the Warrantholder, at any time during the Exercise Period, to subscribe for one (1) new Ordinary Share at the Exercise Price subject to the conditions in accordance with provisions of the Deed Poll.
Exercise Period	The period commencing on and including the date of issuance of the Warrants and ending at the close of business at 5.00p.m. in Kuala Lumpur, on the Expiry Date. Any Warrants which has not been exercised during the Exercise Period will cease to be valid for any purpose and will be deemed to have lapsed.
Expiry Date	The day preceding the 5th anniversary of the date of issuance of the Warrants and if such day is not a Market Day, then it shall be the Market Day immediately preceding the said non-Market Day.
Market Day	Any day between Monday to Friday (inclusive), excluding public holidays, and on which Bursa Securities is open for trading of securities.
Exercise Price	The price payable by a Warrantholder upon exercise of the Exercise Rights attached to the Warrants being RM0.75 or adjusted price as determined in accordance with provisions of the Deed Poll, if applicable.

25. WARRANTS (CONT'D)

The salient features of Warrants 2018/2023 as constituted in the Deed Poll dated 10 April 2018 are as follows (Cont'd):-

Terms	Details
Rights of the Warrantholders	The new Ordinary Share to be issued from the exercise of the Warrants will, upon allotment and issuance, rank equally in all respects with the existing Ordinary Shares, save and except that the new Ordinary Shares to be issued from the exercise of the Warrants shall not be entitled to any dividends, rights, allotments and/or other forms of distribution that may be declared, made or paid for which the relevant entitlement date is before the date of allotment and issuance of the new Ordinary Shares from the exercise of the Warrants; Warrantholders are not entitled to vote in any general meeting of the Company or to participate in any distribution and/or offer to further securities to the Ordinary Shareholders in the Company unless and until the Warrantholders become Ordinary Shareholders by exercising their respective Warrants in accordance with the terms and conditions contained herein or unless otherwise provided in the Deed Poll.
Board Lot	For the purpose of trading on Bursa Securities, 1 board lot of Warrants shall comprise of 100 Warrants carrying the rights to subscribe for 100 new Ordinary Shares at any time during the Exercise Period, or such other denomination as may be varied from time to time by Bursa Malaysia Securities Berhad ("Bursa Securities").
Modification of Rights of the Warrantholders	The Company may, from time to time, without the consent or sanction of the Warrantholders, but in accordance with the Deed Poll, modify the Deed Poll, if such modification made does not materially prejudice the interests of the Warrantholders or is made to correct a manifest error or to comply with prevailing laws of Malaysia, and/or the Main Market Listing Requirements of Bursa Securities.
Governing Law and Jurisdiction	The Deed Poll shall be governed by, and construed in accordance with, the laws of Malaysia and the Courts of Malaysia shall have the exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Deed Poll, and the Company submits and the Warrantholders shall be deemed to have submitted to the exclusive jurisdiction of the Courts of Malaysia in respect of any legal action or proceedings arising out of or in connection with the Deed Poll.

The following is the movement in the number of Warrants 2018/2023 to take up unissued ordinary shares of the Company during the financial year:-

	Number of Warrants 2018/2023
At 1 January 2018	-
Issued during the financial year	106,051,448
At 31 December 2018	106,051,448

26. RETAINED PROFITS

Under the single tier tax system, tax on the Company's profits is the final tax and accordingly, any dividends to the shareholders are not subject to tax.

27. LONG-TERM BORROWINGS

	The Group		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Secured:-			
Hire purchase payable (Note 28)	1,229	2,557	3,466
Term loans (Note 29)	156,031	92,810	88,806
Bridging loan	-	-	2,817
	157,260	95,367	95,089

The long-term borrowings are obtained in accordance with the following terms:-

	The Group		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Conventional:-			
Hire purchase payables	1,106	2,339	3,146
Term loans	135,940	68,335	88,806
Bridging loan	-	-	2,817
	137,046	70,674	94,769
Islamic:-			
Hire purchase payables	123	218	320
Term loans	20,091	24,475	-
	157,260	95,367	95,089

28. HIRE PURCHASE PAYABLES

	The Group		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Minimum hire purchase payments:			
- not later than one year	1,379	1,301	1,996
- later than one year but not later than five years	1,389	3,250	3,946
	2,768	4,551	5,942
Less: future finance charges	(347)	(421)	(756)
Present value of hire purchase payables	2,421	4,130	5,186
Current (Note 32):			
- not later than one year	1,192	1,573	1,720
Non-current (Note 27):			
- later than one year but not later than five years	1,229	2,557	3,466
	2,421	4,130	5,186

The hire purchase payables of the Group are secured by certain property, plant and equipment under hire purchase arrangements as disclosed in Note 7(a) to the financial statements. The hire purchase arrangements will be expiring in 1 to 4 (2017 - 1 to 5) years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

29. TERM LOANS

	The Group		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Current (Note 32):			
- not later than one year	11,219	9,108	342,362
Non-current (Note 27):			
- later than one year but not later than two years	109,823	12,051	13,173
- later than two years but not later than five years	38,514	49,559	38,971
- later than five years	7,694	31,200	36,662
	156,031	92,810	88,806
	167,250	101,918	431,168

Details of the repayment terms are as follows:-

Term Loan	Number of Monthly Instalment	Monthly Instalments RM	Date of Commencement of Repayment	The Group Amount Outstanding 31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
1	240	8,205	February 2011	954	1,002	1,049
2	240	3,809	March 2012	449	471	492
3	24	645,834	May 2018	14,854	15,500	15,500
4	*	*	December 2017	-	-	328,429
5	**	**	February 2018	-	-	5,857
6	144	#	June 2017	33,634	43,934	43,365
7	***	***	October 2016	25,448	30,475	36,476
8 ^	****	****	September 2020	91,188	9,815	-
9	240	4,892	June 2017	723	721	-
				167,250	101,918	431,168

Notes:-

* *In the previous financial year, the term loan was repayable as follows, whichever was earlier:-*

(a) upon receipt of sale proceeds and proceeds from facilitation funds with regard to a construction project; and/or

(b) through a final bullet payment of the balance of loan or up to the facility's limit of RM400 million on the 42nd month of loan drawdown.

29. TERM LOANS (CONT'D)

Notes (Cont'd):-

*** In the previous financial year, the term loan was repayable as follows, whichever was earlier:-*

(a) through a final bullet payment on 14 February 2018; or

(b) upon receipt of sale proceeds from a certain project.

**** The term loan is repayable on quarterly basis with 22 (FY2017 - 28) quarter instalments of RM1,339,000 (2017 - RM1,500,000) per quarter.*

***** The term loan is repayable as follows, whichever is earlier:-*

(a) upon receipt of sale proceeds and proceeds from facilitation funds with regard to a construction project; and/or

(b) through a final bullet payment of the balance of loan or up to the facility's limit of RM216 million on the 36th month of loan drawdown.

 # The repayment of the term loan will be commencing on the 25th month from the date of first drawdown. The monthly repayment schedule is as follows:-

				RM'000
(i)	1st	-	24th month	-
(ii)	25th	-	48th month	250
(iii)	49th	-	60th month	400
(iv)	61st	-	108th month	500
(v)	109th	-	143rd month	700
(vi)	144th			12,700

^ The Group has not fully drawn down this term loan during the financial year.

Term loans 1 to 9 are secured by a corporate guarantee of the Company. In addition, the respective term loans are secured as follows:-

Term Loans 1, 2 and 9 are secured by legal charges over certain freehold land and buildings of the Group as disclosed in Note 7(b) to the financial statements.

Term Loan 3 is secured by a first party legal charge over the long-term leasehold land of the Group as disclosed in Note 9(a) to the financial statements.

Term Loans 4, 5 and 8 are secured by an assignment by a subsidiary of the Company on the facilitation fund and proceeds receivable from a project awarded by the Government of Malaysia.

Term Loan 6 is secured by:-

(a) a third party legal charge over the freehold land which is included in the property development costs of a subsidiary as disclosed in Note 9(b) to the financial statements;

(b) a third party legal charge over certain freehold land and building of a subsidiary;

(c) a fixed and floating charge over all present and future asset of a certain project of a subsidiary;

(d) a legal charge and an assignment over the Project Account of the property development project of a subsidiary; and

(e) a legal charge and an assignment over the residual value in the Housing Development Account upon completion of a certain project of a subsidiary.

Term Loan 7 is secured by:-

(a) a Facility Agreement stamped to the amount of facilities advance; and

(b) a third party charge ranking pari passu with all existing charges over the property held under a subsidiary.

Term Loan 8 is secured by a charge over the Debt Service Reserve Account maintained by a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

30. TRADE PAYABLES

	The Group		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Trade payables	186,660	233,747	69,676
Accrued costs	94,525	79,597	223,515
Retention sums	27,183	40,603	47,966
	308,368	353,947	341,157
Deferred income	7,328	8,353	9,291
	315,696	362,300	350,448

The normal trade credit terms granted to the Group range from 30 to 180 (2017 - 30 to 180) days.

The retention sums are unsecured, interest-free and due to be paid within 6 to 12 months or within normal operating cycle (2017 - 6 to 12 months or within normal operating cycle).

Deferred income represents course fees received in advance from students and will be recognised as revenue over the period of the courses.

31. OTHER PAYABLES AND ACCRUALS

	The Group			The Company		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Other payables and accruals	38,262	32,332	38,886	415	398	721
Amount owing to a subsidiary's shareholders	4,900	-	6,125	-	-	-
	43,162	32,332	45,011	415	398	721

Included in other payables and accruals of the Group is an advance payment received from the Government of Malaysia amounting to RM8,700,000 (2017 - RM8,700,000). The amount owing is interest-free, repayable on demand and secure by a corporate guarantee given by a subsidiary to the Government of Malaysia. The amount owing is to be settled in cash.

The amount owing to a subsidiary's shareholders is unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

32. SHORT-TERM BORROWINGS

	The Group		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Secured:-			
Revolving credit	60,257	60,257	35,757
Bridging loan	-	-	9,067
Hire purchase payables (Note 28)	1,192	1,573	1,720
Term loans (Note 29)	11,219	9,108	342,362
Total secured borrowings	72,668	70,938	388,906
Unsecured:-			
Bills payable	20,734	27,930	21,792
Revolving credit	-	-	11,188
Total unsecured borrowings	20,734	27,930	32,980
Total short-term borrowings	93,402	98,868	421,886

The short-term borrowings are obtained in accordance with the following terms:-

	The Group		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Conventional:-			
Revolving credits	39,757	42,757	38,757
Bridging loan	-	-	9,067
Bills payable	13,445	10,484	11,125
Hire purchase payables	1,103	1,349	1,319
Term loans	5,861	3,108	242,362
	60,166	57,698	302,630
Islamic:-			
Revolving credits	20,500	17,500	8,188
Bills payable	7,289	17,446	10,667
Hire purchase payables	89	224	401
Term loans	5,358	6,000	100,000
	33,236	41,170	119,256
Total short-term borrowings	93,402	98,868	421,886

32. SHORT-TERM BORROWINGS (CONT'D)

The secured revolving credit is secured by:-

(a) a corporate guarantee of the Company;

(b) fixed and floating charges on certain property, plant and equipment as disclosed in Note 7(b) to the financial statements; and

(c) a pledge of certain deposits placed with licensed banks as disclosed in Note 18 to the financial statements.

In the previous financial year, the bridging loan was secured by:-

(a) a first legal charge over the freehold land which is included in the property development costs of a subsidiary as disclosed in Note 9(b) to the financial statements;

(b) a fixed and floating charge over all present and future assets of the property development project of a subsidiary;

(c) deed of assignment over the Project Account of the property development project of a subsidiary; and

(d) a corporate guarantee of the Company.

33. BANK OVERDRAFTS

Included in the bank overdrafts is approximately RM13,887,000 (2017 - RM10,757,000) which is secured by a Debt Service Account maintained by a subsidiary as disclosed in Note 19 to the financial statements and in the same manner as the bridging loan disclosed in Note 32 to the financial statements. The remaining bank overdrafts of approximately RM21,143,000 (2017 - RM5,644,000) are secured in the same manner as Term Loan 4 disclosed in Note 29 to the financial statements. The bank overdraft facilities are obtained in accordance with conventional terms.

34. REVENUE

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Gross dividends from subsidiaries	-	-	24,000	28,500
Management fees from subsidiaries	-	-	5,000	5,000
Maintenance services	515,838	558,947	-	-
Construction contracts	159,947	87,870	-	-
Property development	9,624	4,138	-	-
Trading and manufacturing	121,674	134,506	-	-
Education	50,332	55,868	-	-
Engineering services	43,699	90,488	-	-
Others	3,746	7,460	-	18
	904,860	939,277	29,000	33,518

Other than the contracts for original periods of one year or less, the transaction price allocated for the remaining performance obligations that are unsatisfied or partially unsatisfied as at the end of the reporting period in relation to construction contracts amounting to approximately RM137,428,000 (2017 - RM273,465,000) are expected to be recognised as revenue within 1 to 2 (2017 - 1 to 3) years.

35. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	The Group	
	2018 RM'000	2017 RM'000
Trade receivables (Note 12):		
Allowance for impairment losses during the financial year:		
- Additions individually impaired under MFRS 139	-	1,443
- Additions under MFRS 9	9,802	-
Writeback during the financial year	(573)	(476)
Other receivables (Note 14):		
Allowance for impairment losses during the financial year (MFRS 9)	48	-
Amount owing by associates (Note 16):		
Allowance for impairment losses during the financial year (MFRS 9)	57	-
	9,334	967

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

36. (LOSS)/PROFIT BEFORE TAXATION

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
(Loss)/Profit before taxation is arrived at after charging/(crediting):-				
Audit fee:				
- for the financial year	578	567	70	67
- underprovision in the previous financial year	29	53	3	2
Bad debts written off	684	-	-	-
Depreciation of property, plant and equipment	14,227	15,352	33	26
Depreciation of investment properties	1,703	1,701	-	-
Property, plant and equipment written off	70	114	-	-
Direct operating expenses on investment properties	1,195	1,000	-	-
Directors' remuneration (Note 37)	5,789	7,147	2,265	2,856
Interest expense:				
- bank overdrafts	2,610	3,185	357	230
- bills payable	973	769	-	-
- bridging loans	-	334	-	-
- hire purchase	248	276	-	-
- revolving credit	3,320	1,852	-	-
- term loans	6,538	14,774	-	-
- unwinding of discounts on trade payables	730	649	-	-
- others	38	39	29	30
Rental of:				
- land	172	381	-	-
- office premises	3,017	2,881	26	24
- plant and machinery	402	1,490	-	-
- motor vehicles	945	559	-	-
- office equipment	988	1,074	2	2
- others	29	34	-	6

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

36. (LOSS)/PROFIT BEFORE TAXATION (CONT'D)

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
(Loss)/Profit before taxation is arrived at after charging/(crediting):-				
Staff costs:				
- salaries, wages, bonuses and allowances	83,412	81,623	4,024	3,154
- defined contribution plan	9,305	9,420	488	468
- other benefits	5,842	6,050	444	612
Gain on disposal of property, plant and equipment	(164)	(240)	-	-
Net gain on disposal of a subsidiary	-	(208)	-	-
Income from short-term investments	(486)	(301)	(9)	(13)
Interest income:				
- financial institution	(1,040)	(1,371)	(66)	(2)
- others	-	(7)	-	-
Net foreign exchange loss/(gain):				
- unrealised	12	(14)	-	-
- realised	6	(15)	-	-
Rental income:				
- property, plant and equipment	(146)	(100)	-	-
- others	(48)	(29)	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

37. DIRECTORS' REMUNERATION

The aggregate amounts of remuneration received and receivable by the Directors of the Group and the Company during the financial year are as follows:-

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Directors of the Company				
Executive Directors' remuneration:-				
- Other emoluments	2,401	3,008	1,802	2,374
Non-executive Directors' remuneration:				
- Fees	495	576	420	420
- Other emoluments	48	68	43	62
	543	644	463	482
Directors of the Subsidiaries				
Executive Directors' remuneration:-				
- Fees	146	140	-	-
- Other emoluments	2,699	3,355	-	-
	2,845	3,495	-	-
Total Directors' emoluments	5,789	7,147	2,265	2,856
Estimated money value of benefits-in-kind	68	73	35	35
	5,857	7,220	2,300	2,891

37. DIRECTORS' REMUNERATION (CONT'D)

The details of remuneration receivable by the Directors of the Company and its subsidiaries during the financial year are as follows:-

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Presented as follows:-				
Executive:-				
Short-term employee benefits	4,734	5,858	1,608	2,119
Defined contribution plan	512	645	194	255
Estimated money value of benefits-in-kind	68	73	35	35
	5,314	6,576	1,837	2,409
Non-Executive:-				
Short-term employee benefits	538	639	463	482
Defined contribution plan	5	5	-	-
	5,857	7,220	2,300	2,891

38. INCOME TAX EXPENSE

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current tax expenses:				
- for the financial year	15,679	24,048	-	-
- overprovision in the previous financial year	(849)	(434)	-	(24)
	14,830	23,614	-	(24)
Deferred tax (Note 11):				
- relating to reversal of temporary differences	(634)	(511)	-	-
- (over)/underprovision in the previous financial year	(456)	801	-	-
	(1,090)	290	-	-
	13,740	23,904	-	(24)

38. INCOME TAX EXPENSE (CONT'D)

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

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
(Loss)/Profit before taxation	(23,878)	70,327	19,902	23,226
Tax at the statutory rate of 24% (2017 - 24%)	(5,731)	16,878	4,776	5,574
Tax effects of:-				
Non-deductible expenses	11,186	6,603	266	461
Non-taxable income	(342)	(1,675)	(5,760)	(6,840)
Utilisation of deferred tax assets previously not recognised	-	(436)	-	-
Deferred tax assets not recognised during the financial year	10,087	2,539	718	805
Effect of reduction in tax rates arising from incremental taxable income	(155)	(372)	-	-
(Over)/Underprovision in the previous financial year:				
- current tax	(849)	(434)	-	(24)
- deferred tax	(456)	801	-	-
Income tax expense for the financial year	13,740	23,904	-	(24)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2017 - 24%) of the estimated assessable profit for the financial year. The taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

For years of assessment 2017 and 2018, the Malaysian statutory tax rate will be reduced by 1% to 4%, based on the prescribed incremental percentage of chargeable income from business, compared to that of the immediate preceding year of assessment. The Group has accounted for the reduction in the tax rate in the current financial year, based on the percentage of increase in chargeable income of its subsidiaries.

38. INCOME TAX EXPENSE (CONT'D)

Income tax savings during the financial year arising from:-

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Utilisation of current financial year's tax losses	1,063	15	75	15
Utilisation of tax losses previously not recognised as deferred tax assets	-	1,818	-	-
Utilisation of unabsorbed capital allowances previously not recognised as deferred tax	-	121	-	-
	1,063	1,954	75	15

39. (LOSS)/EARNINGS PER SHARE

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

	The Group	
	2018	2017
Net (loss)/profit for the financial year (RM'000)	(48,107)	28,063
Weighted average number of ordinary shares in issue ('000)	494,843	494,910
Basic (loss)/earnings per share (sen)	(9.72)	5.67

The potential conversion of Warrants is anti-dilutive as its exercise price is higher than the average market price of the Company's ordinary shares during the current financial year. Accordingly, the potential exercise of the warrants has been ignored in the calculation of dilutive (loss)/earnings per share and hence, the diluted earnings per share is equal to the basic earnings per share.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

40. DIVIDENDS

	The Company	
	2018 RM'000	2017 RM'000
In respect of the financial year ended 31 December 2017:		
- first dividend of 3 sen per ordinary share	-	12,726
- second dividend of 2.5 sen per ordinary share	12,373	-
In respect of the financial year ended 31 December 2016:		
- second dividend of 3 sen per ordinary share	-	12,727
	12,373	25,453

41. DISPOSAL OF A SUBSIDIARY

In the previous year, the Group undertook a deemed disposal of KPS-HCM Sdn. Bhd. ("KPS-HCM") upon the dilution of the Group's effective equity interest in KPS-HCM from 70% to 49% upon further subscription of shares in KPS-HCM by the non-controlling interests.

The financial effects of the deemed disposal at the date of disposal are summarised below:-

	2017 RM'000
Plant and equipment	222
Other investment	50
Trade and other receivables	119
Current tax assets	550
Short-term investments	2,000
Cash and bank balances	315
Trade payables and other payables	(186)
Deferred tax liability	(61)
Non-controlling interests	(903)
Carrying amount of net assets disposed of	2,106
Less: Fair value transfer to investment in associates	(2,314)
Add: Gain on deemed disposal of a subsidiary (Note 36)	208
Consideration received, satisfied in cash	-
Less: Cash and bank balances of a subsidiary disposed of	(2,315)
Net cash outflow from the disposal of a subsidiary	(2,315)

42. CASH FLOW INFORMATION

(a) The cash disbursed for the purchase of property, plant and equipment is as follows:-

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cost of property, plant and equipment purchased	7,602	13,366	49	16
Amount financed through hire purchased	(98)	(783)	-	-
Cash disbursed for purchase of property, plant and equipment	7,504	12,583	49	16

(b) The reconciliation of liabilities arising from financing activities are as follows:-

	Term Loans RM'000	Hire Purchase RM'000	Other Short-term Borrowings RM'000	Dividend Payable RM'000	Total RM'000
The Group					
2018					
At 1 January	101,918	4,130	88,187	12,726	206,961
Changes in Financing Cash Flows:-					
Proceeds from drawdown	110,839	-	-	-	110,839
Repayment of borrowings:-					
- principal	(45,507)	(1,807)	(7,196)	-	(54,510)
- interests	(6,538)	(248)	(4,331)	-	(11,117)
Dividend paid	-	-	-	(25,099)	(25,099)
	58,794	(2,055)	(11,527)	(25,099)	20,113
Non-cash Changes					
New hire purchase	-	98	-	-	98
Dividend declared	-	-	-	12,373	12,373
Finance charges recognised in profit or loss	6,538	248	4,331	-	11,117
	6,538	346	4,331	12,373	23,588
At 31 December	167,250	2,421	80,991	-	250,662

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

42. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliation of liabilities arising from financing activities are as follows (Cont'd):-

	Term Loans RM'000	Hire Purchase RM'000	Other Short-term Borrowings RM'000	Dividend Payable RM'000	Total RM'000
The Group					
2017					
At 1 January	431,168	5,186	80,621	12,726	529,701
Changes in Financing Cash Flows:-					
Proceeds from drawdown	20,705	-	7,566	-	28,271
Repayment of borrowings:-					
- principal	(349,955)	(1,839)	-	-	(351,794)
- interests	(14,774)	(276)	(2,660)	-	(17,710)
Dividend paid	-	-	-	(25,453)	(25,453)
	(344,024)	(2,115)	4,906	(25,453)	(366,686)
Non-cash Changes					
New hire purchase	-	783	-	-	783
Dividend declared	-	-	-	25,453	25,453
Finance charges recognised in profit or loss	14,774	276	2,660	-	17,710
	14,774	1,059	2,660	25,453	43,946
At 31 December	101,918	4,130	88,187	12,726	206,961

	Amont owing to subsidiaries	
	2018 RM'000	2017 RM'000
The Company		
At 1 January	3,979	3,000
Changes in Financing Cash Flows		
Advances from subsidiaries	260	979
At 31 December	4,239	3,979

42. CASH FLOW INFORMATION (CONT'D)

(c) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Short-term investments	38,289	18,867	39	151
Deposits with licensed banks	98,842	106,606	1,764	1,000
Cash and bank balances	52,674	111,534	296	1,527
Bank overdrafts	(35,030)	(16,401)	(5,002)	(145)
	154,775	220,606	(2,903)	2,533
Less : Deposits pledged to licensed banks	(8,168)	(4,084)	(1,064)	(1,000)
Cash and bank balances pledged to a licensed bank	(1,000)	(1,000)	-	-
Short-term investments with maturity periods more than three months	(387)	(1,409)	-	-
	145,220	214,113	(3,967)	1,533

43. CAPITAL COMMITMENTS

	The Group	
	2018 RM'000	2017 RM'000
Purchase of property, plant and equipment	2,423	316

44. RELATED PARTY DISCLOSURES

44.1 IDENTITIES OF RELATED PARTIES

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, associates, key management personnel and entities within the same group of companies.

44.2 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following transactions with the related parties during the financial year:-

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Subsidiaries:				
- Gross dividends received/receivable	-	-	(24,000)	(28,500)
- Management fees received/receivable	-	-	(5,000)	(5,000)
- Rental expense paid/payable	-	-	26	24
Related Parties:				
- Service rendered to	(392)	(219)	-	-
- Service rendered by	132	33	-	-
- Rental expense paid/payable	267	248	-	-
Associates:				
- Administrative fees paid/payable	1,954	1,958	-	-
- Interest income received/receivable	(80)	(7)	-	-
- Management fees received/receivable	(180)	(90)	-	-
- Rental income received/receivable	(76)	(38)	-	-
- Service rendered to	(2,543)	(6,043)	-	-
- Service rendered by	5,252	2,554	-	-

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

44. RELATED PARTY DISCLOSURES (CONT'D)

44.2 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D)

The related party transactions described above were entered into in the normal course of business carried out based on negotiated terms and conditions and are mutually agreed with respective parties.

44.3 KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel of the Group and of the Company includes Executive Directors and Non-Executive Directors of the Group and of the Company.

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Short-term employee benefits	5,340	6,570	2,106	2,636
Defined contribution plan	517	650	194	255
	5,857	7,220	2,300	2,891

45. OPERATING SEGMENTS

BUSINESS SEGMENTS

The Group is organised into six major business segments:-

Business Segment	**Principal activities**
Maintenance	The maintenance of federal and state roads.
Construction	The construction of buildings and other infrastructures.
Property development	The development of commercial and residential properties.
Engineering services	The provision of full spectrum of civil engineering work and related services.
Trading and manufacturing	Trading and manufacturing of construction materials.
Education	The provision of tertiary education.

Other business segment mainly represents investment holding activities.

The key management personnel assess the performance of the reportable segments based on their profit before taxation. The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 4 to the financial statements.

(a) Segment Revenue and Results

Segment results represent profit before taxation of the segment. Inter-segment transactions are entered in the ordinary course of business based on terms mutually agreed upon by the parties concerned. The effects of such inter-segment transactions are eliminated on consolidation.

(b) Segment Assets

Segment assets are measured based on all assets (including goodwill) of the segment, excluding current tax assets and deferred tax assets.

(c) Segment Liabilities

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

Income taxes are managed on a group basis and are not allocated to operating segments.

Assets and liabilities which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items. Unallocated items comprise mainly tax-related assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

45. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

2018	Maintenance RM'000	Construction RM'000	Property Development RM'000	Engineering Services RM'000	Trading and Manufacturing RM'000	Education RM'000	Others RM'000	Eliminations RM'000	Consolidation RM'000
Revenue									
External sales	515,838	159,947	9,624	43,699	121,674	50,332	3,746	-	904,860
Inter-segment sales	-	128,215	116	6,361	47,283	-	29,000	(210,975)	-
Total revenue	515,838	288,162	9,740	50,060	168,957	50,332	32,746	(210,975)	904,860
Represented by revenue recognised:									
- at a point of time	-	-	9,624	-	121,674	-	3,746	-	135,044
- over time	515,838	159,947	-	43,699	-	50,332	-	-	769,816
	515,838	159,947	9,624	43,699	121,674	50,332	3,746	-	904,860
Results									
Profit/(Loss) from operations	40,285	(36,640)	(4,963)	1,858	4,411	2	14,162	(22,967)	(3,852)
Finance costs	(523)	(1,922)	(4,045)	(205)	(1,377)	(1,532)	(2,957)	354	(12,207)
Net impairment losses on financial assets	(1,793)	(3,296)	-	(2,436)	(1,392)	(417)	-	-	(9,334)
Share of profit in associates	416	1,099	-	-	-	-	-	-	1,515
Segment results	38,385	(40,759)	(9,008)	(783)	1,642	(1,947)	11,205	(22,613)	(23,878)
Income tax expense									(13,740)
Loss after taxation									(37,618)
Non-controlling interests									(10,489)
Net loss attributable to owners of the Company									(48,107)

45. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

2018	Maintenance RM'000	Construction RM'000	Property Development RM'000	Engineering Services RM'000	Trading and Manufacturing RM'000	Education RM'000	Others RM'000	Eliminations RM'000	Consolidation RM'000
Assets									
Segment assets	218,225	485,711	217,364	191,738	119,807	78,038	271,654	(588,010)	994,527
Unallocated corporate assets									17,141
Consolidated total assets									1,011,668
Liabilities									
Segment liabilities	131,653	306,615	347,909	137,586	97,563	42,260	11,791	(428,527)	646,850
Unallocated corporate liabilities									12,985
Consolidated total liabilities									659,835

45. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

2018	Maintenance RM'000	Construction RM'000	Property Development RM'000	Engineering Services RM'000	Trading and Manufacturing RM'000	Education RM'000	Others RM'000	Eliminations RM'000	Consolidation RM'000
Other Information									
Depreciation and amortisation	4,792	1,018	2,285	3,951	466	3,504	34	(120)	15,930
Impairment losses on:									
- trade and other receivables	1,793	3,296	-	2,807	1,392	562	-	-	9,850
- amount owing by associates	-	-	-	57	-	-	-	-	57
Interest expenses	462	4,138	3,813	2,779	1,377	1,532	356	-	14,457
Gain on disposal of									
property, plant and equipment	(114)	(9)	-	(40)	(1)	-	-	-	(164)
Interest and investment income	(562)	(75)	(402)	(200)	(6)	(207)	(74)	-	(1,526)
Writeback of impairment losses on									
trade receivables	-	-	-	(428)	-	(145)	-	-	(573)
Capital expenditure	4,069	37	251	2,476	41	580	148	-	7,602

45. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

2017	Maintenance RM'000	Construction RM'000	Property Development RM'000	Engineering Services RM'000	Trading and Manufacturing RM'000	Education RM'000	Others RM'000	Eliminations RM'000	Consolidation RM'000
Revenue									
External sales	558,947	87,870	4,138	90,488	134,506	55,868	7,460	-	939,277
Inter-segment sales	-	91,572	-	6,788	59,810	-	33,500	(191,670)	-
Total revenue	558,947	179,442	4,138	97,276	194,316	55,868	40,960	(191,670)	939,277
Represented by revenue recognised:									
- at point of time	-	-	4,138	-	134,506	-	7,460	-	146,104
- over time	558,947	87,870	-	90,488	-	55,868	-	-	793,173
	558,947	87,870	4,138	90,488	134,506	55,868	7,460	-	939,277
Results									
Profit from operations	56,492	11,750	6,630	14,165	5,770	5,084	18,376	(29,904)	88,363
Finance costs	-	(8,613)	(5,205)	(192)	(1,099)	(1,846)	(2,531)	1,345	(18,141)
Net impairment losses on financial assets	-	-	-	(257)	(792)	82	-	-	(967)
Share of loss in associates	-	1,068	-	4	-	-	-	-	1,072
Segment results	56,492	4,205	1,425	13,720	3,879	3,320	15,845	(28,559)	70,327
Income tax expense									(23,904)
Profit after taxation									46,423
Non-controlling interests									(18,360)
Net profit attributable to owners of the Company									28,063

45. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

2017	Maintenance RM'000	Construction RM'000	Property Development RM'000	Engineering Services RM'000	Trading and Manufacturing RM'000	Education RM'000	Others RM'000	Eliminations RM'000	Consolidation RM'000
Assets									
Segment assets	271,431	281,349	279,006	232,036	154,799	83,317	272,023	(533,697)	1,040,264
Unallocated corporate assets									14,346
Consolidated total assets									1,054,610
Liabilities									
Segment liabilities	180,023	186,477	263,029	163,415	132,500	46,867	18,510	(372,826)	617,995
Unallocated corporate liabilities									14,733
Consolidated total liabilities									632,728

45. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

2017	Maintenance RM'000	Construction RM'000	Property Development RM'000	Engineering Services RM'000	Trading and Manufacturing RM'000	Education RM'000	Others RM'000	Eliminations RM'000	Consolidation RM'000
Other Information									
Depreciation and amortisation	4,353	2,027	2,159	4,279	489	3,840	26	(120)	17,053
Impairment losses on trade									
and other receivables	-	-	-	643	800	-	-	-	1,443
Interest expenses	-	12,497	5,203	192	1,100	1,831	2,482	(1,427)	21,878
Gain on disposal of									
property, plant and equipment	(155)	(3)	-	(71)	-	(11)	-	-	(240)
Interest and investment income	(439)	(291)	(1,068)	(447)	(9)	(247)	(15)	837	(1,679)
Writeback of impairment losses on									
trade and other receivables	-	-	-	(386)	(8)	(82)	-	-	(476)
Capital expenditure	8,504	432	1,874	1,391	361	785	19	-	13,366

The Group operates predominantly in Malaysia. Accordingly, the information by geographical segment is not presented.

45. OPERATING SEGMENTS (CONT'D)

MAJOR CUSTOMER

The following are major customers with revenue equal to or more than 10% of Group revenue:-

	Revenue		
	2018	2017	
Customer Name	RM'000	RM'000	Segment
Customer A	475,479	554,887	Maintenance
Customer B	121,389	54,021	Construction

46. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

46.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily Euro, Libyan Dinar, South African Rand and United States Dollar. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

46. FINANCIAL INSTRUMENTS (CONT'D)

46.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of financial instruments at the end of the reporting period is summarised below:-

Foreign currency exposure

The Group	**Libyan Dinar**	**Euro**	**South African Rand**	**United States Dollar**	**Ringgit Malaysia**	**Total**
2018	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Financial Assets						
Long-term investments	-	-	-	-	145	145
Trade receivables	71	-	-	-	212,154	212,225
Other receivables and deposits	-	-	-	168	31,064	31,232
Amount owing by associates	-	-	-	-	2,128	2,128
Short-term investments	-	-	-	-	38,289	38,289
Deposits with licensed banks	-	-	-	-	98,842	98,842
Cash and bank balances	3,345	7	2,311	-	47,011	52,674
	3,416	7	2,311	168	429,633	435,535

46. FINANCIAL INSTRUMENTS (CONT'D)

46.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign currency exposure (Cont'd)

The Group 2018	Libyan Dinar RM'000	Euro RM'000	South African Rand RM'000	United States Dollar RM'000	Ringgit Malaysia RM'000	Total RM'000
Financial Liabilities						
Trade payables	175	-	-	-	308,193	308,368
Other payables and accruals	292	13	-	-	42,857	43,162
Amount owing to associates	-	-	-	-	2,300	2,300
Borrowings	-	-	-	-	250,662	250,662
Bank overdrafts	-	-	-	-	35,030	35,030
	467	13	-	-	639,042	639,522
Net financial assets/(liabilities)	2,949	(6)	2,311	168	(209,409)	(203,987)
Less : Net financial (assets)/ liabilities denominated in the respective entities functional currencies	(2,949)	6	(2,311)	(168)	209,409	203,987
Currency exposure	-	-	-	-	-	-

46. FINANCIAL INSTRUMENTS (CONT'D)

46.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign currency exposure (Cont'd)

The Group 2017	Libyan Dinar RM'000	Euro RM'000	South African Rand RM'000	United States Dollar RM'000	Ringgit Malaysia RM'000	Total RM'000
Financial Assets						
Long-term investments	-	-	-	-	175	175
Trade receivables	2,246	-	-	-	280,555	282,801
Other receivables and deposits	-	-	-	143	29,123	29,266
Amount owing by associates	-	-	-	-	4,886	4,886
Short-term investments	-	-	-	-	18,867	18,867
Deposits with licensed banks	-	-	-	-	106,606	106,606
Cash and bank balances	2,217	1	2,433	-	106,883	111,534
	4,463	1	2,433	143	547,095	554,135

46. FINANCIAL INSTRUMENTS (CONT'D)

46.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign currency exposure (Cont'd)

The Group 2017	Libyan Dinar RM'000	Euro RM'000	South African Rand RM'000	United States Dollar RM'000	Ringgit Malaysia RM'000	Total RM'000
Financial Liabilities						
Trade payables	225	-	-	-	353,722	353,947
Other payables and accruals	293	13	-	-	32,026	32,332
Dividend payable	-	-	-	-	12,726	12,726
Borrowings	-	-	-	-	194,235	194,235
Bank overdrafts	-	-	-	-	16,401	16,401
	518	13	-	-	609,110	609,641
Net financial assets/(liabilities)	3,945	(12)	2,433	143	(62,015)	(55,506)
Less : Net financial (assets)/ liabilities denominated in the respective entities functional currencies	(3,945)	12	(2,433)	(143)	62,015	55,506
Currency exposure	-	-	-	-	-	-

46. FINANCIAL INSTRUMENTS (CONT'D)

46.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign currency risk sensitivity analysis

Any reasonably possible change in the foreign currency exchange rates at the end of the reporting period against the respective functional currencies of the entities within the Group does not have material impact on the profit or loss after taxation and other comprehensive income of the Group and of the Company and hence, no sensitivity analysis is presented.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Exposure to interest rate risk

The interest rate profile of the Group's significant interest-bearing financial instruments, based on the carrying amounts as at the end of the reporting period are as follows:-

	The Group	
	2018	2017
	RM'000	RM'000
Fixed Rate Instruments		
Deposits with licensed banks	98,842	106,606
Hire purchase payables	(2,421)	(4,130)
Bills payable	(20,734)	(27,930)
Revolving credit	(60,257)	(60,257)
	15,430	14,289
Floating Rate Instruments		
Term loans	(167,250)	(101,918)
Bank overdrafts	(35,030)	(16,401)
	(202,280)	(118,319)

46. FINANCIAL INSTRUMENTS (CONT'D)

46.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk (Cont'd)

Exposure to interest rate risk (Cont'd)

	The Company	
	2018	2017
	RM'000	RM'000
Fixed Rate Instrument		
Deposits with licensed bank	1,764	1,000
Floating Rate Instrument		
Bank overdrafts	5,002	145

Interest rate risk sensitivity analysis

The interest rate risk sensitivity analysis on the fixed rate instruments is not disclosed as these financial instruments are measured at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither their carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

	The Group	
	2018	2017
	Increase/ (Decrease)	Increase/ (Decrease)
	RM'000	RM'000
Effects on (Loss)/Profit After Taxation/Other Comprehensive (Expenses)/Income		
Increase of 100 basis points (bp)	(1,537)	(899)
Decrease of 100 bp	1,537	899

46. FINANCIAL INSTRUMENTS (CONT'D)

46.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk (Cont'd)

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant (Cont'd):-

	The Company	
	2018	2017
	Increase/ (Decrease)	Increase/ (Decrease)
	RM'000	RM'000
Effects on Profit After Taxation/Other Comprehensive Income		
Increase of 100 bp	(38)	(1)
Decrease of 100 bp	38	1

(iii) Equity Price Risk

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments, cash and bank balances and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

(i) Credit risk concentration profile

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

(ii) Exposure to credit risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries as disclosed under the 'Maturity Analysis' of item (c) below, representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. These corporate guarantees have not been recognised in the Company's financial statements since their fair value on initial recognition were not material.

46. FINANCIAL INSTRUMENTS (CONT'D)

46.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of the financial assets at amortised cost and contract assets are credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact that they are still subject to enforcement activities.

Trade Receivables and Contract Assets

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. Therefore, the Group concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The Group considers any receivables having financial difficulty or with significant balances outstanding for more than a year, are deemed credit impaired.

The expected loss rates are based on the payment profiles of sales from the measurement date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

For construction contracts, the Group assessed the expected credit loss of each customer individually based on their financial information and past trends of payments.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for both trade receivables and contract assets are summarised below:-

The Group	Gross Amount RM'000	Lifetime Loss Allowance RM'000	Carrying Amount RM'000
31.12.2018			
Not past due	55,067	-	55,067
Past due:			
- less than 6 months	77,726	(400)	77,326
- 6 to 12 months	25,349	(190)	25,159
- 1 to 2 years	41,372	(2,043)	39,329
- more than 2 years	18,456	(3,112)	15,344
	217,970	(5,745)	212,225
Credit impaired:			
- individually impaired	29,335	(29,335)	-
	247,305	(35,080)	212,225

46. FINANCIAL INSTRUMENTS (CONT'D)

46.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables and Contract Assets (Cont'd)

In the previous financial year, the loss allowance on trade receivables was calculated under MFRS 139. The ageing analysis of the Group's trade receivables is as follows:-

The Group	Gross Amount RM'000	Individual Impairment RM'000	Collective Impairment RM'000	Carrying Amount RM'000
31.12.2017				
Not past due	115,116	(96)	-	115,020
Past due:				
- less than 6 months	108,687	(6)	-	108,681
- 6 to 12 months	28,918	(542)	-	28,376
- 1 to 2 years	24,494	(1,036)	-	23,458
- more than 2 years	28,781	(21,166)	(349)	7,266
	305,996	(22,846)	(349)	282,801
1.1.2017				
Not past due	123,016	-	-	123,016
Past due:				
- less than 6 months	73,600	-	-	73,600
- 6 to 12 months	14,757	(86)	-	14,671
- 1 to 2 years	12,366	(1,096)	(5)	11,265
- more than 2 years	45,031	(20,445)	(929)	23,657
	268,770	(21,627)	(934)	246,209

The movements in the loss allowances in respect of trade receivables are disclosed in Note 12 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

46. FINANCIAL INSTRUMENTS (CONT'D)

46.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Other Receivables

Other receivables are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial and hence, it is not provided for.

Fixed Deposits with Licensed Banks, Cash and Bank Balances

The Group considers these banks and financial institutions have low credit risks. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

Amount Owing By Subsidiaries

The Company applies the general approach to measuring expected credit losses for all inter-company balances. Generally, the Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when the subsidiary is unlikely to repay its loan or advance in full or the subsidiary is continuously loss making or the subsidiary is having a deficit in its total equity.

The Company determines the probability of default for these loans and advances individually using internal information available.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for amount owing by subsidiaries are summarised below:-

The Company	Gross Amount RM'000	Lifetime Loss Allowance RM'000	Carrying Amount RM'000
2018			
Low credit risk	106,066	-	106,066

In the previous financial year, the assessment of impairment losses on amount owing by subsidiaries was based on MFRS 139. The ageing analysis is not presented as the amount owing by subsidiaries had low credit risk and there was no allowance for impairment losses provided.

46. FINANCIAL INSTRUMENTS (CONT'D)

46.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

The Group	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	On demand Or Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 Years RM'000
31.12.2018						
Non-derivative financial liabilities						
Trade payables	-	308,368	308,368	308,368	-	-
Other payables and accruals	-	43,162	43,162	43,162	-	-
Amount owing to associates	-	2,300	2,300	2,300	-	-
Hire purchase payables	2.56 to 6.54	2,421	2,739	1,357	1,382	-
Term loans	4.75 to 6.80	167,250	190,537	21,770	158,489	10,278
Bills payable	3.59 to 5.25	20,734	20,734	20,734	-	-
Revolving credit	4.61 to 6.95	60,257	60,257	60,257	-	-
Bank overdrafts	5.00 to 8.10	35,030	35,030	35,030	-	-
		639,522	663,127	492,978	159,871	10,278
31.12.2017						
Non-derivative financial liabilities						
Trade payables	-	353,947	353,947	353,947	-	-
Other payables and accruals	-	32,332	32,332	32,332	-	-
Dividend payable	-	12,726	12,726	12,726	-	-
Hire purchase payables	2.56 to 6.71	4,130	4,551	1,301	3,250	-
Term loans	4.75 to 6.80	101,918	123,970	16,847	73,637	33,486
Bills payable	3.47 to 5.15	27,930	27,930	27,930	-	-
Revolving credit	3.47 to 5.15	60,257	60,257	60,257	-	-
Bank overdrafts	7.91 to 8.51	16,401	16,401	16,401	-	-
		609,641	632,114	521,741	76,887	33,486

46. FINANCIAL INSTRUMENTS (CONT'D)

46.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

The Group	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	On demand Or Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 Years RM'000
1.1.2017						
Non-derivative financial liabilities						
Trade payables	-	341,157	341,157	341,157	-	-
Other payables and accruals	-	45,011	45,011	45,011	-	-
Dividend payable	-	12,726	12,726	12,726	-	-
Hire purchase payables	2.63 to 8.47	5,186	5,942	1,996	3,946	-
Term loans	5.00 to 6.00	431,168	477,542	33,457	404,658	39,427
Bills payable	3.47 to 5.15	21,792	21,792	21,792	-	-
Revolving credit	4.09 to 4.92	46,945	46,945	46,945	-	-
Bridging loan	5.25	11,884	12,467	9,625	2,842	-
Bank overdrafts	7.85 to 8.10	39,694	39,694	39,694	-	-
		955,563	1,003,276	552,403	411,446	39,427

46. FINANCIAL INSTRUMENTS (CONT'D)

46.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

The Company	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	On Demand Or Within 1 Year RM'000
31.12.2018				
Other payables and accruals	-	415	415	415
Amount owing to subsidiaries	-	4,239	4,239	4,239
Bank overdrafts	8.10	5,002	5,002	5,002
Financial guarantee contracts in relation to corporate guarantees given to certain subsidiaries #	-	-	396,776	396,776
		9,656	406,432	406,432
31.12.2017				
Other payables and accruals	-	398	398	398
Amount owing to subsidiaries	-	3,979	3,979	3,979
Dividend payable	-	12,726	12,726	12,726
Bank overdrafts	8.50	145	145	145
Financial guarantee contracts in relation to corporate guarantees given to certain subsidiaries #	-	-	267,389	267,389
		17,248	284,637	284,637
1.1.2017				
Other payables and accruals	-	721	721	721
Amount owing to subsidiaries	-	3,000	3,000	3,000
Dividend payable	-	12,726	12,726	12,726
Financial guarantee contracts in relation to corporate guarantees given to certain subsidiaries #	-	-	610,387	610,387
		16,447	626,834	626,834

- *The contractual undiscounted cash flows represent the outstanding credit facilities of the subsidiaries at the end of the reporting period. The financial guarantees have not been recognised in the financial statements since their fair value on initial recognition were not material.*

46. FINANCIAL INSTRUMENTS (CONT'D)

46.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The debt-to-equity ratio is calculated as net debt (total interest-bearing borrowings less cash and cash equivalents) divided by total equity.

There was no change in the Group's approach to capital management during the financial year.

The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	The Group		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Hire purchase payables	2,421	4,130	5,186
Term loans	167,250	101,918	431,168
Bills payable	20,734	27,930	21,792
Revolving credit	60,257	60,257	46,945
Bridging loan	-	-	11,884
Bank overdrafts	35,030	16,401	39,694
	285,692	210,636	556,669
Less: Short-term investments	(38,289)	(18,867)	(72,883)
Deposits with licensed banks	(98,842)	(106,606)	(35,307)
Cash and bank balances	(52,674)	(111,534)	(102,423)
Net debt/(Excess of cash equivalents)	95,887	(26,371)	346,056
Total equity	351,833	421,882	407,418
Debt-to-equity ratio	0.27	Not applicable	0.85

The debt-to-equity ratio of the Group at 31.12.2017 is not presented as its cash and cash equivalents exceeded the total interest-bearing borrowings.

46. FINANCIAL INSTRUMENTS (CONT'D)

46.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group			The Company		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Financial Assets						
Designated at Fair Value Through Other Comprehensive Income Upon Initial Recognition (31.12.2017 and 1.1.2017: Available-for sale financial assets)						
Long-term investments	145	175	225	-	-	-
Amortised Cost (31.12.2017 and 1.1.2017: Loan and Receivables Financial Assets)						
Trade receivables	212,225	282,801	246,209	-	-	-
Other receivables and deposits	31,232	29,266	19,011	75	85	74
Amount owing by subsidiaries	-	-	-	106,066	106,338	107,892
Amount owing by associates	2,128	4,886	845	-	-	-
Deposits with licensed banks	98,842	106,606	35,307	1,764	1,000	1,000
Cash and bank balances	52,674	111,534	102,423	296	1,527	1,151
	397,101	535,093	403,795	108,201	108,950	110,117
Mandatorily at Fair Value Through Profit or Loss						
Short-term investments	38,289	18,867	72,883	39	151	147

46. FINANCIAL INSTRUMENTS (CONT'D)

46.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

	The Group			The Company		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Financial Liabilities						
Amortised Cost (31.12.2017 and 1.1.2017: Other Financial Liabilities)						
Trade payables	308,368	353,947	341,157	-	-	-
Other payables and accruals	43,162	32,332	45,011	415	398	721
Amount owing to subsidiaries	-	-	-	4,239	3,979	3,000
Amount owing to associates	2,300	-	-	-	-	-
Dividend payable	-	12,726	12,726	-	12,726	12,726
Hire purchase payables	2,421	4,130	5,186	-	-	-
Term loans	167,250	101,918	431,168	-	-	-
Bills payable	20,734	27,930	21,792	-	-	-
Revolving credit	60,257	60,257	46,945	-	-	-
Bridging loan	-	-	11,884	-	-	-
Bank overdrafts	35,030	16,401	39,694	5,002	145	-
	639,522	609,641	955,563	9,656	17,248	16,447

46. FINANCIAL INSTRUMENTS (CONT'D)

46.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Financial Assets				
Amortised Cost (31.12.2017: Loan and Receivables Financial Assets)				
Net (losses)/gains recognised in profit or loss	(8,978)	411	66	2
Mandatorily at Fair Value Through Profit or Loss				
Net gains recognised in profit or loss	486	301	9	13
Financial Liabilities				
Amortised Cost (31.12.2017: Other Financial Liabilities)				
Net losses recognised in profit or loss	(14,457)	(21,878)	(29)	(30)

46. FINANCIAL INSTRUMENTS (CONT'D)

46.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

In the previous financial year, the fair value of the Group's long-term investments (unquoted shares and golf club memberships) with a total carrying amount of RM175,000 is not presented due to the lack of marketability of these investments and the fair value cannot be reliably measured.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

The Group	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments Not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	RM'000	RM'000
31.12.2018								
Financial assets								
Long-term investments	-	-	145	-	-	-	145	145
Short-term investments	-	38,289	-	-	-	-	38,289	38,289
Financial liabilities								
Hire purchase payables	-	-	-	-	2,421	-	2,543	2,421
Term loans	-	-	-	-	167,250	-	167,250	167,250

46. FINANCIAL INSTRUMENTS (CONT'D)

46.5 FAIR VALUE INFORMATION (CONT'D)

The Group	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments Not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31.12.2017								
Financial assets								
Short-term investments	-	18,867	-	-	-	-	18,867	18,867
Financial Liabilities								
Hire purchase payables	-	-	-	-	4,282	-	4,282	4,130
Term loans	-	-	-	-	101,918	-	101,918	101,918
1.1.2017								
Financial assets								
Short-term investments	-	72,883	-	-	-	-	72,883	72,883
Financial Liabilities								
Hire purchase payables	-	-	-	-	5,334	-	5,334	5,186
Term loans	-	-	-	-	431,168	-	431,168	431,168

46. FINANCIAL INSTRUMENTS (CONT'D)

46.5 FAIR VALUE INFORMATION (CONT'D)

The Company	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments Not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31.12.2018								
Financial assets								
Short-term investments	-	39	-	-	-	-	39	39
31.12.2017								
Financial assets								
Short-term investments	-	151	-	-	-	-	151	151
1.1.2017								
Financial assets								
Short-term investments	-	147	-	-	-	-	147	147

46. FINANCIAL INSTRUMENTS (CONT'D)

46.5 FAIR VALUE INFORMATION (CONT'D)

(a) Fair Value of Financial Instruments Carried at Fair Value

(i) The fair values above have been determined using the following basis:-

(aa) The fair value of the unquoted equity investments is determined to approximate the net assets of the investee as it is immaterial in the context of the financial statements;

(bb) The fair value of golf club memberships is determined based on enquiry made to the respective golf clubs; and

(cc) The fair value of short-term investment is determined by reference to statements provided by the respective financial institution, with which the investments were entered into.

(ii) There were no transfer between level 1 and level 2 during the financial year.

(b) Fair Value of Financial Instruments not Carried at Fair Value

The fair values of hire purchase payables and term loans, which are for disclosure purpose, are determined by discounting the relevant cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	The Group		
	31.12.2018 %	31.12.2017 %	1.12.2017 %
Hire purchase payables	5.49% - 7.07%	5.03% - 6.71%	4.92% - 7.70%
Term loans	4.75% - 6.80%	4.75% - 6.80%	5.00% - 6.80%

47. MATERIAL LITIGATIONS

The following are the material litigations involving the Group and the Company during the financial year:-

(a) High Court of Malaya at Kuala Lumpur ("KL High Court") Suit No: 22NCC-362-09/2014 between Protasco Berhad ("Company") as plaintiff against PT Anglo Slavic Utama ("PT ASU") as the 1st defendant, Tey Por Yee as the 2nd defendant and Ooi Kok Aun as the 3rd defendant:-

On 28 December 2012, the Company entered into a conditional Sale and Purchase Agreement ("Conditional SPA") with PT ASU to acquire 95,000,000 ordinary shares of IDR1,000 each in PT Anglo Slavic Indonesia ("PT ASI"), representing 76% equity interest in PT ASI for a proposed purchase consideration of USD55,000,000.

PT ASI holds 95% equity interest in PT Firman Andalan Sakti ("PT FAS") which in turn holds 70% equity interest in PT Hase Bumou Aceh ("PT Haseba") ("PT ASI Group"). PT ASU as vendor represented in the Conditional SPA that PT Haseba had a 10 year production management partnership agreement ("PMP Agreement") with PT Pertamina (PERSERO) ("Pertamina") to develop and to produce oil and gas in the Kuala Simpang Timur Field from 14 December 2004.

On 29 January 2014, the Company entered into an Amended and Restated Sale and Purchase Agreement ("Restated SPA") with PT ASU to amend vary and restate, in its entirety, the Conditional SPA. With the execution of the Restated SPA, the Company agreed to acquire 78,750,000 ordinary shares of IDR1,000 each in PT ASI representing 63% equity interest in PT ASI from PT ASU for a total purchase consideration of USD22,000,000 (RM68,393,170) ("Purchase Consideration"). Parties thereto agreed that the Purchase Consideration was to be settled by way of setting off the deposit of USD16,340,563 (equivalent to RM50,000,000 based on the agreed exchange rate of USD1:RM3.05987 as at 28 December 2012) initially paid by the Company to PT ASU pursuant to the Conditional SPA and the balance thereof in cash.

The Restated SPA was subject to, among others, the following conditions subsequent to the completion of the Restated SPA which were to be fulfilled within six months from the date of the Restated SPA ("Conditional Period"):-

(i) Consent of Pertamina for the sale and purchase of the shares pursuant to the Restated SPA;

(ii) Extension of the PMP Agreement for a further 10 year period; and

(iii) Issuance of Surat Keterangan Terdaftar Minyak & Gas license by the Ministry of Energy and Mineral Resources' General of Oil and Gas Indonesia to PT Haseba.

Upon execution of the Restated SPA, the Company paid the balance Purchase Consideration amounting to USD5,659,437 (RM18,393,170) to PT ASU. In February 2014, pursuant on the terms of the Restated SPA, the Company made a further advance of USD5,000,000 (RM16,250,000) to PT ASI for working capital purposes ("Advance"). The total amounts paid to PT ASU and PT ASI collectively amounted to USD27,000,000 being the Purchase Consideration and the Advance.

On 5 August 2014, the Company announced that the conditions subsequent pursuant to the completion of Restated SPA had not been fulfilled by PT ASU within the Conditional Period and accordingly, the Restated SPA lapsed on 28 July 2014. The Company terminated the Restated SPA on 4 August 2014 and 14 August 2014.

On 22 September 2014, the Company filed a legal suit against PT ASU and the two former directors, namely the 2nd and the 3rd defendant for, among others, the refund of the Purchase Consideration and Advance.

47. MATERIAL LITIGATIONS (CONT'D)

(a) High Court of Malaya at Kuala Lumpur ("KL High Court") Suit No: 22NCC-362-09/2014 between Protasco Berhad ("Company") as plaintiff against PT Anglo Slavic Utama ("PT ASU") as the 1st defendant, Tey Por Yee as the 2nd defendant and Ooi Kok Aun as the 3rd defendant (Cont'd):-

The total amount claimed against PT ASU and the two former directors ("2nd and 3rd Defendants") are as follows:-

Against PT ASU

(i) A payment of USD22,000,000;

(ii) Pre-judgement interest on USD22,000,000 pursuant to Section 11 of the Civil Law Act 1956 from the date of the suit until the date of judgement at an interest rate of 5% per annum;

(iii) Post-judgement interest on USD22,000,000 pursuant to Order 42 Rule 12 of the Rules of Court 2012 from the date of judgement until full and final settlement thereof at an interest rate of 5% per annum; and

(iv) Damages for the breach of the Restated SPA.

Against the 2nd and 3rd Defendants

(i) A payment of USD27,000,000 (including the Advance);

(ii) Pre-judgement interest on USD27,000,000 pursuant to Section 11 of the Civil Law Act 1956 from the date of the suit until the date of judgement at an interest rate of 5% per annum;

(iii) Post-judgement interest on USD27,000,000 pursuant to Order 42 Rule 12 of the Rules of Court 2012 from the date of judgement until full and final settlement thereof at an interest rate of 5% per annum;

(iv) Damages for fraud and conspiracy; and

(v) General damages, aggravated and exemplary.

The status of this suit is as follows:-

PT ASU's application to stay this legal proceeding pending arbitration was dismissed by the KL High Court on 11 August 2015. Thereafter, PT ASU filed an appeal to the Court of Appeal Malaysia (Appeal Jurisdiction) at Wilayah Persekutuan Putrajaya ("Court of Appeal") which was allowed on 25 February 2016. Pursuant to the decision of the Court of Appeal, the action against PT ASU is now stayed pending the referral of the matter to arbitration in accordance with the rules of the Kuala Lumpur Regional Centre of Arbitration.

Following the decision of the Court of Appeal on 25 February 2016, the 2nd and 3rd Defendants have filed their stay application pending the disposal of the arbitration between PT ASU and our Company. This application has been granted on 20 December 2016. The Company had then filed an appeal against the said High Court decision to the Court of Appeal. The Court of Appeal had on 29 January 2018, allowed the Company's appeal and remitted the case back to the High Court against the 2nd and 3rd Defendants. The 2nd and 3rd Defendants had on 28 February 2018 respectively filed an application by way of motion for leave to appeal to the Federal Court ("2nd and 3rd Defendants' Motion"). The 2nd and 3rd Defendants' Motion were dismissed on 25 March 2019. Both the 2nd and 3rd Defendants filed an application to the Court of Appeal for stay of the High Court proceedings pending the hearing of the said 2nd and 3rd Defendants' Motion. The stay application has been dismissed by the Court of Appeal on 28 January 2019.

The KL High Court has fixed 18 November 2019 to 29 November 2019 for trial. There are however, several other in terlocutory applications filed by the parties. These interlocutory applications are procedural in nature. None of these interlocutory applications will finally dispose of the suit against the PT ASU nor the 2nd or 3rd Defendants without going for trial during which the allegations will be heard on its merits.

Notwithstanding the above litigation, the purchase consideration paid and advance made amounting to RM68,393,170 and RM16,250,000 respectively have been fully impaired in the financial year ended 31 December 2014.

47. MATERIAL LITIGATIONS (CONT'D)

(b) High Court of Malaya at Shah Alam ("SA High Court") Suit No. 22NCVC-561-11/2014 between Protasco Trading Sdn Bhd ("PTSB") as plaintiff against PT Goldchild Integritas Abadi ("Goldchild") and Ooi Kock Aun ("OKA") as defendants:-

PTSB, a wholly owned subsidiary of the Company, had entered into an agreement dated 4 February 2013 ("Agreement") to undertake coal trades with Goldchild.

Pursuant to the terms of the Agreement and to facilitate coal purchases, a deposit ("Deposit") of USD5,161,290 (approximately RM16,000,000) was paid by PTSB to Goldchild on 4 February 2013. The Deposit is to be deducted in stages against future coal trades.

On 19 July 2013, PTSB entered into a Coal Stockpile Joint Venture Agreement with Goldchild to provide a sum of not exceeding USD900,000 (approximately RM2,904,000) for the purpose of the joint venture to purchase coal in Indonesia and resell the coal to potential buyers, subject to such terms and conditions as stipulated in the Coal Stockpile Joint Venture Agreement.

On 21 November 2014, PTSB filed a legal suit against Goldchild and one of the former directors of the Company, OKA, when the Company uncovered that OKA has an undisclosed interest in Goldchild.

OKA filed an application to strike out the legal suit against him and the application was dismissed on 19 October 2015. Thereafter, OKA filed an appeal against the SA High Court decision to the Court of Appeal. OKA's appeal has been struck off with liberty to file afresh and with no order as to costs by the Court of Appeal on 17 May 2017.

Goldchild's application to stay this legal proceeding pending arbitration was allowed by the SA High Court on 19 October 2015. Thereafter, PTSB filed an appeal against the SA High Court decision to the Court of Appeal. This appeal was withdrawn by PTSB on 24 August 2016.

Since the legal suit against Goldchild has been stayed pending arbitration, OKA filed an application for stay pending arbitration between PTSB and Goldchild which was allowed on 13 January 2016. PTSB then filed an appeal against the SA High Court decision to the Court of Appeal. This application was dismissed by the Court of Appeal on 24 August 2016. PTSB had on 23 September 2016 filed an application for leave via notice of motion seeking leave to appeal to the Federal Court of Malaysia at Wilayah Persekutuan Putrajaya ("Federal Court"). The Motion has been dismissed by the Federal Court on 11 January 2017.

Pursuant to the decision of the Federal Court, the action against PT Goldchild and OKA in the SA High Court is now stayed pending the arbitration proceedings between PT Goldchild and PTSB in Jakarta, Indonesia in accordance with the rules of Badan Arbitrase Nasional Indonesia ("BANI").

Notwithstanding the above litigation, the coal trade deposits made to Goldchild amounted to RM18,904,000 had been fully impaired in the financial year ended 31 December 2014.

47. MATERIAL LITIGATIONS (CONT'D)

(c) Notice of Adjudication pursuant to Section 8 of the Construction Industry Payment and Adjudication Act 2012 served on HCM Engineering Sdn Bhd ("HCM"):-

On 6 July 2018, HCM was served with Adjudication Decision dated 4 July 2018 whereby HCM shall pay Kuasatek Sdn Bhd ("Kuasatek") the sum of RM2,959,440 within 14 days from the date of the Adjudication Decision.

HCM had on 8 August 2018 filed the following applications in the High Court of Malaya at Kuala Lumpur ("KL High Court"):-

(a) An application by way of Originating Summons to set aside the Adjudication Decision pursuant to Section 15(b) and Section 15(d) of the Construction Industry Payment Adjudication Act 2012 ("the Setting Aside Application"). The Setting Aside Application was dismissed;

(b) An application by way of Originating Summons to stay the Adjudication Decision pursuant to Section 16 of the Construction Industry Payment Adjudication Act 2012 pending arbitration ("the Stay Application"). The Stay Application was dismissed.

In addition, HCM has served a Notice to Request for Arbitration dated 6 August 2018 to Kuasatek to refer the claim to arbitration pursuant to Article 3, Part II of the Asian International Arbitration Rules 2018.

Meanwhile, Kuasatek had, on 9 August 2018, served on HCM, an application by way of Orginating Summons for an order that the Adjudication Decision dated 4 July 2018 be enforced as a judgement against HCM in the KL High Court pursuant to Section 28(1) of the Construction Industry Payment Adjudication Act 2012 ("the Enforcement Application"). The Enforcement Application was allowed. HCM has on 2 November 2018 filed an application for stay of the enforcement allowed by the High Court. At the hearing on 22 November 2018, the parties have entered into Consent Order based on the following terms:-

(i) HCM will pay a sum amounting to RM3,116,428 by 27 November 2018; ("Adjudicated Sum")

(ii) Kuasatek undertakes not to commence winding up proceedings and any other execution proceedings;

(iii) Kuasatek undertakes to refund any monies paid under (i), in excess of the sum which the HCM is liable to pay pursuant to the outcome of the current appeal to Court of Appeal by HCM, any arbitration or litigation involving current dispute between the parties.

On 29 October 2018, HCM filed an appeal to the Court of Appeal against the decision of the High Court in dismissing the Setting Aside Application and allowing the Enforcement Application. The hearing date is fixed on 17 June 2019.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

47. MATERIAL LITIGATIONS (CONT'D)

(c) Notice of Adjudication pursuant to Section 8 of the Construction Industry Payment and Adjudication Act 2012 served on HCM Engineering Sdn Bhd ("HCM") (Cont'd):-

Meanwhile, HCM had on 8 March 2019 filed a legal suit at the Kuala Lumpur High Court against Kuasatek ("Legal Proceeding").

HCM's claim against Kuasatek is premised on breach of contract by Kuasatek pursuant to a Letter of Appointment for Mechanical and Electrical Works Packages (Contract No: HCM/P48-AFC/LA/C/16/V1(07) dated 15 March 2016, a work package under a project previously awarded to HCM known as "The Design And Built Contract For The Proposed Additional Of A 4 Storey Office Building With Basement Car Parking To The Existing Facilities On Lot No. 38627, Bukit Jalil, Mukim Petaling, Daerah Kuala Lumpur, Malaysia For Asian Football Confederation." Kuasatek was the mechanical and electrical works sub-contractor for HCM.

The Legal Proceeding is to finally determine the liability of Kuasatek under the contract and for the refund of the Adjudicated Sum paid to Kuasatek pursuant to the Adjudication Decision dated 4 July 2018.

HCM's claims against Kuasatek are as follows:

(a) A declaration that the contract dated 13 May 2016 between HCM and Kuasatek is for the sum of RM9,500,000;

(b) A declaration that Kuasatek has breached the contract;

(c) A declaration that HCM is allowed to set off the sum of RM288,205 as the costs to rectify the defectives works and/or work done on behalf;

(d) A declaration that HCM is allowed to set off the sum of RM930,000 as Liquidated Ascertained Damages;

(e) A declaration that HCM is allowed to withhold the sum of RM475,000 as the performance bond until the issuance of the Certificate of Making Good Defects by Asian Football Confederation;

(f) Kuasatek shall pay the sum of RM12,889 to HCM;

(g) Kuasatek shall refund the sum of RM2,968,457 to HCM forthwith being the excess payment paid by HCM to Kuasatek for work done;

(h) Kuasatek shall refund the sum of RM106,572 to HCM forthwith being the sum paid by HCM to Kuasatek for legal costs, adjudication costs and expenses;

(i) General damages to be assessed by this Honourable Court;

(j) Interest at the rate of 5% p.a. on the amount in (f), (g), (h) and (i) above from the date of Judgement until date of full payment; and

(k) Costs.

On 16 April 2019, Kuasatek filed its defence and counterclaim againt HCM for a sum of RM733,548.

Case management is fixed on 5 May 2019.

47. MATERIAL LITIGATIONS (CONT'D)

(d) Notice of Adjudication pursuant to Section 8 of the Construction Industry Payment and Adjudication Act 2012 ("CIPAA") served by HCM Engineering Sdn Bhd ("HCM") on Southkey City Sdn Bhd ("SCSB"):-

HCM, a wholly owned subsidiary of the Company had on 19 February 2019, filed a Notice of Adjudication under Section 8 of CIPAA with the Asian International Arbitration Centre ("AIAC") Kuala Lumpur to commence adjudication proceedings against Southkey City Sdn Bhd ("SCSB"), the Developer of a property development project known as Southkey City, situated at Johor Bahru, Johor Darul Takzim.

The adjudication proceedings were commenced to seek resolution on contractual disputes covering HCM's claims from SCSB for the principal amount of RM10,423,965 (inclusive of GST) for construction works done and due to non-payment by SCSB and HCM is also claiming for late payment interest and cost, the amount of which will be determined at a later stage.

The claims were in relation to a Letter of Acceptance of Offer dated 3rd December 2015, wherein SCSB engaged HCM as the subcontractor for the Construction, Completion, Testing and Handover of Road and Drainage Phase 1 (Package 1A) for a project known as "Cadangan Membina Dan Menyiapkan Kerja-Kerja Infrastruktur Bagi Pembangunan Bercampur Di Atas Lot PTD 14853 (Lot Lama), Mukim Plentong, Johor Bahru, Johor Darul Takzim Untuk Tetuan Southkey City Sdn Bhd" for a contract sum of RM7,041,900.

48. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 17 January 2018, RHB Investment Bank Berhad ("RHB") announced that the Company is proposing to undertake the following:-

(i) Proposed bonus issue of up to 70,782,152 new ordinary shares in Protasco ("Protasco Share") ("Bonus Share") on the basis of 1 Bonus Share for every 6 existing Protasco Shares held on the entitlement date to be determined later ("Proposed Bonus Issue of Shares"); and

(ii) Proposed bonus issue of up to 106,173,228 Warrants in Protasco ("Warrants") on the basis of 1 Warrant for every 4 existing Protasco Shares held on the same entitlement date as the Proposed Bonus Issue of Shares ("Proposed Bonus Issue of Warrants")

(Collectively referred to as "Proposals")

On 9 April 2018, the shareholders of the Company approved the Proposals. On 10 April 2018, RHB announced that the Book Closure Date for the entitlement of the Bonus Shares shall be fixed on 24 April 2018 and the listing of the Bonus Shares will be on 25 April 2018.

On 10 April 2018, RHB also announced that the exercise price of the warrant be fixed at RM0.75.

On 25 April 2018, the Company announced that the Proposed Bonus Issue of Shares on the basis of 1 Bonus Share for every 6 existing Protasco Shares held (amounted to 70,699,396 new ordinary shares) has been completed.

On 2 May 2018, the Company announced that the Proposed Bonus Issue of Warrants on the basis of 1 Warrant for every 4 existing Protasco Shares held (amounted to 106,051,448 new Warrants) has been completed.

(b) The other significant events during the financial year are those disclosed in Note 5, Note 6 and Note 47 to the financial statements.

49. SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

On 1 March 2019, De Centrum Retail Sdn. Bhd. ("DCRSB"), an indirect wholly-owned subsidiary of the Company, entered into a conditional Joint Development Agreement ("JDA") with Penmaland Sdn. Bhd. ("Penmaland") to jointly develop three (3) contiguous parcels of freehold development land held under Title Nos. GRN 67477 (Lot No. 369), GRN 86444 (Lot No. 422) and GRN 71208 (Lot No. 665) in Mukim of Tampin Tengah, District of Tampin, Negeri Sembilan measuring approximately 137.08 acres ("Tampin Land").

Pursuant to the JDA, Penmaland shall grant DCRSB full and unfettered rights to carry out the development of the Tampin Land into mixed residential development, in exchange for a total cash consideration of RM48.6 million, payable in stages in accordance with the JDA ("Proposed Joint Development").

The Proposed Joint Development is deemed as a related party transaction and shareholders' approval is required.

50. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the presentation of the current financial year:-

	The Group	
	As Restated RM'000	As Previously Reported RM'000
Statements of Cash Flows (extract):-		
Net cash from operating activities	431,986	414,276
Net cash for financing activities	(373,278)	(355,568)

51. TRANSITION TO THE MFRS FRAMEWORK

As stated in Note 3.1 to the financial statements, these are the first financial statements of the Group and of the Company prepared in accordance with MFRSs. The accounting policies in Note 4 to the financial statements have been applied to all financial information covered under this set of financial statements.

In preparing the opening MFRS statements of financial position at 1 January 2017 (date of transition), the Group and the Company have adjusted amounts reported previously in financial statements prepared in accordance with FRSs. The following is the reconciliation of the impact arising from first time adoption of MFRSs including application of the new accounting standards to the Group's statement of financial position on 1 January 2017:-

Group	As Reported At 1.1.2017 FRSs RM'000	MFRS 15 Adjustment RM'000 Note 51.2	Other Adjustments RM'000	At 1.1.2017 MFRS RM'000
ASSETS				
NON-CURRENT ASSETS				
Investment in associates	307	-	-	307
Property, plant and equipment	205,643	-	-	205,643
Investment properties	94,899	-	-	94,899
Land held for property development	29,654	(29,654)	-	-
Inventories	-	29,654	-	29,654
Goodwill on consolidation	36	-	-	36
Long-term investments	225	-	-	225
Deferred tax assets	15	-	-	15
	330,779	-	-	330,779

51. TRANSITION TO THE MFRS FRAMEWORK (CONT'D)

The following is the reconciliation of the impact arising from first time adoption of MFRSs including application of the new accounting standards to the Group's statement of financial position on 1 January 2017 (Cont'd):-

Group	As Reported At 1.1.2017 FRSs RM'000	MFRS 15 Adjustment RM'000 Note 51.2	Other Adjustments RM'000 Note 51.3	At 1.1.2017 MFRS RM'000
CURRENT ASSETS				
Inventories	26,103	3,347	-	29,450
Property development costs	3,347	(3,347)	-	-
Amount owing by contract customers	510,718	-	(510,718)	-
Trade receivables	267,291	-	(21,082)	246,209
Contract assets	-	-	531,800	531,800
Other receivables, deposits and prepayments	20,542	-	-	20,542
Amount owing by associates	845	-	-	845
Current tax assets	18,146	-	-	18,146
Short-term investments	72,883	-	-	72,883
Deposits with licensed banks	35,307	-	-	35,307
Cash and bank balances	102,423	-	-	102,423
	1,057,605	-	-	1,057,605
TOTAL ASSETS	1,388,384	-	-	1,388,384

51. TRANSITION TO THE MFRS FRAMEWORK (CONT'D)

The following is the reconciliation of the impact arising from first time adoption of MFRSs including application of the new accounting standards to the Group's statement of financial position on 1 January 2017 (Cont'd):-

Group	As Reported At 1.1.2017 FRSs RM'000	MFRS 15 Adjustment RM'000	Other Adjustments RM'000	At 1.1.2017 MFRS RM'000
EQUITY AND LIABILITIES				
EQUITY				
Share capital	212,346	-	-	212,346
Treasury shares	(760)	-	-	(760)
Share premium	37,508	-	-	37,508
Foreign exchange translation reserve	(11,375)	-	-	(11,375)
Capital reserve	8,875	-	-	8,875
Retained profits	146,089	-	-	146,089
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	392,683	-	-	392,683
Non-controlling interests	14,735	-	-	14,735
TOTAL EQUITY	407,418	-	-	407,418

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

51. TRANSITION TO THE MFRS FRAMEWORK (CONT'D)

The following is the reconciliation of the impact arising from first time adoption of MFRSs including application of the new accounting standards to the Group's statement of financial position on 1 January 2017 (Cont'd):-

Group	As Reported At 1.1.2017 FRSs RM'000	MFRS 15 Adjustment RM'000	Other Adjustments RM'000	At 1.1.2017 MFRS RM'000
NON-CURRENT LIABILITIES				
Deferred tax liabilities	8,645	-	-	8,645
Long-term borrowings	95,089	-	-	95,089
	103,734	-	-	103,734
CURRENT LIABILITIES				
Trade payables	350,448	-	-	350,448
Other payables and accruals	45,011	-	-	45,011
Dividend payable	12,726	-	-	12,726
Current tax liabilities	7,467	-	-	7,467
Short-term borrowings	421,886	-	-	421,886
Bank overdrafts	39,694	-	-	39,694
	877,232	-	-	877,232
TOTAL LIABILITIES	980,966	-	-	980,966
TOTAL EQUITY AND LIABILITIES	1,388,384	-	-	1,388,384

51. TRANSITION TO THE MFRS FRAMEWORK (CONT'D)

The following is the reconciliation of the impact arising from first time adoption of MFRSs including application of the new accounting standards to the Group's statements of financial position on 31 December 2017 and 1 January 2018:-

Group	As Reported At 31.12.2017 FRSs	MFRS 15 Adjustment	Other Adjustments	Restated At 31.12.2017 MFRS	MFRS 9	At 1.1.2018 MFRS
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
		Note 51.2			Note 51.1	
ASSETS						
NON-CURRENT ASSETS						
Investment in associates	3,693	-	-	3,693	-	3,693
Property, plant and equipment	199,354	-	-	199,354	-	199,354
Investment properties	82,125	-	-	82,125	-	82,125
Land held for property development	17,389	(17,389)	-	-	-	-
Inventories	-	17,389	-	17,389	-	17,389
Goodwill on consolidation	36	-	-	36	-	36
Long-term investments	175	-	-	175	(30)	145
Deferred tax assets	1	-	-	1	-	1
	302,773	-	-	302,773	(30)	302,743

51. TRANSITION TO THE MFRS FRAMEWORK (CONT'D)

The following is the reconciliation of the impact arising from first time adoption of MFRSs including application of the new accounting standards to the Group's statements of financial position on 31 December 2017 and 1 January 2018 (Cont'd):-

Group	As Reported At 31.12.2017 FRSs	MFRS 15 Adjustment	Other Adjustments	Restated At 31.12.2017 MFRS	MFRS 9	At 1.1.2018 MFRS
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
		Note 51.2	Note 51.3		Note 51.1	
CURRENT ASSETS						
Inventories	21,083	17,581	-	38,664	-	38,664
Property development costs	17,581	(17,581)	-	-	-	-
Amount owing by contract customers	37,808	-	(37,808)	-	-	-
Trade receivables	388,631	-	(105,830)	282,801	(4,066)	278,735
Contract assets	-	-	143,638	143,638	-	143,638
Other receivables, deposits and prepayments	30,496	-	-	30,496	-	30,496
Amount owing by associates	4,886	-	-	4,886	-	4,886
Current tax assets	14,345	-	-	14,345	-	14,345
Short-term investments	18,867	-	-	18,867	-	18,867
Deposits with licensed banks	106,606	-	-	106,606	-	106,606
Cash and bank balances	111,534	-	-	111,534	-	111,534
	751,837	-	-	751,837	(4,066)	747,771
TOTAL ASSETS	1,054,610	-	-	1,054,610	(4,096)	1,050,514

51. TRANSITION TO THE MFRS FRAMEWORK (CONT'D)

The following is the reconciliation of the impact arising from first time adoption of MFRSs including application of the new accounting standards to the Group's statements of financial position on 31 December 2017 and 1 January 2018 (Cont'd):-

Group	As Reported At 31.12.2017 FRSs RM'000	MFRS 15 Adjustment RM'000	Other Adjustments RM'000	Restated At 31.12.2017 MFRS RM'000	MFRS 9 RM'000 Note 51.1	At 1.1.2018 MFRS RM'000
EQUITY AND LIABILITIES						
EQUITY						
Share capital	212,346	-	-	212,346	-	212,346
Treasury shares	(762)	-	-	(762)	-	(762)
Share premium	37,508	-	-	37,508	-	37,508
Foreign exchange translation reserve	(10,614)	-	-	(10,614)	-	(10,614)
Capital reserve	8,875	-	-	8,875	-	8,875
Fair value reserve	-	-	-	-	(30)	(30)
Retained profits	148,699	-	-	148,699	(2,328)	146,371
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	396,052	-	-	396,052	(2,358)	393,694
Non-controlling interests	25,830	-	-	25,830	(1,738)	24,092
TOTAL EQUITY	421,882	-	-	421,882	(4,096)	417,786

51. TRANSITION TO THE MFRS FRAMEWORK (CONT'D)

The following is the reconciliation of the impact arising from first time adoption of MFRSs including application of the new accounting standards to the Group's statements of financial position on 31 December 2017 and 1 January 2018 (Cont'd):-

Group	As Reported At 31.12.2017 FRSs RM'000	MFRS 15 Adjustment RM'000	Other Adjustments RM'000	Restated At 31.12.2017 MFRS RM'000	MFRS 9 RM'000 Note 51.1	At 1.1.2018 MFRS RM'000
NON-CURRENT LIABILITIES						
Deferred tax liabilities	8,860	-	-	8,860	-	8,860
Long-term borrowings	95,367	-	-	95,367	-	95,367
	104,227	-	-	104,227	-	104,227
CURRENT LIABILITIES						
Trade payables	362,300	-	-	362,300	-	362,300
Other payables and accruals	32,332	-	-	32,332	-	32,332
Dividend payable	12,726	-	-	12,726	-	12,726
Current tax liabilities	5,874	-	-	5,874	-	5,874
Short-term borrowings	98,868	-	-	98,868	-	98,868
Bank overdrafts	16,401	-	-	16,401	-	16,401
	528,501	-	-	528,501	-	528,501
TOTAL LIABILITIES	632,728	-	-	632,728	-	632,728
TOTAL EQUITY AND LIABILITIES	1,054,610	-	-	1,054,610	(4,096)	1,050,514

51. TRANSITION TO THE MFRS FRAMEWORK (CONT'D)

As there is no material financial statements impacts on the transition from FRS to MFRS to the Company's statement of financial position, the reconciliation of the impact arising from first time adoption of MFRSs including application of the new accounting standards to the Company's statement of financial position is not presented.

51.1 MFRS 9 Financial Instruments

On 1 January 2018, the Group adopted MFRS 9 which is effective for annual periods beginning on or after 1 January 2018.

Under FRSs, financial assets and financial liabilities were accounted for under FRS 139 'Financial Instrument: Recognition and Measurement'. Upon transition to MFRSs, the Group adopted MFRS 9 'Financial Instruments' ("MFRS 9"), requiring the Group to review the classification and measurement of its financial instruments at the date of transition.

The Group elected the exemption under MFRS 1 which allows the Group not to restated comparative information in the year of the initial application of MFRS 9. Hence, the Group applied FRS 139 and FRS 7 "Financial Instruments: Disclosures" for the comparative information. The adjustments to align the carrying amounts of the financial assets under the previous FRS 139 with MFRS 9 were recognised in the retained profits and other reserve as at 1 January 2018, as summarised below:-

(i) The Group intends to hold the investments in equity shares for long-term. These investments were measured at fair value or cost less impairment losses in prior periods. As permitted by MFRS 9, the Group designated such investments as fair value through other comprehensive income, to be measured at fair value at each reporting date.

(ii) The Group changed its impairment loss methodology from the 'incurred loss' approach to the 'expected credit loss' approach upon the adoption of MFRS 9. Under this new approach, the Group accounted for the expected credit losses of its financial assets measured at amortised cost and contract assets to reflect their changes in credit risk since initial recognition. As permitted by MFRS 9, the Group used a simplified approach to measure the loss allowance of its trade receivables and contract assets.

(iii) In addition, the Group represented its net impairment losses on financial assets and contract assets under Note 35 to the financial statements pursuant to the new requirement of MFRS 101 'Presentation of Financial Statements'.

The changes arising from the adoption of MFRS 9 have been applied retrospectively. The Group has elected to apply the exemption in MFRS 1 and has not restated comparative information in the year of initial application. The impact arising from MFRS 9 adoption was included in the opening retained profits at the date of initial application, 1 January 2018. The comparative information was prepared in accordance with the requirements of FRS 139.

The financial impacts arising from the adoption of MFRS 9 are as follows:-

(i) MFRS 9 requires the Group and the Company to record expected credit losses on all of its financial assets measured at amortised cost or fair value through other comprehensive income ("FVOCI"). The Group previously recorded impairment based on the 'incurred loss' model when there is objective evidence that a financial asset is impaired.

Upon adoption of MFRS 9, the Group recognised additional impairment loss on the Group's trade receivables of RM4,066,000 which has resulted in a corresponding decrease in retained profits as at 1 January 2018.

(ii) Upon adoption of MFRS 9, the Group recognised a fair value adjustment loss on the Group's long-term investments of RM30,000 which has been taken into the fair value reserve account as at 1 January 2018.

51. TRANSITION TO THE MFRS FRAMEWORK (CONT'D)

51.2 MFRS 15 Revenue from Contracts with Customers

On 1 January 2018, the Group adopted MFRS 15 which is effective for annual periods beginning on or after 1 January 2018.

Under FRSs, revenue was recognised under FRS 118 'Revenue'. Upon transition to MFRSs, the Group adopted MFRS 15 'Revenue from Contracts with Customers' ("MFRS 15") which required the Group to review the measurement and timing of when revenue shall be recognised and the manner of presentation.

The application of MFRS 15 resulted in the following changes:-

(i) Land held for property development amounted to RM17,389,000 as at 31.12.2017 (1.1.2017: RM29,654,000) was represented as inventories (within non-current);

(ii) Property development costs amounted to RM17,581,000 as at 31.12.2017 (1.1.2017: RM3,347,000) was represented as inventories (within current assets);

51.3 Comparative figures have been restated to conform with the presentation of the current financial year following transition from FRSs to MFRSs.

There are no material differences between the statements of profit or loss and other comprehensive income and statements of cash flows presented under FRSs and MFRSs.

Other than those disclose above, there were no other changes to the Group's and the Company's financial position, financial performance and cash flows arising from the transition to MFRSs.

APPENDIX A FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

DIRECTORS OF SUBSIDIARY COMPANIES OF THE GROUP

The following is the list of directors who served on the boards of the subsidiary companies of the Group since the beginning of the current financial year to the date of the Directors' Report:-

Dato' Akram Ali Al Agil

Dato' Chong Ther Nen

Dato' Ir Tan Swee Kee

Dato' Jamal Bin Nasir

Dato' Mohd Ibrahim Bin Mohd Nor

Dato' Ronnie Yap Kee Tian

Dato' Wan Imran Bin Wan Omar

Dato' Wan Mohamed Yaacob

Dato' Zaitun Binti Ab Samad (Appointed on 1 January 2018)

Dato' Iskandar Bin Abdul Malik (Appointed on 29 August 2018)

Abdul Ghani Bin Shaaban

Adlin Masood

Ahmad Farid Bin Ghazali

Ahmad Hilmi Bin Nawawi (Appointed on 1 March 2018)

Asri Bin Ramli

Chong Ther Shern

Chong Ther Vern

Edward Khoo Mong Wei

Haji Muhammad Zamri Bin Hasan

Hiew Vun Heng

Johari Bin Zainal

Kamaljeet Kaur

Lee Geok Chai

Low Kian Seng

Mac Chung Jin

Marina Binti Jaal

Mat Zin Bin Hussain

Dato' Mohd Taufik Bin Haron

Mohd Yazip Bin Matori

Mokhtar Bin A.Rashid

Muhammad Hafidzi Bin Abu Bakar

Nik Nur Aini Nik Abdullah

Peter Wong Hung Huang

APPENDIX A FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

DIRECTORS OF SUBSIDIARY COMPANIES OF THE GROUP (CONT'D)

The following is the list of directors who served on the boards of the subsidiary companies of the Group since the beginning of the current financial year to the date of the Directors' Report (Cont'd):-

Pon Tiam Wee

Prof. Dr Zulkifli Bin Abdul Hamid

Razbi Bin Abdul Razak

Tan Chong Seng

Taufik Bin Abd Rahim

Wong Chun Wei

Wong Meng Jinn

Wong Wirry @ Wong Wee Chong

Zainal Abidin Bin Abu Bakar

Zulkifli Bin Ibrahim

Muhammad Nazree Bin Abd Razak

Azran Amin Bin Mazlan (Appointed on 6 September 2018)

Hj. Muhyidin Bin Abdul Rashid (Appointed on 6 September 2018)

Mohammad Nasriff Bin Daud@ Daud Yatimee (Appointed on 27 May 2018)

Mohd Akhir Bin Abdullah (Appointed on 1 November 2018)

Noor Hasnan Bin Hamzah (Resigned on 18 February 2019)

Hj. Mazli Zakuan Bin Mohd Nor (Resigned on 28 February 2018)

Mohd Tarmizi Bin Leman (Resigned on 19 March 2018)

Dato' Roszali Bin Othman (Ceased to be a director on 2 April 2018)

Hj. Mohd Asri Bin Sulaiman (Resigned on 27 May 2018)

Kamaru Al- Amin Ismail (Resigned on 6 September 2018)

Mohamad Nor Ibrahim (Resigned on 6 September 2018)

Azman Bin Idris (Resigned on 1 November 2018)

Dato' Mohd Nazar Bin Samad (Ceased to be a director on 19 December 2018)

LIST OF PROPERTIES

No	Location	Description / Existing Use	Age of Buildings	Tenure	Approx. Land Area sq. ft.	Net Book Value at 31.12.2018 RM'000	Date of Revaluation* / Acquisition#
1	Lot No. 52500,52501, 52502, 52503, 52504 & 52518, Bandar Baru Bangi, District of Sepang State of Selangor Darul Ehsan.	Institutional, commercial and residential	Between 10 - 36 years	Freehold	3.411 million	97,117	18.04.02*
2	Lot Nos. 1576 and 1577 Held Under Grant Nos. 53674 and 53675 respectively of Mukim 4 Seberang Prai Tengah, Pulau Pinang.	Two adjoining three-storey shop offices	23 years	Freehold	2,799	638	18.04.02*
3	Lot No. P.T. 172, Section 90, Town and District of Kuala Lumpur, State of Wilayah Persekutuan.	Intermediate four-storey shophouse	35 years	Leasehold 99 years expiring in 2076	1,760	598	01.03.02#
4	Lot No. P.T. 166, Section 90, Town and District of Kuala Lumpur, State of Wilayah Persekutuan.	Intermediate four-storey shophouse	35 years	Leasehold 99 years expiring in 2076	1,760	496	11.06.02#
5	Lot No. P.T. 167, Section 90, Town and District of Kuala Lumpur, State of Wilayah Persekutuan.	Intermediate four-storey shophouse	35 years	Leasehold 99 years expiring in 2076	1,760	496	11.06.02#
6	Lot No. P.T. 168, Section 90, Town and District of Kuala Lumpur, State of Wilayah Persekutuan.	Intermediate four-storey shophouse	35 years	Leasehold 99 years expiring in 2076	1,760	496	11.06.02#
7	Lot No. P.T. 169, Section 90, Town and District of Kuala Lumpur, State of Wilayah Persekutuan.	Corner lot four-storey shophouse	35 years	Leasehold 99 years expiring in 2076	2,208	717	11.06.02#
8	Country Lease No. 075356580, Sungai Tinosan, Sandakan Sabah.	Land for future development	N/A	Leasehold 99 years expiring in 2074	291,850	572	10.03.05#
9	HS (M) 1156, Blok 7, Mukim of Dengkil, District of Sepang, State of Selangor Darul Ehsan.	Workshop	13 years	Leasehold 99 years expiring in 2080	126,300	1,606	05.08.05#
10	HS (M) 3647, Mukim of Dengkil, District of Sepang, State of Selangor Darul Ehsan.	Vacant land	N/A	Leasehold 99 years expiring in 2091	79,100	654	25.06.08#
11	No. Hakmilik Geran 79109, Lot 3223 Mukim of Beranang District of Ulu Langat State of Selangor Darul Ehsan.	Factory	7 years	Freehold	185,566	2,582	07.10.10#
12	HS (D) 367944 PTD 106041 Mukim of Tebrau District of Johor Bahru State of Johor Darul Takzim.	Two-storey shop office	7 years	Freehold	2,982	762	17.01.12#

LIST OF PROPERTIES

No	Location	Description / Existing Use	Age of Buildings	Tenure	Approx. Land Area sq. ft.	Net Book Value at 31.12.2018 RM'000	Date of Revaluation* / Acquisition#
13	Parcel No #17-16, Level 17, Type A Lot No HS(D) 452849 PTD 198871 Mukim of Plentong District of Johor Bahru State of Johor Darul Takzim.	Service apartment	7 years	Leasehold 99 years expiring in 2105	609	283	18.10.12#
14	HS(D) 478361, No. Lot PTD 204275 Mukim of Plentong District of Johor Bahru State of Johor Darul Takzim.	Vacant land	N/A	Leasehold 99 years expiring in 2084	78,792	3,735	11.05.14#
15	HS(D) 478356, No. Lot PTD 204269 Mukim of Plentong District of Johor Bahru State of Johor Darul Takzim.	Vacant land	N/A	Leasehold 99 years expiring in 2084	87,080	4,127	11.05.14#
16	HS(D) 478357, No. Lot PTD 204270 Mukim of Plentong District of Johor Bahru State of Johor Darul Takzim.	Vacant land	N/A	Leasehold 99 years expiring in 2084	87,080	4,127	11.05.14#
17	HS(D) 501207, No. Lot PTD 209606 Mukim of Plentong District of Johor Bahru State of Johor Darul Takzim.	Vacant land	N/A	Leasehold 99 years expiring in 2084	113,977	5,400	11.05.14#
18	De Centrum Mall Jalan Ikram-Uniten 43690 Kajang State of Selangor Darul Ehsan.	Retail mall	3 years	Freehold	197,327	36,458	31.12.15#
19	C-13-1 till C-13-10 C-14-1 till C-14-10 C-15-1 till C-15-10 C-16-1 till C-16-10 D-13-1 till D-13-10 D-14-1 till D-14-10 D-15-1 till D-15-10 D-16-1 till D-16-10 Kondominium Unipark Jalan US 1, Taman Unipark Suria Off Jalan Ikram-Uniten 43690 Kajang State of Selangor Darul Ehsan.	Condominiums	2 years	Freehold	208,000	44,091	21.11.16#
20	Lot No. 52518 Bandar Baru Bangi District of Sepang State of Selangor Darul Ehsan.	Twelve-storey academic block	2 years	Freehold	42,688	40,288	06.04.16#
21	Lot No. 1957, Block 43, RH Park Phase 3, MTLD, Jalan Penrissen 93250 Kuching, Sarawak.	Two-storey detached light industry building	2 years	Leasehold 66 years expiring in 2081	16,727	1,258	1.12.15#

ANALYSIS OF SHAREHOLDINGS

AS AT 27 MARCH 2019

Issued Share Capital : RM249,436,954
Class of Shares : Ordinary Shares
Voting Rights : One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares Held	%
Less than 100	315	4.40	15,249	0.00
100 – 1,000	312	4.35	126,168	0.03
1,001 – 10,000	3,086	43.08	15,066,860	3.04
10,001 – 100,000	2,939	41.02	87,315,885	17.63
100,001 to less than 5% of issued shares	510	7.12	311,563,551	62.89
5% and above of issued shares	2	0.03	81,304,597	16.41
TOTAL*	7,164	100.00	495,392,310	100.00

*Remarks: * Excluding 8,369,500 treasury shares*

MAJOR SHAREHOLDERS

	Direct Shareholdings		Indirect Shareholding	
Name	**No. of Shares Held**	**%**	**No. of Shares Held**	**%**
Dato' Sri Ir Chong Ket Pen	93,626,376	19.22	45,597,197[(1)]	9.36
Penmacorp Sdn Bhd	45,597,197	9.36	–	–

Notes:

(1) Deemed interested pursuant to Section 8 of the Companies Act 2016 by virtue of his shareholdings in Penmacorp Sdn Bhd

DIRECTORS' SHAREHOLDINGS

	Direct Shareholdings		Indirect Shareholdings	
Name	**No. of Shares Held**	**%**	**No. of Shares Held**	**%**
Tan Sri Datuk Dr Hadenan Bin A Jalil	218,750	0.04	–	–
Dato' Sri Ir Chong Ket Pen	93,626,376	19.22	52,531,321[(a)]	10.79
Dato' Su-Azian @ Muzaffar Syah Bin Abd Rahman	875,000	0.18	3,645,833[(b)]	0.75
Dato' Tan Yee Boon	-	-	–	–
Ir Tan Heng Kui	8,962,770	1.84	–	–
Suhaimi Bin Badrul Jamil	105,832	0.02	–	–
Lim Yew Ting	–	–	–	–
Tham Wei Mei	–	–	–	–

Notes:

(a) by virtue of his interest via his spouse, children and Penmacorp Sdn Bhd
(b) by virtue of his interest in Rencana Berkat Sdn Bhd

ANALYSIS OF SHAREHOLDINGS

AS AT 27 MARCH 2019

LIST OF TOP 30 SHAREHOLDERS

No	Name	Holdings	%
1	UOBM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PENMACORP SDN BHD (PCB)	43,943,447	8.87
2	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR CHONG KET PEN (PB)	37,361,150	7.54
3	HSBC NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR BNP PARIBAS SINGAPORE BRANCH (LOCAL)	23,518,748	4.75
4	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BEH KIM LING	23,000,000	4.64
5	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR CHONG KET PEN (PBCL-0G0086)	20,416,666	4.12
6	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG KET PEN (8093834)	13,696,270	2.76
7	PROTASCO BERHAD SHARE BUY BACK ACCOUNT	7,681,400	1.55
8	TAN HENG KUI	7,656,250	1.55
9	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (RHBISLAMIC)	6,272,050	1.27
10	FEDERLITE HOLDINGS SDN BHD	6,152,654	1.24
11	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LPF)	5,593,825	1.13
12	ADDEEN HOLDINGS SDN BHD	4,666,666	0.94
13	RENCANA BERKAT SDN BHD	3,645,833	0.74
14	DB (MALAYSIA) NOMINEE (ASING) SDN BHD SSBT FUND SD4N FOR GOVERNMENT OF THE PROVINCE OF ALBERTA	3,640,291	0.73
15	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ARIM)	3,593,333	0.73
16	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LBF)	2,971,487	0.60
17	LEW MEW CHOI	2,810,000	0.57
18	HSBC NOMINEES (ASING) SDN BHD TNTC FOR LSV EMERGING MARKETS SMALL CAP EQUITY FUND, LP	2,805,395	0.57
19	RONNIE YAP KEE TIAN	2,755,307	0.56
20	KENANGA NOMINEES (ASING) SDN BHD RAKUTEN TRADE SDN BHD FOR YANG JIA YUAN	2,698,000	0.54

ANALYSIS OF SHAREHOLDINGS

AS AT 27 MARCH 2019

LIST OF TOP 30 SHAREHOLDERS (CONT'D)

No	Name	Holdings	%
21	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	2,560,229	0.52
22	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	2,417,805	0.49
23	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SIAW TECK SIONG (E-PDG)	2,300,000	0.46
24	LEE BOON KIAN	2,291,479	0.46
25	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ROSEMARY KHOO MONG SAN	2,095,800	0.42
26	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG JIE SEAK	2,000,000	0.40
27	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA LIFE INSURANCE BERHAD (LIFE PAR)	1,987,566	0.40
28	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GAN SEM YAM	1,986,000	0.40
29	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG TACK PENG (LBU1031)	1,984,366	0.40
30	MAGDALEN KHOO MONG CHEEN	1,979,983	0.40
	TOTAL	246,482,000	49.75

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

ANALYSIS OF WARRANTHOLDINGS

AS AT 27 MARCH 2019

Number of Issued Warrants: 106,051,448
Number of Unexercised Warrants: 106,051,448
Exercise Price: RM 0.75 per Warrant
Maturity Date: 25 April 2023

DISTRIBUTION OF WARRANTHOLDINGS

Size of Warrantholdings	No. of Warrantholders	%	No. of Warrants Held	%
Less than 100	513	8.99	16,654	0.02
100 – 1,000	1,583	27.72	866,454	0.82
1,001 – 10,000	2,877	50.39	9,759,275	9.20
10,001 – 100,000	604	10.58	19,568,174	18.45
100,001 to less than 5% of issued warrants	130	2.28	60,121,813	56.69
5% and above of issued warrants	2	0.04	15,719,078	14.82
TOTAL	5,709	100.00	106,051,448	100.00

DIRECTORS' WARRANTHOLDINGS

	Direct Warrantholdings		Indirect Warrantholdings	
Name	No. of Warrants Held	%	No. of Warrants Held	%
Tan Sri Datuk Dr Hadenan Bin A Jalil	46,875	0.04	-	-
Dato' Sri Ir Chong Ket Pen	16,527,669	15.58	10,913,641[a]	10.29
Dato' Sri Su-Azian @ Muzaffar Syah Bin Abd Rahman	187,500	0.18	781,250[b]	0.74
Dato' Tan Yee Boon	-	-	-	-
Ir Tan Heng Kui	1,920,593	1.81	-	-
Suhaimi Bin Badrul Jamil	16,250	0.02	-	-
Lim Yew Ting	-	-	-	-
Tham Wei Mei	-	-	-	-

Notes:

(a) by virtue of his interest via his spouse, children and Penmacorp Sdn Bhd
(b) by virtue of his interest in Rencana Berkat Sdn Bhd

LIST OF TOP 30 WARRANTHOLDERS

No	Name	Holdings	%
1	UOBM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PENMACORP SDN BHD (PCB)	9,416,453	8.88
2	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR CHONG KET PEN (PB)	6,302,625	5.94
3	HSBC NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR BNP PARIBAS SINGAPORE BRANCH (LOCAL)	5,039,731	4.75
4	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR CHONG KET PEN (PBCL-0G0086)	4,375,000	4.13
5	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LPF)	2,667,712	2.52

ANALYSIS OF WARRANTHOLDINGS

AS AT 27 MARCH 2019

LIST OF TOP 30 WARRANTHOLDERS (CONT'D)

No	Name	Holdings	%
6	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TING YI EN	1,869,700	1.76
7	NG WEI THENG	1,700,000	1.60
8	TAN HENG KUI	1,640,625	1.55
9	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LBF)	1,390,968	1.31
10	FEDERLITE HOLDINGS SDN BHD	1,300,618	1.23
11	TAN SZE HUNG	1,258,000	1.19
12	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG KET PEN (8093834)	1,103,125	1.04
13	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGE SECURITIES ACCOUNT FOR CHOY WAH CHAI (E-SKN)	1,100,000	1.04
14	TAN MENG HOOI	1,074,000	1.01
15	ADDEEN HOLDINGS SDN BHD	1,000,000	0.94
16	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SHEIKH ABDUL RAHIM BIN SHEIKHMOHAMAD	938,200	0.88
17	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD MAYBANK KIM ENG SECURITIES PTE LTD FOR CHUMPON CHANTHARAKULPONGSA @ CHAN TEIK CHUAN	930,000	0.88
18	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR VOON SZE LIN (M55045)	900,000	0.85
19	BUKIT SATRIA SDN BHD	890,500	0.84
20	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGE SECURITIES ACCOUNT FOR LIM SOON CHWEE @ OH SOON CHWEE (E-BPT)	800,000	0.75
21	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGE SECURITIES ACCOUNT FOR TEW MAY LIN	789,000	0.74
22	RENCANA BERKAT SDN BHD	781,250	0.74
23	NG CHEE THONG	738,000	0.70
24	SOON KIAM HONG	689,000	0.65
25	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGE SECURITIES ACCOUNT FOR CHONG KOK KIEN (E-BPT)	630,000	0.59
26	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR YAP OON NEO (PBCL-0G0435)	621,875	0.59
27	CHUA BOON CHAI	621,800	0.59
28	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGE SECURITIES ACCOUNT FOR SIN HENG LEE TRADING SDB BHD (E-BPT)	610,000	0.58
29	LIM SOON CHWEE @ OH SOON CHWEE	600,000	0.57
30	RONNIE YAP KEE TIAN	590,423	0.56
	TOTAL	52,368,605	49.40

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 18th Annual General Meeting of the Company will be held at The Function Room, 9th Floor, De Centrum Tower @ De Centrum City, Jalan Ikram-Uniten, 43000 Kajang, Selangor Darul Ehsan on Thursday, 30 May 2019 at 11.00 a.m. to transact the following businesses:

AGENDA

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

2. To approve the payment of Directors' fees and benefits for the period from 31 May 2019 to the next Annual General Meeting. **Ordinary Resolution 1**

3. To re-elect the following Directors retiring in accordance with Article 70 of the Company's Constitution:

   (i) Tan Sri Datuk Dr Hadenan Bin A Jalil **Ordinary Resolution 2**
   (ii) Dato' Tan Yee Boon **Ordinary Resolution 3**
   (iii) Mr Lim Yew Ting **Ordinary Resolution 4**

4. To appoint auditors of the Company and authorise the Directors to determine their remuneration. **Ordinary Resolution 5**

5. To consider and if thought fit, to pass the following Ordinary Resolution, with or without modifications:

   APPROVAL TO CONTINUE IN OFFICE AS AN INDEPENDENT DIRECTOR **Ordinary Resolution 6**

   "THAT Tan Sri Datuk Dr Hadenan Bin A Jalil who has served the Board as an Independent Director of the Company for a cumulative term of more than nine years since 28 April 2010 be and is hereby retained as an Independent Director of the Company."

6. To consider and if thought fit, to pass the following ordinary resolution, with or without modifications:

   AUTHORITY TO ALLOT SHARES **Ordinary Resolution 7**

   "THAT pursuant to Section 75 of the Companies Act 2016 and subject to the approvals of the relevant authorities, the Directors be empowered to allot and issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this Resolution does not exceed 10% of the total number of issued shares of the Company for the time being and that the Directors be also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

7. To consider and if thought fit, to pass the following ordinary resolution, with or without modifications:

   PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY **Ordinary Resolution 8**

   "THAT subject to the Companies Act 2016 ("Act"), the Company's Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and requirements of any other relevant authorities, the Directors of the Company be and are hereby authorised to purchase its own shares through Bursa Securities, subject to the following:

   (a) The maximum number of shares which may be purchased by the Company shall not exceed ten per centum (10%) of the total number of issued shares of the Company at any point in time;

   (b) The maximum fund to be allocated by the Company for the purpose of purchasing its shares shall not exceed the retained profits of the Company;

NOTICE OF ANNUAL GENERAL MEETING

(c) The authority conferred by this resolution will be effective upon passing of this resolution and will continue in force until:

(i) the conclusion of the next Annual General Meeting, at which time the said authority will lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
(ii) the expiry of the period within which the next Annual General Meeting of the Company after that date is required to be held pursuant to Section 340 of the Act (but shall not extend to such extensions as may be allowed pursuant to Section 340(4) of the Act); or
(iii) the authority is revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first;

(d) Upon completion of the purchase(s) of the shares by the Company, the shares shall be dealt in the following manner as the Directors of the Company may decide:

(i) cancel the shares so purchased; or
(ii) retain the shares so purchased as treasury shares; or
(iii) retain part of the shares so purchased as treasury shares and cancel the remainder; or
(iv) distribute the treasury shares as dividends to shareholders; or
(v) resell the treasury shares or any of the shares in accordance with the relevant rules of Bursa Securities; or
(vi) transfer the treasury shares, or any of the shares for the purposes of or under an employees' share scheme; or
(vii) transfer the treasury shares, or any of the shares as purchase consideration; or
(viii) sell, transfer or otherwise use the treasury shares for such other purposes as the Minister charged with the responsibility for companies may by order prescribe.

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

8. To consider and if thought fit, to pass the following ordinary resolution, with or without modifications:

PROPOSED JOINT DEVELOPMENT BETWEEN DE CENTRUM RETAIL SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF PROTASCO DEVELOPMENT SDN BHD, WHICH IN TURN IS A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY AND PENMALAND SDN BHD TO JOINTLY DEVELOP THREE (3) CONTIGUOUS PARCELS OF FREEHOLD DEVELOPMENT LAND IN MUKIM OF TAMPIN TENGAH, DISTRICT OF TAMPIN, NEGERI SEMBILAN DARUL KHUSUS **Ordinary Resolution 9**

"THAT, subject to the approvals and consents being obtained from all relevant authorities and/or parties (where applicable), approval be and is hereby given to De Centrum Retail Sdn Bhd ("DCRSB"), a wholly-owned subsidiary of Protasco Development Sdn Bhd, which in turn is a wholly-owned subsidiary of the Company to jointly develop three (3) contiguous parcels of freehold development land held under title nos. GRN 67477 (Lot no. 369), GRN 86444 (Lot no. 422) and GRN 71208 (Lot no. 665) in Mukim of Tampin Tengah, District of Tampin, Negeri Sembilan Darul Khusus measuring approximately 55.4748 hectares or 137.08 acres in aggregate with Penmaland Sdn Bhd ("Penmaland") ("Proposed Joint Development") in accordance with the terms and conditions of the conditional joint development agreement dated 1 March 2019, entered into between DCRSB and Penmaland for the Proposed Joint Development;

AND THAT the Board of Directors of the Company ("Board") be and is hereby authorised to do all acts, deeds, things and execute all necessary documents as may be necessary or expedient or in the best interest of the Company in order to implement, finalise and give effect to the Proposed Joint Development and with full powers to assent to any conditions, modifications, variations and/or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto or deemed necessary by the Board."

NOTICE OF ANNUAL GENERAL MEETING

9. To consider and if thought fit, to pass the following special resolution, with or without modifications:

PROPOSED ADOPTION OF A NEW CONSTITUTION OF THE COMPANY **Special Resolution**

"THAT the new set of the Constitution of the Company in the form and manner as set out in Appendix A attached herewith be and is hereby approved and adopted as the new Constitution of the Company, in substitution for, and to the exclusion of, the existing Constitution of the Company AND THAT the Directors be and are hereby authorised to do all such acts and things and to take such steps that are necessary to give effect to the adoption of the new Constitution of the Company."

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

BY ORDER OF THE BOARD

KHOR HOOI LING
SEOW FEI SAN
Secretaries

Petaling Jaya
30 April 2019

NOTES TO NOTICE OF THE 18TH ANNUAL GENERAL MEETING:

1. Only members whose names appear on the Record of Depositors as at 22 May 2019 shall be entitled to attend, speak and vote at the 18th Annual General Meeting.

2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his stead. A proxy may but need not be a member of the Company.

3. A member shall be entitled to appoint not more than two proxies to attend and vote at the 18th Annual General Meeting. Where a member appoints more than one proxy, the appointment shall be invalid unless the member specifies the proportions of his holdings to be represented by each proxy.

4. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

5. 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.

6. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised.

7. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy thereof, must be deposited at the Registered Office of the Company at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the 18th Annual General Meeting or any adjournment thereof.

8. Explanatory notes:

   Ordinary Resolution 1 - The proposed Ordinary Resolution 1 is to approve the Directors' fees and benefits payable to the Non-Executive Directors ("NED") of up to an amount of RM600,000.00 with effect from 31 May 2019 until the next Annual General Meeting of the Company.

   The fees and benefits payable to the NEDs of the Company are as follows:
   - Monthly fixed fees for discharging duties as Director/ Chairman; and
   - Meeting allowance for each Board/Board Committee/General Meeting attended.

   The shareholders at the last Annual General Meeting held on 30 May 2018 approved the Directors' fees and benefits of up to RM650,000.00 for the period from 31 May 2018 until the Annual General Meeting for year 2019. The actual Directors' fees and benefits paid to the NEDs for the period from 31 May 2018 until the 18th Annual General Meeting is RM406,000.00.

   Details of the fees and benefits paid to the Non-Executive Directors for the financial year ended 31 December 2018 are disclosed on page 54 of the Overview Statement on Corporate Governance in the 2018 Annual Report.

   The Directors' fees and benefits for the NEDs for the period from 31 May 2019 until the conclusion of the next Annual General Meeting in year 2020 are estimated not to exceed RM600,000.00. The calculation is based on the estimated number of scheduled Board and Board Committees' meetings and on assumption that the number of the NEDs will remain the same until the next Annual General Meeting in year 2020.

NOTICE OF ANNUAL GENERAL MEETING

The Board will seek shareholders' approval at the next Annual General Meeting in the event the Directors' fees and benefits proposed is insufficient.

Ordinary Resolution 6 – The proposed Ordinary Resolution 6, if passed, will allow Tan Sri Datuk Dr Hadenan Bin A Jalil ("Tan Sri") to continue to act as an Independent Director of the Company.

The Board of Directors has via the Nomination & Remuneration Committee conducted performance evaluation and assessment of Tan Sri who has served as an Independent Director of the Company for a cumulative term of more than nine years and recommended him to continue to act as an Independent Director of the Company based on the following justifications:

Tan Sri has met the independence criteria set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. His skills, competence, experience and familiarity with the fundamentals of the Group's business are pivotal to decision making during board meetings.

His long service does not affect his independence and he continues to provide the necessary checks and balances in the best interest of the Company during his tenure as an Independent Director of the Company.

Ordinary Resolution 7 - The proposed Ordinary Resolution 7, if passed, will give the Directors of the Company, from the date of the 18th Annual General Meeting, authority to allot and issue shares up to 10% of the total number of issued shares of the Company for such purposes as the Directors may deem fit and in the interest of the Company. The authority, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

As at the date of printing of the Annual Report, no new share was issued by the Company pursuant to the authority granted to the Directors at the 17th Annual General Meeting held on 30 May 2018 and the said authority will lapse at the conclusion of the 18th Annual General Meeting.

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

Ordinary Resolution 8 - The proposed Ordinary Resolution 8, if passed, will empower the Directors of the Company to purchase the Company's shares up to ten percent (10%) of the total number of issued shares of the Company ("Proposed Share Buy-Back") by utilizing the funds allocated which shall not exceed the total retained earnings of the Company. Further information on the Proposed Shares Buy-Back is set out in the Share Buy-Back Statement to Shareholders dated 30 April 2019, which is despatched together with the Company's Annual Report 2018.

Ordinary Resolution 9 - The proposed Ordinary Resolution 9, if passed, will empower DCRSB, a wholly-owned subsidiary of Protasco Development Sdn Bhd, which in turn is a wholly-owned subsidiary of the Company, to undertake the Proposed Joint Development with Penmaland to jointly develop 3 contiguous parcels of freehold development land held under title nos. GRN 67477 (Lot No. 369), GRN 86444 (Lot No. 422) and GRN 71208 (Lot No. 665) in Mukim of Tampin Tengah, District of Tampin, Negeri Sembilan Darul Khusus into a mixed residential development.

Further information on the Proposed Joint Development is set out in the Circular to the Shareholders dated 30 April 2019, which is despatched together with the Company's Annual Report 2018.

Special Resolution - The proposed special resolution, if passed, will give full effect to the proposed amendments to the Constitution of the Company by substituting the existing Constitution with the new set of Constitution as set out in Appendix A.

The rationale of the proposed amendments to the existing Constitution is to ensure compliance and to bring the Constitution of the Company in line with the following laws and regulations:-

- Amended Bursa Malaysia Securities Berhad Main Market Listing Requirements; and
- Companies Act 2016.

FORM OF PROXY

PROTASCO BERHAD
(548078-H)

I/We ____
(Full Name)

NRIC/Passport/Company No. ____

of ____
(Full Address)

being a member/members of **Protasco Berhad** hereby appoint ____
(Full Name)

NRIC/Passport No. ____

of ____
(Full Address)

or failing him/her ____
(Full Name)

NRIC/Passport No. ____

of ____
(Full Address)

or failing him/her, the Chairman of the Meeting as my/our proxy to vote on my/our behalf at the 18th Annual General Meeting of the Company to be held at The Function Room, 9th Floor, De Centrum Tower @ De Centrum City, Jalan Ikram-Uniten, 43000 Kajang, Selangor Darul Ehsan on Thursday, 30 May 2019 at 11.00 a.m. and at any adjournment thereof.

NO.	ORDINARY RESOLUTIONS	FOR	AGAINST
1.	To approve the payment of Directors' fees and benefits.		
2.	To re-elect Tan Sri Datuk Dr Hadenan Bin A Jalil as a Director of the Company.		
3.	To re-elect Dato' Tan Yee Boon as a Director of the Company.		
4.	To re-elect Mr Lim Yew Ting as a Director of the Company.		
5.	To appoint auditors of the Company and authorise the Directors to determine their remuneration.		
6.	To retain Tan Sri Datuk Dr Hadenan Bin A Jalil as an Independent Director of the Company.		
7.	To approve the authority to allot shares.		
8.	To approve the proposed renewal of share buy-back authority.		
9.	To approve the Proposed Joint Development.		
	SPECIAL RESOLUTION		
1.	To approve the proposed adoption of a new Constitution of the Company.		

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

Signed this .... day of ...., 2019

Number of shares held	
CDS Account No.	

____
Signature of Shareholder / Common Seal

Notes:

1. Only members whose names appear on the Record of Depositors as at 22 May 2019 shall be entitled to attend, speak and vote at the 18th Annual General Meeting.

2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his stead. A proxy may but need not be a member of the Company.

3. A member shall be entitled to appoint not more than two proxies to attend and vote at the 18th Annual General Meeting. Where a member appoints more than one proxy, the appointment shall be invalid unless the member specifies the proportions of his holdings to be represented by each proxy.

4. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

5. 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.

6. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised.

7. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy thereof, must be deposited at the Registered Office of the Company at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the 18th Annual General Meeting or any adjournment thereof.

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STAMP

The Company Secretaries

PROTASCO BERHAD (548078-H)
802, 8th Floor, Block C, Kelana Square
17, Jalan SS7/26, 47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Please fold here

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