PASUKHAS GROUP BERHAD
(Company No. 686389-A)
(Incorporated in Malaysia)

Driving ***Growth***, *Creating* ***Value***

ANNUAL REPORT
two thousand eighteen

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Sri Teng Ah Kiong
Executive Chairman

Dato' Teng Yoon Kooi
Executive Director

Wan Thean Hoe
Executive Director cum Chief Executive Officer

Chan Man Chung
Non-Independent Non-Executive Director

Teoh Kim Hooi
Independent Non-Executive Director

Yap Chee Keong
Independent Non-Executive Director

Norkamaliah Binti Hashim
Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Teoh Kim Hooi
Chairman of Audit and Risk Management Committee,
Independent Non-Executive Director

Yap Chee Keong
Independent Non-Executive Director

Norkamaliah Binti Hashim
Independent Non-Executive Director

NOMINATION COMMITTEE

Norkamaliah Binti Hashim
Chairman of Nomination Committee,
Independent Non-Executive Director

Yap Chee Keong
Independent Non-Executive Director

Teoh Kim Hooi
Independent Non-Executive Director

REMUNERATION COMMITTEE

Yap Chee Keong
Chairman of Remuneration Committee,
Independent Non-Executive Director

Teoh Kim Hooi
Independent Non-Executive Director

Norkamaliah Binti Hashim
Independent Non-Executive Director

REGISTERED OFFICE

10th Floor, Menara Hap Seng
No. 1 & 3, Jalan P. Ramlee
50250 Kuala Lumpur
Tel : 03 2382 4288
Fax : 03 2382 4170

CORPORATE OFFICE

Wisma Modal Khas
Lot 5815-A, Jalan Mawar
Taman Bukit Serdang
Seksyen 9
43300 Seri Kembangan
Selangor Darul Ehsan
Tel : 03 8948 3328
Fax : 03 8943 4328
Website : https://www.pasukhasgroup.com

PRINCIPAL BANKERS

AmBank (M) Berhad
CIMB Bank Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
RHB Bank Berhad

STOCK EXCHANGE

ACE Market of Bursa Malaysia Securities Berhad
Stock Name : PASUKGB
Stock Code : 0177
Sector : Industrial Product & Services

COMPANY SECRETARIES

Lim Lee Kuan (MAICSA 7017753)
Ng Sally (MAICSA 7060343)

AUDITORS

Crowe Malaysia PLT (LLP0018817-LCA & AF 1018)
Level 16, Tower C
Megan Avenue II
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel : 03 2788 9999
Fax : 03 2788 9998

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : 03 2783 9299
Fax : 03 2783 9222

CORPORATE STRUCTURE

PASUKHAS GROUP BERHAD
(Company No. 686389-A)
(Incorporated in Malaysia)

PASUKHAS LANKA (PVT) LIMITED
100%

PASUKHAS SDN. BHD.
100%

- **PASUKHAS CHERATING SDN. BHD.**
  (Formerly known as Prominent Hectare Sdn. Bhd.)
  100%
- **ESSENTIAL VALUE SDN. BHD.**
  55%

PASUKHAS PRODUCTS SDN. BHD.
100%

PASUKHAS ENERGY SDN. BHD.
100%

- **PASUKHAS GREEN ASSETS SDN. BHD.**
  (Formerly known as Morning Summit Sdn. Bhd.)
  100%
  - **I.S. ENERGY SDN. BHD.**
    100%

PASUKHAS CONSTRUCTION SDN. BHD.
70%

PASUKHAS DEVELOPMENT SDN. BHD.
100%

PASUKHAS PROPERTIES SDN. BHD.
100%

- **MIDTOWN PEARL SDN. BHD.**
  100%

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fourteenth Annual General Meeting ("AGM") of the Company will be held at Wisma Modal Khas, Lot 5815-A, Jalan Mawar, Taman Bukit Serdang, Seksyen 9, 43300 Seri Kembangan, Selangor Darul Ehsan on Tuesday, 28 May 2019 at 10.30 a.m. for the following purposes:

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2018 together with the Reports of the Directors and the Auditors thereon. ***(Please refer to Explanatory Note A)***

2. To re-elect the following Directors who retire by rotation in accordance with Article 70 of the Company's Constitution and who being eligible offer themselves for re-election:

   (a) Wan Thean Hoe ***Ordinary Resolution 1***
   (b) Chan Man Chung ***Ordinary Resolution 2***

3. To approve the payment of Directors' Fees of RM264,000 for the financial year ended 31 December 2018. ***Ordinary Resolution 3***

4. To approve the payment of Directors' Benefits payable to the Board of the Company and its subsidiaries of up to RM1,000,000 for the financial period from 1 January 2019 until 31 December 2019. ***Ordinary Resolution 4***

5. To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to determine their remuneration. ***Ordinary Resolution 5***

Special Business

To consider and if thought fit, to pass the following Ordinary Resolutions and Special Resolution, with or without modification:-

6. **As Ordinary Resolution**

   Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016 ***Ordinary Resolution 6***

   "THAT subject to the Companies Act 2016 ("Act"), the Constitution of the Company, the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and the approvals of the relevant governmental or regulatory authorities, where such approval is required, the Directors be hereby authorised and empowered pursuant to Sections 75 and 76 of the Act to issue and allot shares in the Company to such persons, at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being."

7. **As Ordinary Resolution**

   Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Renewal of Existing Shareholders' Mandate") ***Ordinary Resolution 7***

   "THAT subject to the Companies Act 2016 ("Act"), the Constitution of the Company and the ACE Market Listing Requirements of Bursa Malaysia or other regulatory authorities, approval be hereby given for the Proposed Renewal of Existing Shareholders' Mandate for the Company and/or its subsidiaries to enter into and give effect to the category of the recurrent transactions of a revenue or trading nature from time to time with the Related Party as specified in Part A of the Circular to Shareholders dated 29 April 2019, provided that such transactions are:

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

(i) necessary for the Company's day-to-day operations;
(ii) carried out on arm's length basis, in the ordinary course of business and on terms which are not more favourable to the related parties than those generally available to the public; and
(iii) not to the detriment of the minority shareholders.

THAT the authority shall commence upon passing of this resolution and shall continue to be in force until:

(a) the conclusion of the next AGM of the Company following the general meeting at which such mandate was passed, at which time it will lapse unless by ordinary resolution passed at the next AGM, the authority is renewed; or
(b) the expiration of the period within which the next AGM after that date it is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
(c) revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever is earlier.

AND THAT the Directors of the Company be hereby empowered and authorised to complete and to do all such acts, deeds and things as they may consider expedient or necessary to give effect to the Proposed Renewal of Existing Shareholders' Mandate, with full power to assent to any condition, modification, variation and/or amendment (if any) as may be imposed or permitted by the relevant authorities or otherwise and to deal with all matters relating thereto and to take all such steps and to execute, sign and deliver for and on behalf of the Company, all such documents, agreements, arrangements and/or undertakings, with any party or parties and to carry out any other matters as may be required to implement, finalise and complete, and give full effect to the Proposed Renewal of Existing Shareholders' Mandate in the best interest of the Company."

8. **As Special Resolution**

Proposed Adoption of the New Constitution of the Company ***Special Resolution 1***

"THAT the existing Memorandum and Articles of Association of the Company be hereby deleted in its entirety and a new Constitution, as set out in Part B of the Circular to Shareholders dated 29 April 2019 be replaced thereof and adopted as the Company's Constitution. THAT henceforth, the Constitution shall bind the Company, the Members and the Directors to the same extent as if the Constitution had been signed and sealed by each member and contain covenants on the part of each member and Director to observe all the provision of the Constitution. THAT the Directors of the Company be hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give effect to the foregoing. AND THAT the Secretaries be authorised and instructed to do all the necessary and deemed fit to lodge the Constitution as adopted herewith with the Companies Commission of Malaysia on behalf of the Company in accordance with the provisions of the Companies Act 2016."

9. To transact any other business of which due notice shall been given in accordance with the Companies Act 2016 and the Company's Constitution.

By Order of the Board

LIM LEE KUAN (MAICSA 7017753)
NG SALLY (MAICSA 7060343)
Company Secretaries

Selangor Darul Ehsan
29 April 2019

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

Notes:

(A) *The audited financial statements are laid in accordance with Section 340(1)(a) of the Act for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put for voting.*

(1) *A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. A member may appoint any person to be his proxy without restriction. If the proxy is not a member, he need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.*

(2) *A member shall be entitled to appoint more than one proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.*

(3) *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said securities account.*

(4) *If no name is inserted in the space provided for the name of your proxy, the Chairman of the Meeting will act as your proxy.*

(5) *The instrument appointing a proxy must be deposited at the Registered Office of the Company at 10th Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.*

(6) *If the appointer is a corporation, the instrument appointing a proxy must be executed under its Common Seal or under the hand of its attorney.*

(7) *Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia, all the resolutions set out in this Notice shall be put to vote by poll.*

(8) *For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors ("ROD") as at 21 May 2019 and only a Depositor whose name appears on such ROD shall be entitled to attend this meeting or appoint proxy to attend and/or vote in his/her behalf.*

(9) *Explanatory Notes on Special Business:*

(i) **Ordinary Resolutions 3 & 4**

Section 230(1) of the Act provides amongst others, that the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

In this respect, the Board wishes to seek shareholders' approval for the following payments to Directors at the 14th AGM in two (2) separate resolutions as below:

- Resolution 3 on payment of Directors' Fees of RM264,000 for the financial year ended 31 December 2018; and
- Resolution 4 on payment of Directors' Benefits payable to the Board of the Company and its subsidiaries of up to RM1,000,000 for the financial period from 1 January 2019 until 31 December 2019.

The estimated total amount of Directors' Benefits payable to the Board of the Company and its subsidiaries for the financial period from 1 January 2019 until 31 December 2019 was determined based on various factors as well as the extent of involvement of the respective Directors. In the event where the payment of Directors' Fees for the financial year ended 31 December 2018 and Directors' Benefits payable during the above period exceeded the estimated amount sought at the 14th AGM, a shareholders' approval will be sought at the next AGM.

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

(ii) **Ordinary Resolution 6**
Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016

The proposed Ordinary Resolution 6, if approved, will give flexibility to the Directors of the Company to issue shares up to a maximum of ten per centum (10%) of the issued share capital of the Company at the time of such issuance of shares and for such purposes as they consider would be in the best interest of the Company without having to convene separate general meetings. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

This is the renewal of the mandate obtained from the shareholders at the last AGM ("the previous mandate"). The previous mandate was not utilised and no proceeds were raised. The purpose of this general mandate sought will provide flexibility to the Company for any possible fund raising activities but not limited for further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of borrowings and/or acquisitions.

(iii) **Ordinary Resolution 7**
Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue and/or Trading Nature

The proposed Ordinary Resolution 7, if passed, will provide a renewed mandate for the Company and its subsidiaries to enter into any of the recurrent related party transactions which are of a revenue or trading nature and necessary for the Company's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not to the detriment of the minority shareholders of the Company.

Please refer to the Circular to Shareholders dated 29 April 2019 dispatched together with the Annual Report 2018.

(iv) **Special Resolution 1**
Proposed Adoption of the New Constitution of the Company

The proposed Special Resolution 1, if passed, will bring the Company's Constitution in line with the enforcement of the Act and to enhance administrative efficiency.

Hence, the shareholders' approval is hereby sought for the Company to revoke the existing Memorandum and Articles of Association/Constitution of the Company and to adopt the new Constitution as set out in Part B of the Circular to Shareholders dated 29 April 2019. The new Constitution shall take effect upon the approval of shareholders of not less than seventy-five (75%) who are entitled to vote and do vote in person or by proxy at the 14th AGM.

CHAIRMAN'S STATEMENT

GROUP'S FINANCIAL PERFORMANCE

The FYE 31 December 2018 was a challenging year for the Group. The Group's revenue recorded an increase from RM36.859 million in FYE 31 December 2017 to RM97.375 million in FYE 31 December 2018. Despite the increased revenue recorded, the Group's net loss after taxation dropped significantly to RM8.288 million during FYE 31 December 2018 as compared to profit after taxation of RM0.725 million in FYE 31 December 2017. The losses recorded were mainly attributable to rapidly rising costs of materials and low margin from Civil Engineering & Construction Services and Mechanical & Electrical Engineering Services projects.

For FYE 31 December 2018, the Trading segment was the largest contributor to the Group revenue at RM60.217 million representing 61.84% of Group revenue. The Civil Engineering & Construction Services continues to contribute to the Group with revenue of RM22.401 million or 23.00% of Group revenue.

The Group recorded a loss before taxation of RM7.602 million for FYE 31 December 2018. This is a significant decrease of RM9.021 million as compared to the previous financial year's profit before taxation of RM1.419 million. The substantial decrease was mainly attributed to additional costs recognized for Civil Engineering and Construction Services upon finalisation of projects and write-off of goodwill and deferred tax asset.

DIVIDEND

The Board of Directors has not recommended any dividend payment for the current financial year.

PROSPECTS AND FUTURE OUTLOOK

The main revenue driver of the Group for the current year to date is mainly from Trading segment and Civil Engineering & Construction Services projects and moving forward the Group shall continue developing and expanding its foothold in these segments. The intense competitive market in the construction industry will remain a significant factor that may have a material impact on the Group's earnings, while the availability of resources to undertake large projects remains a challenge to the Group.

The Group is in the midst of identifying and pursuing various new contracts to expand the Group's business and future profitability. With continuous marketing efforts to secure new contracts from both local and overseas clients, it is expected that the Group would be able to improve earnings and profitability for the foreseeable financial years. The members of the Board of Directors and I will work hard for the future prospects of the Group. We are reasonably confident of the future prospects of the Group in anticipation of the improved economy and in line with the additional roll out of more infrastructure projects initiated by the Government. We believe that with the continuous growth in the construction sector, the expansion into Property Development and Trading segment, the financial performance in the coming financial years will be positive.

CORPORATE GOVERNANCE

The Group and its Board of Directors continue to be committed in ensuring that the Group's business and affairs are in line to the principles of good corporate governance such as integrity, transparency, accountability and responsible business conduct.

CHAIRMAN'S STATEMENT (cont'd)

CORPORATE SOCIAL RESPONSIBILITY

The Group believes that effective corporate responsibility can deliver benefits to its business and, in turn, to its shareholders by enhancing the Group's reputation and business trust, staff motivation and retention, customer loyalty and long-term shareholder value.

The Group has consistently sent its staff for training to upgrade their knowledge and enhance their specific skills which would contribute to the well-being of the Group throughout in the years to come.

The Group also pays particular attention to the well-being of its staff notably in the area of improving the workplace, the community and the environment it operates to ensure the welfare and safety of its employees.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I would like to express my deep appreciation to the management and staff, business associates and shareholders of the Group for their continuous commitment, contribution and support to the Group.

Thank you.

DATO' SRI TENG AH KIONG
Executive Chairman

FINANCIAL HIGHLIGHTS

	2014	2015	2016	2017	2018
Profitability					
Revenue (RM'000)	41,304	68,109	60,385	36,859	97,375
(Loss)/Earnings before interest, tax, depreciation and amortization (EBITDA) (RM'000)	(3,829)	1,136	(6,646)	3,368	(3,026)
(Loss)/Profit before taxation (RM'000)	(5,205)	939	(6,713)	1,419	(7,602)
(Loss)/Profit for the year attributable to equity holders (RM'000)	(4,294)	897	(5,927)	725	(8,288)
Balance Sheet					
Share capital (RM'000)	29,500	29,500	37,011	89,783	89,783
Number of shares in issue (units) ('000)	295,001	295,001	370,112	811,573	811,573
Shareholders' equity (RM'000)	29,503	30,400	41,047	88,168	79,438
Financial Ratio					
Revenue growth	0.02%	64.90%	(11.34%)	(38.96%)	164.18%
Earnings growth	(434.16%)	120.89%	(760.76%)	112.23%	1,243.17%
Return on equity	(14.55%)	2.95%	(14.44%)	0.82%	(10.43%)
Share Information					
Weighted average number of ordinary Shares (units) ('000)	295,001	295,001	317,551	668,231	811,573
Dividend per share (sen)	-	-	-	-	-
(Loss)/Earnings per share (sen)	(1.46)	0.30	(1.92)	0.09	(0.90)
Net assets per share (sen)	10.00	10.31	11.09	10.86	9.80

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Company is a public company limited by shares and is incorporated under the Companies Act in Malaysia. The Company is principally engaged in the business of investment holding and the provision of management services. The principal activities of its subsidiaries are engaged in the Mechanical & Electrical Engineering Services, Civil Engineering and Construction Services, Manufacturing of Low Voltages ("LV") Switchboards, Trading of Coal and Equipment, Renewable Energy, Rental Property and Property Development segments ("the Group").

The year 2019 will no doubt bring a fair share of challenges and opportunities to the Group. The slowdown in activities on ongoing projects for the local Civil Engineering and Construction Services and Mechanical & Electrical Engineering Services in year 2018 as compared to year 2017, which due to intense competitive market and continued pressure on pricing are expected to have adverse financial effects on the Company. Despite the headwinds from the slowdown, the Group remains optimistic as it will continue to leverage on its clients base, internal strength and marketing efforts to secure new contracts from both local and overseas clients. The Group had also diversified into Property Development and Coal Trading segment. It is expected that the Group would be able to improve earnings and profitability for the foreseeable financial years.

On 13 December 2018, the Company announced that, Pasukhas Green Assets Sdn. Bhd. (formerly known as Morning Summit Sdn. Bhd.) ("PGA" or the "Issuer"), a wholly-owned subsidiary of Pasukhas Energy Sdn. Bhd., proposes to establish an Islamic medium term note ("ASEAN Green SRI Sukuk") programme of RM200.0 million in nominal value under the Shariah principle of Wakalah Bi Al-Istithmar together with Murabahah (via Tawarruq arrangement) ("ASEAN Green SRI Sukuk Programme").The ASEAN Green SRI Sukuk Programme shall have a tenure of twenty (20) years from the date of first issue from the ASEAN Green SRI Sukuk Programme.

The proceeds raised from the issuance of the ASEAN Green SRI Sukuk shall be utilised by the Issuer to, amongst others,
(i) fund the acquisition of Eligible SRI Projects by the Issuer Group which may include an acquisition of a company under which the Eligible SRI Projects is being held;
(ii) fund the capital expenditure which includes the construction of Eligible SRI Projects by the Issuer Group;
(iii) finance the Issuer Group's Shariah-compliant working capitals; and/or
(iv) pay fees, expenses, costs and all other amounts payable in relation to the ASEAN SRI Sukuk Programme and the AL-Kafalah Facility of the relevant tranche of the ASEAN Green SRI Sukuk shall at all times be Shariah-compliant purposes.

With its current solid foundation, and keen eye for integrating suitable mergers and acquisitions into its expansion plan, the Group is confident of maintaining sustainable growth and improved profitability.

FINANCIAL REVIEW

Revenue of the Group increased to RM97.375 million (2017: RM36.329 million). This was mainly attributable to increase in activities of coal trading. The Group's revenue was derived from Malaysia and other Asian Country. Despite the higher revenue, the Group's gross operating profit decrease by 59.00% to RM3.558 million (2017: RM8.677 million) due to lower margin from Civil Engineering & Construction Services and Mechanical & Electrical Engineering Services and written off of goodwill and deferred tax asset. This resulted to the decrease of net profit by 1,243.17% to net loss of RM8.288 million (2017: net profit RM0.725 million).

Revenue for the year comprises of RM60.217 million (2017: Nil) contributed by Trading of Coal, RM22.401 million (2017: RM20.880 million), and the remaining revenue are contributed from Mechanical Engineering Services, Manufacturing of LV Switchboards, Renewable Energy and Rental Property. Gross Operating Profit for the year was RM3.558 million (2017: RM8.677 million), of which RM4.869 million (2017: Nil) was mainly from Trading segments. The remaining gross profit are contributed from Civil Engineering & Construction Services, Mechanical & Electrical Engineering Services, Manufacturing of LV Switchboards, Renewable Energy and Rental Property.

Most of the Group's assets and liabilities are dominated in Ringgit Malaysia. However, the Group is exposed to foreign currency risk from trade sales and purchases of the subsidiaries. The Group continue to closely monitor its foreign exchange position and if necessary, hedge its foreign exchange exposure by entering into appropriate hedging instruments. As at 31 December 2018, the Group has not enter into any hedging instruments.

MANAGEMENT DISCUSSION AND ANALYSIS
(cont'd)

FINANCIAL REVIEW (cont'd)

The Group has centralised its financing policies and control over all its operations. With tight control on treasury operations, yields from excess funds are maximized without compromising on risks while average cost of funds for borrowings is lowered. On the other side, all the bank facilities are secured by pledged of fixed deposits with licensed banks of the Group, joint and several guarantee of certain directors of the Company, and corporate guarantees by the Company.

The Board has not recommended and declared any dividend for the year and over the previous years, mainly due to its continued diversification and expansion for sustainable growth in future. Nevertheless, future declaration of dividends shall be subjected to future investment and further expansion needs.

OPERATIONAL REVIEW

In 2018, the Group continued to grow with resilience against the headwinds. The macroeconomic volatilities, currency fluctuations across the Asian nations, and slowing GDP growth of China exerted pressures at an increased level in this competitive environment. Despite these challenges, the Group continued to implement its strategic plans and delivered core earnings on an expanded scale.

The Group's business comprised of five major segments i.e. Civil Engineering and Construction Services, Mechanical & Electrical Engineering Services, Manufacturing of LV Switchboards, Trading and Renewable Energy. The Group had been undertaking various types of projects in the construction industry and provision of Mechanical & Electrical Engineering Services , either on a joint venture basis or by subsidiary of PGB alone.

The Group is striving to get long term contracts for the supplies of coal which In turn, will contribute positively to the results of the Group.

PROSPECTS

The Board of the Group believe that we can benefit from the growth of the general construction sector, which remains attractive on the back of continued Government development policies with strong emphasis on infrastructure development projects. It is our Group's plan to further explore the possibility of forming strategic alliance or joint venture with other companies in larger construction projects.

While competition in the construction industry remains intense, with our construction expertise and large clientele base, we are confident that we are in a better position to secure more projects and improve the financial performance of our Group.

The Group's M&E Engineering Services division is still actively securing more water and infrastructure projects. With the Government's aim to develop Malaysia into a developed nation by 2020, and to have a complete and modern water infrastructure system in place catering to the entire country as one of the national targets, we are cautiously optimistic in benefiting from the roll out of new infrastructure projects from the Government and private sectors.

The Renewable Energy, i.e. energy utilities services and power generation business, with the long term stable income stream derived from the energy utilities services continue to contribute positively to long term revenue and profits of the Group. Given the Government's support in providing an economically viable platform for investments in the power and energy sector in Malaysia, the positive prospect is expected to improve the Group's power and energy related businesses, thus enhancing our growth potential. We will continuously be on the lookout for mergers and acquisitions to further expand on our power and energy related business in the near future. With our long term concession revenue from Renewable Energy, we will gradually reduce our dependence on revenue derived from our existing business activities.

Overall, our Board is confident of the future prospects of the Group in anticipation of the improved economy and in line with the additional roll out of more infrastructure projects initiated by the Government. We believe that with the continuous opportunities in the construction sector will contribute positively to the financial performance of the Group. Nonetheless, the Group will continue to focus and review our strategies to improve the cost, quality and delivery of our products and services as well as overall operational efficiencies in order to remain competitive in the industries we operate in.

DIRECTORS' PROFILE

DATO' SRI TENG AH KIONG
Malaysian, male, age 66
Executive Chaiman

Dato' Sri Teng Ah Kiong was appointed to the Board on 19 May 2011 as the Executive Chairman cum Managing Director of the Company. Subsequently, he relinquished his position as the Managing Director on 1 January 2016 and continued to assume the role as the Executive Chairman of the Company.

Dato' Sri Teng completed his secondary school examination in 1971 and accumulated various on-the-job experiences before pursuing a Masters of Business Administration Degree from University of East London, UK, which was completed in 2009. He started his career as an electrician in 1971 with an electrical contracting company based in Butterworth, Penang. In 1977, he joined a sugar mill in Indonesia as the Head of the Electrical Unit where he was responsible for overseeing the maintenance of all electrical equipment and operation of the power house with three (3) electrical engineers and twenty eight (28) electricians under his supervision. In 1980, he joined a Hong Kong-based turnkey construction company, Kerry Engineering Pte. Ltd. as the Head of Electrical Division and oversaw the electrical and mechanical installation works projects. In 1985, he co-founded Pasukhas Sdn. Bhd. ("PSB"), a subsidiary of the Company with his brother, Dato' Teng Yoon Kooi who is the Executive Director of the Company.

Dato' Sri Teng has attended all Board Meetings held during the financial year ended 31 December 2018. He does not hold any directorship in any other public company. Save as disclosed, he does not have any family relationship with any Director and/or major shareholder of Pasukhas Group Berhad, has no conflict of interest with the Company and has not been convicted of any offences within the past 5 years other than traffic offences, if any. There were no sanctions and/or penalties imposed on him by any relevant regulatory bodies, which were material and made public during the financial year ended 31 December 2018.

Dato' Sri Teng is responsible for the Group's strategic operations and business development activities, the overall operations and management of the Group as well as overseeing the sales and marketing functions.

He is the brother to Dato' Teng Yoon Kooi, the Executive Director of the Company. His shareholding in the Company is disclosed on page 140 of the Annual Report.

DATO' TENG YOON KOOI
Malaysian, male, age 62
Executive Director

Dato' Teng Yoon Kooi was appointed to the Board on 19 May 2011 and is an Executive Director of the Company.

Dato' Teng completed his secondary school examination in 1974 and holds a Wireman Nil and Chargeman certificate from the Energy Commission of Malaysia. He has over 20 years of working experience in the electrical engineering industry. He began his career as a wireman apprentice in 1976 with Genelite Electric Sdn. Bhd. In 1985, he co-founded PSB, a subsidiary of the Company with his brother, Dato' Sri Teng Ah Kiong who is the Executive Chairman of the Company and since then, has been responsible for the execution of all the site projects for water treatment plants, palm oil mills and other industrial projects in the M&E engineering services industry.

Dato' Teng is responsible for overseeing the overall operations of the M&E engineering services division, the strategic planning and the overall management of M&E engineering projects, and the marketing and business development activities.

He is the brother to Dato' Sri Teng Ah Kiong, the Executive Chairman of the Company. His shareholding in the Company is disclosed on page 140 of the Annual Report.

Dato' Teng has attended all the Board Meetings held during the financial year ended 31 December 2018. Dato' Teng does not hold any directorship in any other public company. Save as disclosed above, he does not have any family relationship with any Director and/or major shareholder of Pasukhas Group Berhad, has no conflict of interest with the Company and has not been convicted of any offences within the past 5 years other than traffic offences, if any. There were no sanctions and/or penalties imposed on him by any relevant regulatory bodies, which were material and made public during the financial year ended 31 December 2018.

DIRECTORS' PROFILE (cont'd)

WAN THEAN HOE
Malaysian, male, age 50
Executive Director cum Chief Executive Officer

Mr Wan Thean Hoe was appointed to the Board on 4 November 2015 as an Executive Director and subsequently, he was re-designated as the Chief Executive Officer of the Company on 4 December 2015.

Mr Wan is a member of the Malaysian Institute of Accountants and an associate member of the Chartered Insitute of Management Accountants.

He started as an account executive in Maju Associate Sdn. Bhd. in 1993 before joining Tan Chong Motor Assemblies Sdn. Bhd. as an Accountant in 1995. Mr Wan subsequently joined DXN Holdings Bhd. as the Group Financial Controller in 1998. In 2000, he joined Yunque Automotive (China) Co. Ltd. and Jiang Yin Cheng Chang Auto Parts (China) Co. Ltd. as Deputy General Manager. After came back from China, he joined Toptrans Engineering Group as Group Financial Controller in 2010 and started off Tara Temasek Sdn. Bhd. ("TTSB") and Clean Tech Waste Solutions Sdn. Bhd. after he left Toptrans.

Mr Wan has extensive knowledge in corporate finance, business planning and development.

He has deemed interest in the Company by virtue of him being the ultimate beneficial owner of TTSB, a substantial shareholder of the Company. His shareholding in the Company is disclosed on page 140 of the Annual Report.

He has attended all the Board Meetings held during the financial year ended 31 December 2018 and he does not hold any directorship in any other public company. He does not have any family relationship with any Director and/or major shareholder of Pasukhas Group Berhad, has no conflict of interest with the Company and has not been convicted of any offences within the past 5 years other than traffic offences, if any. There were no sanctions and/or penalties imposed on him by any relevant regulatory bodies, which were material and made public during the financial year ended 31 December 2018.

CHAN MAN CHUNG
Malaysian, male, age 52
Non-Independent Non-Executive Director

Mr Chan Man Chung was appointed to the Board on 24 November 2015 as a Non-Independent Non-Executive Director.

He completed his secondary school education in 1984 and has more than 20 years of experiences in Business Development and Strategic Planning.

Mr Chan started his early career in 1988 as a Marketing Executive with Elken Malaysia, overseeing in marketing and sales of cosmetics products. In 1990, he was placed in charge of Hong Kong Branch for MBTS Group as General Manager, overseeing operation and business development activity. He briefly joined CNI Malaysia in 1992, a company focusing on health care product as Marketing Executive. In 1993, he joined Fulli-Strong as General Manager based in Indonesia.

Four years later in 1997, he joined DXN Malaysia as Marketing Director, overseeing and developing oversea market in Asia particularly Indonesia, Philippines, Thailand, India and Australia. He also assisted in the listing exercise of DXN in Bursa Malaysia.

In 2006, he left and pursue his interest in property development and became a shareholder of PT Panca Tunggal Sapta and PT Panca Pilar Mas Indonesia respectively.

Mr Chan has deemed interest in the Company by virtue of him being the ultimate beneficial owner of TTSB, a substantial shareholder of the Company. His shareholding in the Company is disclosed on page 140 of the Annual Report.

He has attended four out of five Board Meetings held during the financial year ended 31 December 2018 and he does not hold any directorship in any other public company. He does not have any family relationship with any Director and/or major shareholder of Pasukhas Group Berhad, has no conflict of interest with the Company and has not been convicted of any offences within the past 5 years other than traffic offences, if any. There were no sanctions and/or penalties imposed on him by any relevant regulatory bodies, which were material and made public during the financial year ended 31 December 2018.

DIRECTORS' PROFILE (cont'd)

TEOH KIM HOOI
Malaysian, male, age 64
Independent Non-Executive Director

Mr Teoh Kim Hooi was appointed to the Board on 8 February 2012 as an Independent Non-Executive Director. He is the Chairman of the Audit and Risk Management Committee and is also a member of the Nomination Committee and the Remuneration Committee.

Mr Teoh graduated with a professional certification from the Association of Chartered Certified Accountants ("ACCA"), UK in 1980 and was admitted as an Associate Member of ACCA in 1982. He obtained his Fellowship of ACCA in 1987 and his audit licence from the Ministry of Finance in 1986. He started his career in auditing as an audit assistant with a medium-sized audit firm from January 1979 to 1980. Thereafter, he joined a medium-sized audit firm, as a Senior Associate and rose up to the ranks of Audit Manager and also Tax Manager before he commenced his own practice in 1986. He currently practices under the name of TKH & Partners. He was also actively involved in the business advisory and company secretarial sectors. He is currently a Fellow Member of ACCA, a Licensed Auditor and Tax Agent, a member of the Malaysian Institute of Accountants and a Fellow Member of the Chartered Tax Institute of Malaysia.

His shareholding in the Company is disclosed on page 140 of the Annual Report.

He has attended all the Board Meetings held during the financial year ended 31 December 2018 and he does not hold any directorship in any other public company. He does not have any family relationship with any Director and/or major shareholder of Pasukhas Group Berhad, has no conflict of interest with the Company and has not been convicted of any offences within the past 5 years other than traffic offences, if any. There were no sanctions and/or penalties imposed on him by any relevant regulatory bodies, which were material and made public during the financial year ended 31 December 2018.

YAP CHEE KEONG
Malaysian, male, age 64
Independent Non-Executive Director

Mr Yap Chee Keong was appointed to the Board on 19 August 2013 as an Independent Non-Executive Director. He is the Chairman of the Remuneration Committee and is also a member of the Audit and Risk Management Committee and the Nomination Committee.

Mr Yap holds a Bachelor of Arts (First Class Honours) degree in Economics from the University of Leeds, United Kingdom (1978). He is also a Chartered Accountant of the Institute of Chartered Accountants of Scotland (1981).

Mr Yap has auditing experience in England from 1978 to 1981. He also has extensive financial experience gained from his career in merchant banking from 1981 to 1997 with Bumiputra Merchant Bankers Berhad. Mr Yap Chee Keong is now a Financial Adviser and Company Director.

He has attended three out of five Board Meetings held during the financial year ended 31 December 2018 and he does not hold any directorship in any other public company. He does not have any family relationship with any Director and/or major shareholder of Pasukhas Group Berhad, has no conflict of interest with the Company and has not been convicted of any offences within the past 5 years other than traffic offences, if any. There were no sanctions and/or penalties imposed on him by any relevant regulatory bodies, which were material and made public during the financial year ended 31 December 2018.

DIRECTORS' PROFILE (cont'd)

NORKAMALIAH BINTI HASHIM
Malaysian, female, age 47
Independent Non-Executive Director

Puan Norkamaliah Binti Hashim was appointed to the Board on 5 July 2017 as an Independent Non-Executive Director. She is the Chairperson of Nomination Committee and is also a member of Audit and Risk Management Committee and the Remuneration Committee.

She holds a Bachelor in Estate Management from Mara University of Technology, Shah Alam, Selangor.

Puan Norkamaliah has more than 23 years of working experience in various companies specialized in real estate valuation, property management, plant and machinery valuation, land acquisition claims, feasibility studies, estate agency services as well as investment analysis. Currently she is a property consultant with TransAsia Property Consultancy Sdn. Bhd.

She has attended all the Board Meetings held during the financial year ended 31 December 2018 and she does not hold any directorship in any other public company. She does not have any family relationship with any Director and/or major shareholder of Pasukhas Group Berhad, has no conflict of interest with the Company and has not been convicted of any offences within the past 5 years other than traffic offences, if any. There were no sanctions and/or penalties imposed on her by any relevant regulatory bodies, which were material and made public during the financial year ended 31 December 2018.

PROFILE OF KEY SENIOR MANAGEMENT

LIM EE VONE
Malaysian, female, age 39
Chief Financial Officer

Ms Lim Ee Vone was appointed on 16 November 2015 as Chief Financial Controller of the Company.

Ms Lim has more than 15 years of experience in corporate finance and accounting. She is a member of The Malaysian Institute of Accountants and Certified Practising Accountant of CPA Australia since 2007. She started her career in auditing as an Audit Associate in KPMG in 2003. Thereafter she joined Pricewaterhousecoopers in 2004 before joining ENV Water Engineering (M) Sdn. Bhd. in year 2007 as Account Manager cum Personal Assistant to Executive Director. She then joined Toptrans Engineering Sdn. Bhd. as Group Accountant overseeing Group Corporate Finance and Treasury matters from 2009 until 2015. Subsequently, she joined Ahmad Zaki Resources Berhad as Senior Manager in Group Reporting, responsible for the Company write-up and presentation to Board of Director and external parties. She has extensive finance and accounting knowledge in Mechanical and Electrical industry.

She does not hold any directorship in any other public company and does not have any family relationship with any Director and/or major shareholder of Pasukhas Group Berhad, has no conflict of interest with the Company and has not been convicted of any offences within the past 5 years other than traffic offences, if any. There were no sanctions and/or penalties imposed on her by any relevant regulatory bodies, which were material and made public during the financial year ended 31 December 2018.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors of Pasukhas Group Berhad ("the Board") is pleased to present the Audit and Risk Management Committee ("ARMC") Report for the financial year ended 31 December 2018.

COMPOSITION AND MEETINGS

The ARMC comprises of three (3) members as follows:

- Teoh Kim Hooi – Chairman, Independent Non-Executive Director
- Yap Chee Keong – Member, Independent Non-Executive Director
- Norkamaliah Binti Hashim – Member, Independent Non-Executive Director

During the financial year ended 31 December 2018, the ARMC conducted a total of five (5) meetings and the details of attendance of the ARMC Members are as follows:

Name of Members	Designation	Attendance
Teoh Kim Hooi	Chairman	5/5
Yap Chee Keong	Member	3/5
Norkamaliah Binti Hashim	Member	5/5

Details of the members of the ARMC are contained in the Profile of Directors as set out on pages 13 to 16 of this Annual Report.

The ARMC Chairman, Mr Teoh Kim Hooi, is a member of the Malaysian Institute of Accountants which fulfil the requirement of Rule 15.09(1)(c) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Board reviewed the terms of office of the ARMC members and assesses the performance of the ARMC and its members through an annual Board Committee effectiveness evaluation. The Board is satisfied that the ARMC and its members discharged their functions, duties and responsibilities in accordance with the ARMC's Terms of Reference ("TOR"), supporting the Board in ensuring the Group upholds appropriate corporate governance standards.

At the invitation of the ARMC, the Executive Directors, Chief Executive Officer, relevant Management Team members, External and Internal Auditors attended the ARMC meetings and presented their reports on financial results, audit findings and other matters for the information and/or approval of the ARMC.

Minutes of each ARMC meeting were recorded and tabled for confirmation at the next following ARMC meeting and subsequently presented to the Board for notation. In 2018, the ARMC Chairman presented to the Board the Committee's recommendations to approve the annual and quarterly financial statements. The ARMC Chairman also conveyed to the Board matters of significant concern as and when raised by the external auditors or internal auditors in the respective quarterly presentations.

The Company Secretaries are responsible for the coordination of administrative details such as calling for meeting and keeping the minutes. Minutes of each meeting is signed by the Chairman and extract of matters requiring actions were distributed to relevant attendees and members of the ARMC.

Terms of Reference

The ARMC's TOR is made available on the Company's corporate website at www.pasukhasgroup.com.

Review of ARMC

The term of office and performance of the ARMC and each of its members shall be reviewed by the Nomination Committee annually to determine whether such ARMC and members have carried out their duties in accordance with their terms of reference.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (cont'd)

SUMMARY OF WORK OF THE ARMC

During the financial year ended 31 December 2018, the ARMC has carried out the following work in accordance with its terms of reference to meets its responsibilities:

(a) reviewed the unaudited quarterly financial statements of the Group to ensure adherence to the regulatory reporting requirements and appropriate resolution prior to Board's approval;

(b) reviewed the annual audited financial statements of the Company and of the Group prior to Board's consideration and approval;

(c) reviewed the audit plan of the External Auditors in terms of their scope of audit prior to their commencement of their annual audit;

(d) reviewed the recurrent related party transactions to be entered into by the Group to ensure that the transactions entered into were on arm's length basis and on normal commercial terms and not detrimental to the interests of minority shareholders every quarter;

(e) reviewed the internal audit report which outlined the recommendations towards correcting areas of weaknesses and ensured that there were management action plans established for the implementation of the internal auditors' recommendations;

(f) reviewed the audit reports from the External Auditors in relation to audit and accounting matters arising from the statutory audit; matters arising from the audit of the Group in meetings with the External Auditors without the presence of the executive Board members and management;

(g) met with the External Auditors without the presence of the executive directors and management in the ARMC meetings to enquire on significant findings, fraud consideration, if any, and/or management cooperation level;

(h) reviewed the re-appointment of External Auditors and their audit fees, after taking into consideration the independence and objectivity of the External Auditors and the cost effectiveness of their audit, before the recommendation to the Board of Directors for approval;

(i) reviewed with the External Auditors, the Statement on Risk Management and Internal Control of the Group for inclusion in the annual report;

(j) reviewed and confirmed the minutes of the ARMC meetings, and also distributed the minutes to the other members of the Board; and

(k) reported on the proceedings of each ARMC Meeting (through the ARMC Chairman);

ARMC MEMBERS' TRAINING

The details of training programmes and seminars attended by each ARMC member during the year under review are set out in the Corporate Governance Overview Statement on page 23 of this Annual Report.

INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit functions to an independent professional consulting firm, CAS Consulting Services Sdn. Bhd., who reports directly to the ARMC as well as to the Board. The scope of the internal audit covers the identification, assessment, examination and evaluation of the adequacy and effectiveness of the Group's system of internal control, the efficiency of its processes and their standard of performance in carrying out assigned responsibilities.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (cont'd)

INTERNAL AUDIT FUNCTION (cont'd)

The Internal Auditors' main function is to submit audit reports that highlight risk and control weaknesses and provide suitable recommendations for improvement to reassure the senior management and the ARMC on the state of its internal control and that of the Group. The internal audit reports issued during the year incorporated findings and recommendations with regard to its system, control and processes, weaknesses highlighted in the course of audit, management responses, addressing and proposing remedial actions on the findings in its review process.

The annual Internal Audit Plan is reviewed and approved by the ARMC prior to each financial year. The plan is developed based on the analysis of the businesses of the Group, as well as on past experience. The internal audit will focus its resources on areas with high risks and the Internal Auditors will first discuss with Management and the ARMC, review management reports and financial statements.

The internal audit activity carried out in accordance with the approved audit plan for FY 2018 was on the Safety, Health and Environment function.

The cost of internal audit services rendered by the Internal Auditor in respect of the financial year ended 31 December 2018 amounted to RM13,000.

Further details on the internal control are set out in the "Statement on Risk Management and Internal Control" on page 32 of this Annual Report.

The report is made in accordance with the resolution of the Board of Directors dated 29 March 2019.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board") of Pasukhas Group Berhad ("Pasukhas" or "the Company") strives to ensure good corporate governance ("CG") practices are implemented and maintained throughout the Company and its subsidiaries ("the Group") as a fundamental part of discharging its duties to enhance shareholders' values. This statement provides an overview on the application of the principles as set out in the Malaysian Code on Corporate Governance 2017 ("MCCG 2017") and the extent to which the Company has complied with the three (3) key principles of the MCCG 2017 during the financial year under review, and this is to be read together with the CG Report 2018 of the Company which is available on the Company's website at www.pasukhasgroup.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1.1 Board Responsibilities

The Board is responsible for formulating and reviewing the strategic plans and key policies of the Company, and charting the course of the Group's business operations whilst providing effective oversight of Management's performance, risk assessment and controls over business operations. The Board is also responsible for ensuring that the Group's internal controls, risk management processes, ethical and legal compliance as well as the reporting procedures are in place.

The Board delegates and confers some of its authorities and discretion on the Chairman, Executive Directors, and Management as well as on properly constituted Board Committees comprising exclusively of Non-Executive Directors. The Board Committees comprise the Audit and Risk Management Committee ("ARMC"), Nomination Committee ("NC") and Remuneration Committee ("RC").

It should however be noted that at all times, the Board retains collective oversight over the Board Committees. These Committees have been constituted with clear terms of reference and they are actively engaged to ensure that the Group is in adherence with good corporate governance. The Chairman of the relevant Board Committees report to the Board on key issues deliberated by the Board Committees at their respective meetings. The terms of reference of the Commitees are published on the Company's websites.

The positions of the Chairman and the Chief Executive Officer ("CEO") are held by two different individuals. The Chairman of the Board is Dato' Sri Teng Ah Kiong, an Executive Chairman whilst the CEO is Mr Wan Thean Hoe.

The distinct and separate roles of the Chairman and CEO, with a clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making.

The Chairman provides leadership at Board level and represents the Board to the shareholders and other stakeholders and is responsible for ensuring integrity and effectiveness of the Board and its committees. The Chairman is primarily responsible for matters pertaining to the Board and the overall conduct of the Group and is committed to good corporate governance practices and has been leading the Board towards high performing culture.

The CEO provides executive leadership and is responsible for the vision and strategic directions of the Group as well as initiating innovative ideas to create competitive edge and development of business and corporate strategies. He is assisted by the Key Senior Management for implementing the policies and decisions of the Board but he would intervene when the need arises. Further, he is primarily accountable for overseeing the day-to-day operations of the Group to ensure the effective running of the Group.

To enhance accountability, the Board has established clear functions reserved for the Board and those delegated to Management. There is a formal schedule of matters reserved to the Board for its deliberation and decision to ensure the direction and control of the Company are in its hands.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

1.1 Board Responsibilities (cont'd)

In general, the Non-Executive Directors are independent of Management. Their roles are to constructively challenge Management and monitor the success of Management in delivering the approved targets and business plans within the risk appetite set by the Board. They have free and open contact with Management at all levels, and they engage with the external and internal auditors to address matters concerning Management and oversight of the Company's business and operations.

Key matters reserved for the Board's approval include the annual business plan and budget, capital management and investment policies, authority limits/levels, risk management policies, declaration of dividends, business continuity plan, issuance of new securities, business restructuring, expenditure above a certain limit, material acquisitions and disposals of assets.

In performing their duties, all Directors have unrestricted access to the services of Company Secretaries. The Company Secretaries act as the CG counsels and ensure good information flow within Board, Board Committees and Senior Management. The Company Secretaries attend all meetings of the Board and Board Committees and guide the Directors on issues relating to corporate governance matters, requirements encapsulated in the Company's Constitution, compliance with the Companies Act 2016, ACE Market Listing Requirements ("AMLR"), etc.

The Company Secretaries are entrusted to record the Board's deliberations, in terms of issues discussed, ensure that deliberations at Board and Board Committee meetings are well documented, and subsequently communicated to Management for appropriate actions. The minutes of the previous Board and Board Committee meetings are distributed to the Directors/Committee prior to the meeting for their perusal before confirmation of the minutes at the commencement of the following meeting. The Directors may comment or request clarification before the minutes are tabled for confirmation as a correct record of the proceedings of the meeting. Management provides Directors with complete and timely information prior to meetings and on-going basis to enable them to make informed decisions.

The Board is committed to act in the best interest of the Group and its shareholders by exercising due diligence and care in discharging its duties and responsibilities to ensure that high ethical standards are applied at all times.

1.2 Board Charter

On 29 March 2019, the Board reviewed and updated the Board Charter which sets out the roles and responsibilities of the Board, individual Directors and Management, functions, compositions, operation and processes of the Board and adopted the Code of Conduct and Ethics, Whistleblowing Policy, Corporate Disclosure Policy, Board Diversity Policy and Remuneration Policy to be in line with the corporate governance standards as set out in the MCCG 2017 and AMLR.

In discharging its duties, the Board is constantly mindful of the need to safeguard the interests of the Group's stakeholders. In order to facilitate the effective discharge of its duties, the Board is guided by the Board Charter and the same has been published on the Company's website. The Board shall periodically review and update the Board Charter to ensure it remains consistent and relevant with the objectives and responsibilities and the prevailing regulatory requirements.

A copy of the updated Board Charter adopted by the Board is available on the Company's website at www.pasukhasgroup.com.

1.3 Code of Conduct and Ethics / Whistleblowing Policy

The following codes and policies adopted by the Board, which form part of the Board Charter, is available on the Company's website:-

CORPORATE GOVERNANCE OVERVIEW STATEMENT(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

1.3 Code of Conduct and Ethics / Whistleblowing Policy (cont'd)

Code of Conduct and Ethics

The Group is committed to achieving and monitoring high standards of behaviour at work.

The Board adhered strictly to the Code of Conduct and Ethics for Company Directors in discharging its oversight role effectively. The Code of Conduct and Ethics requires all Directors to observe high ethical business standards, and to apply these values to all aspects of the Group's business and professional practice and to act in good faith in the best interests of the Group and its shareholders. The Code of Conduct and Ethics for the Company Directors together with the Corporate Disclosure Policy are incorporated in the Board Charter, which is available on the Company's website at www.pasukhasgroup.com.

In addition, all employees are encouraged to report genuine concerns about unethical behaviour or malpractices. Any such, concern should be raised with Managing Director/CEO, and appropriate action will be taken by the Company. If for any reason, it is believed that this is not possible or appropriate, then the concern should be reported to the ARMC Chairman of the Company who can be contacted at armcchairman@pasukhas.com.my.

Whistleblowing Policy

The Board has adopted a Whistleblowing Policy for the Group as a measure to promote the highest standard of corporate governance. The Whistleblowing Policy outlines the avenues for the Directors, employees and stakeholders to raise concerns or discloses in good faith any improper conduct within the Group and to enable prompt corrective action and measures to resolve them effectively.

Any party who has reasonable belief that there is serious malpractice relating to any matter disclosed, may direct such complaint and report to the ARMC Chairman via e-mail at armcchairman@pasukhas.com.my. Management will ensure that any employee of the Company who raises a genuine complaint in good faith shall not be penalised for such disclosure and the identity of such complainant shall be kept confidential.

The Whistleblowing Policy formed part of the Board Charter and is available on the Company's website.

1.4 Board Meetings

The Board undertakes to meet at least four (4) times a year, which are scheduled in advance to facilitate the Directors in planning their meeting schedule for the year. To ensure the Board receives information on a timely manner, the Board papers for meetings will be circulated to the Board at least seven (7) days before the meeting. This provides the Directors with sufficient time to go through the meeting papers and to obtain further explanation, where necessary, in order to be fully informed of the matters to be discussed at the meeting.

All issues and decisions made during the Board meetings are properly recorded and thereafter circulated to the Board for comments before minutes of proceedings are finalised and tabled to the Board for confirmation. The Company Secretaries organise and attend all Board meetings to ensure proper recording of the proceedings.

The Directors, in exercising their duties, have full and unrestricted access to any information pertaining to the Company and direct access to senior management executives and services from the Company Secretaries. Where necessary, the Board may engage external independent advisors at the Group's expense on specialised issues to enable them to discharge their duties proficiently.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

1.4 Board Meetings (cont'd)

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the attendance record of the Directors at Board Meetings during the financial year under review, as set out in the table below:

Name of Director	No. of Meetings Attended
Dato' Sri Teng Ah Kiong	5/5
Dato' Teng Yoon Kooi	5/5
Wan Thean Hoe	5/5
Chan Man Chung	4/5
Teoh Kim Hooi	5/5
Yap Chee Keong	3/5
Norkamaliah Binti Hashim	5/5

To ensure the Directors have sufficient time to focus and fulfil their roles and responsibilities effectively, the Directors must not hold more than five (5) directorships in public listed companies and shall seek approval from the Chairman before accepting any new directorships. Should the Directors accept any new directorship, they shall also give assurance to the Board of his/her continued time commitment to serve the Board and that the new appointment shall not be in conflict with the existing appointment.

To facilitate the Directors' time planning, an annual meeting schedule is prepared and circulated at the beginning of every year or earlier, as well as the tentative closed periods for dealings in securities by Directors based on the targeted dates of announcements of the Group's quarterly results.

1.5 Professional Development of Director

The Board acknowledges the importance of continuous training to keep abreast with regulatory updates and development in the business environment.

All Directors have completed the Mandatory Accreditation Programme as prescribed by Bursa Malaysia Securities Berhad ("Bursa Securities"). Directors' training is an on-going process as the Directors recognise the need to continually develop and refresh their skills and knowledge and to update themselves on the developments in the related industry and business landscape.

During the financial year ended 31 December 2018, the Directors have attended the following training, seminars, and conferences which they considered vital in keeping abreast with changes in laws and regulation, business environment, and corporate governance development:-

Attended by	Training /Program/Seminars	Date of Training/ Program/Seminars
Dato' Sri Teng Ah Kiong	Storytelling in Business: Lead, Sell, and persuade with Stories	2 November 2018
Dato' Teng Yoon Kooi	Storytelling in Business: Lead, Sell, and persuade with Stories	2 November 2018
Wan Thean Hoe	The Art of Investigative Interviewing	12 – 13 November 2018
Teoh Kim Hooi	National Tax Conference 2018	16 – 17 July 2018
Chan Man Chung	Storytelling in Business: Lead, Sell, and persuade with Stories	2 November 2018
Yap Chee Keong	Governance for the Audit Committee Members	27 June 2018
Norkamaliah Binti Hashim	Storytelling in Business: Lead, Sell, and persuade with Stories	2 November 2018

CORPORATE GOVERNANCE OVERVIEW STATEMENT(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

1.5 Professional Development of Director (cont'd)

The Company will continue to identify and assess the training needs of the Directors from time to time to equip and update themselves with the necessary knowledge in discharging their duties and responsibilities as Directors.

2. Board Composition

The Board comprises competent members with a wide spectrum of skills and experience whom it believes can lead Pasukhas to achieve its operational performance goals and attain good corporate standing in terms of governance and credibility. It currently comprises seven (7) members, three (3) Independent Non-Executive Directors, one (1) Non-Independent Non-Executive Director and three (3) Executive Directors. The composition of the Board fulfils the AMLR of having at least two (2) or one-third (1/3) of the Board comprising independent directors. The Directors' Profile is disclosed on pages 13 to 16 in this Annual Report.

The Independent Non-Executive Directors do not participate in the day-to-day management of the Company and do not involve themselves in business transactions or relationships with the Company, in order not to compromise their objectivity. In staying clear of any potential conflict of interest, the Independent Non-Executive Directors remain in a position to fulfil their responsibility to provide check and balance to the Board.

The Board has established separate NC and RC to assist in ensuring that its members remain relevant to the Company, having in place a remuneration policy which is competitive to attract and retain suitably qualified directors.

2.1 Tenure of Independent Director

Independence is important for ensuring objectivity and fairness in Board's decision making. The independence of Directors is measured based on the criteria prescribed under the AMLR in which a Director should be independent and free from any business or other relationship that could interfere with the exercise of independent judgement or the ability to act in the best interests of the Company. The Independent Directors, in addition to compliance with the criteria set out under the AMLR, have also declared that they will continue to bring independent and objective judgement to the Board during the review of Directors' independence as part of the annual assessment carried out by the NC.

The Board has adopted a policy which limit the tenure of its Independent Directors up to nine (9) years. An Independent Director should not exceed a cumulative term of nine (9) years and upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the director's re-designation as a Non-Independent Director. Otherwise, the Board will justify and seek shareholders' approval at the Annual General Meeting ("AGM") in the event it retains the director as an Independent Director.

None of the Independent non-Executive Directors served more than nine (9) years in the Company.

If the Board continues to retain the independent Director after twelve (12) years, the Board will seek shareholders' approval through a two-tier voting process and the manner to obtain the shareholders' approval on the resolution shall follow the MCCG 2017.

2.2 NC

The NC comprises exclusively Independent Non-Executive Directors, as follows:-

Chairman	Norkamaliah Binti Hashim *Independent Non-Executive Director*
Member	Teoh Kim Hooi *Independent Non-Executive Director*
Member	Yap Chee Keong *Independent Non-Executive Director*

CORPORATE GOVERNANCE OVERVIEW STATEMENT(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

2.2 NC (cont'd)

The duties of the NC included but not limited to the followings: -

- To recommend candidates for Board membership;
- To recommend candidates to fill the seats on Board Committees;
- To assess the contribution of each individual Director;
- To review annually the Board structure, size, composition and the balance between Executive Directors, Non-Executive Directors and Independent Directors to ensure that the Board has the appropriate mix of skills and experience including core competencies which Directors should bring to the Board and other qualities to function effectively and efficiently;
- To take the necessary steps to ensure that women candidates are sought as part of the Company's recruitment exercise to meet its gender diversity policy;
- To review annually the independence of Independent Directors;
- To ensure existence of an appropriate framework and succession plan for the Executive Directors and senior management of the Company;
- To identify suitable orientation, educational and training programmes for continuous development of Directors;
- To establish and implement processes for assessing the effectiveness of the Board as a whole, the Board Committees and assessing the contribution of each Director; and
- To consider other matters as referred to the Committee by the Board.

The NC met once during the financial period. The meeting was attended by all members of the Committee and the NC had:-

- Reviewed the structure of the Board and the Board Committees;
- Reviewed the tenure of Independent Non-Executive Directors and their independence;
- Evaluated of the performance of the Board and Board Committees;
- Nominated the directors who are due for retirement by rotation and are eligible to stand for re-election;
- Evaluated the terms of office and performance of the ARMC and the performance of each ARMC members;
- Assessed the training needs; and
- Assessed the performance of the Chief Financial Officer.

Generally, the NC is responsible for identifying and recommending suitable candidates for Board membership and for assessing the performance of the Directors on an on-going basis. Where necessary, the NC may engage external independent advisors at the Group's expense on the recruitment of suitable candidates as board member to enable them to discharge their duties proficiently. The Board will have the ultimate responsibility and final decision on the appointment. This process shall ensure that the Board membership accurately reflects the long-term strategic direction and needs of the Company while it determines the skills matrix needed to support strategic direction and needs of the Company.

The NC evaluates and matches the criteria of the candidate, and will consider diversity, including gender, where appropriate, and recommends to the Board for appointment. In its effort to promote boardroom diversity, the NC has taken various steps to ensure that women candidates are sought from various sources as part of its recruitment exercise.

The NC will contact those persons identified to determine interest in serving the Company. This communication will ensure that prospective Board members have clarity regarding the nominating process as well as Director/Board profiles, roles and responsibilities, expectations of time commitments and other information as required.

The new Director(s) duly appointed by the Board are then recommended for re-election at the AGM. The Company shall then provide orientation and on-going education to the Board.

In making the selection, the Board is assisted by the NC to consider the following aspects:

- Probity, personal integrity and reputation – the person must have the personal qualities such as honesty, integrity, diligence and independence of mind and fairness.
- Competence and capability – the person must have the necessary skills, ability and commitment to carry out the role.

CORPORATE GOVERNANCE OVERVIEW STATEMENT(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

2.3 Diverse Board and Senior Management Team

The Board acknowledges the importance of diverse Board and Senior Management and views that the workplace and Board diversity is important to facilitate the decision-making process by harnessing different insights and perspectives.

The Group adhered strictly to the practice of non-discrimination of any form, whether based on race, age, religion and gender throughout the organisation in the selection of Board members and senior management. The Board encourages a dynamic and diverse composition by nurturing suitable and potential candidates equipped with competency, skills, experience, character, time commitment, integrity and other qualities in meeting the future needs of the Company.

Notwithstanding the challenges in achieving the appropriate level of diversity on the Board, the Board continues to work towards addressing this as and when vacancies arise and suitable candidates are identified. The Company's prime responsibility in new appointments is always to select the best candidates available.

The Board currently has one (1) female Director out of a total of seven (7) Directors.

The Board is presently of the view that there is no necessity yet to fix a specific gender diversity policy as the appointment of any Director(s) should be based on their merit, qualification and working experience.

The current diversity of the Board and Key Senior Managment is as follows:

Gender	Number of Directors
Male	6
Female	2
Total	**8**

Age	Number of Directors
30-39 years	1
40-49 years	1
50-59 years	2
60 years and above	4
Total	**8**

Ethnicity	Number of Directors
Bumiputera	1
Chinese	7
Total	**8**

2.4 Annual Assessment

The Board is tasked to review and evaluate its own performance and the performance of its Committees on an annual basis. The Board evaluation comprises a Board Assessment, an Individual (Self & Peer) Assessment, Assessment of Independence of Independent Directors and the Assessment of ARMC and its members.

The assessment of the Board is based on specific criteria, covering areas such as the Board structure, Board operations, roles and responsibilities of the Board, the Board Committees and the Executive Chairman's role and responsibilities.

For Individual (Self & Peer) Assessment, the assessment criteria include interactive contribution, quality of input, and understanding of role.

CORPORATE GOVERNANCE OVERVIEW STATEMENT(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

2.4 Annual Assessment (cont'd)

The results of the assessment would form the basis of the NC's recommendation to the Board for the re-election of Directors at the next AGM.

Based on the annual assessment conducted, the NC was satisfied with the existing Board composition and concluded that each Directors has the requisite competence to serve on the Board and had sufficiently demonstrated their commitment to the Company in terms of time and participation during the year under review, and recommended to the Board the re-election of retiring Directors at the Company's forthcoming AGM. All assessments and evaluations carried by the NC in discharge of its functions were properly documented.

The Board is of the view that its present size and composition is optimal based on the Group's operations and that it reflects a fair mix of financial, technical and business experiences that are important to the stewardship of the Group.

In addition, the NC has reviewed and evaluated the performance of the Chief Financial Officer during the financial year.

3. Remuneration

The members of the RC are as follows:-

Chairman	Yap Chee Keong *Independent Non-Executive Director*
Member	Teoh Kim Hooi *Independent Non-Executive Director*
Member	Norkamaliah Binti Hashim *Independent Non-Executive Director*

The RC is assigned with the duty to assist the Board in the review of remuneration policy for the Board and make recommendation thereof. The RC comprises entirely of Independent Non-Executive Directors.

The RC and the Board ensure that the Company's remuneration policy remains supportive of the Company's corporate objectives and is aligned with the interest of shareholders, and that the remuneration packages of Directors and key Senior Management Officers are sufficiently attractive to attract and retain persons of high calibre.

The RC reviews annually the Directors' Remuneration (including Non-Executive Directors) for recommendation and approval by the Board. The Directors' fees (both Executive and Non-Executive) and Directors' benefits payable to the Non-Executive Directors will be tabled at the AGM for shareholders' approval.

The RC reviews annually the performance of the Executive Director and submits recommendations to the Board on specific adjustments in remuneration and/or reward payments that reflect their respective contributions for the year, and which are dependent on the performance of the Group, achievement of the goals and/or quantified organisational targets as well as strategic initiatives set at the beginning of each year.

The Board as a whole determines the remuneration of Non-Executive Directors and recommends the same for shareholders' approval.

The remuneration package of the Executive Directors consists of monthly salary, bonus (if any) and fees and Directors and Officers Liability Insurance in respect of any liabilities arising from acts committed in their capacity as Directors and Officers of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

3. Remuneration (cont'd)

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

	Fees RM	Salaries, Bonus RM	Allowance RM	Benefits RM	Total RM
Non-Executive Directors					
Teoh Kim Hooi	36,000	-	-	-	36,000
Yap Chee Keong	36,000	-	-	-	36,000
Norkamaliah Binti Hashim	36,000	-	-	-	36,000
Chan Man Chung	156,000	-	-	-	156,000
Executive Directors					
Dato' Sri Teng Ah Kiong	126,000	240,000	-	25,000	391,000
Dato' Teng Yoon Kooi	132,000	366,000	60,000	40,000	598,000
Wan Thean Hoe	36,000	480,000	120,000	40,000	676,000

(ii) Aggregate Directors' Remuneration

	Group		Company	
Categories of Remuneration	**Executive Director**	**Non-Executive Director**	**Executive Director**	**Non-Executive Director**
Director Fees	294,000	264,000	120,000	144,000
Salaries/ Bonus	1,086,000	-	720,000	-
Allowance	180,000	-	-	-
Benefits	105,000	-	-	-

The number of Directors/senior management whose remuneration falls within the following bands is tabulated as below:

	Company		
Remuneration Band (RM)	**Executive Director**	**Non-Executive Director**	**Senior Management**
50,000 and below	-	3	-
150,001 - 20,000	-	1	-
200,001 - 250,000	-	-	1
350,001 – 400,000	1	-	-
550,001 - 600,000	1	-	-
650,001 - 700,000	1	-	-

CORPORATE GOVERNANCE OVERVIEW STATEMENT(cont'd)

PRINCIPLE B – EFFECTVE AUDIT AND RISK MANAGEMENT

1. ARMC

The ARMC is relied upon by the Board to, amongst others, provide advice in the areas of financial reporting, external audit, internal control environment and internal audit process, review of related party transactions as well as conflict of interest situation. The ARMC also undertakes to provide oversight on the risk management framework of the Group.

The ARMC is chaired by an independent director who is distinct from the Chairman of the Board and all members of the ARMC are financially literate. The composition of the ARMC, including its roles and responsibilities as well as a summary of its activities carried out in the financial year 2018, are set out in the ARMC Report of this Annual Report.

The ARMC has recently adopted its revised Terms of Reference and adopted a policy that requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the ARMC. Thus, the ARMC shall observe the said application in the event that a former key audit partner is appointed to the Board of the Company. The updated Terms of Reference is available on the Company's website.

The ARMC is responsible for reviewing audit, recurring audit-related and non-audit services provided by the External Auditors. These recurring audit-related and non-audit services comprise regulatory reviews and reporting, interim reviews, tax advisory and compliance services.

The terms of engagement for services provided by the External Auditors are reviewed by the ARMC prior to submission to the Board for approval.

The ARMC has reviewed the provision of non-audit services by the External Auditors during the year and concluded that the provision of these services did not compromise the External Auditors' independence and objectivity as the amount of the fees paid for these services was not significant when compared to the total fees paid to the External Auditors. The External Auditors had provided a confirmation of their independence to the ARMC that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

Based on the ARMC's assessment of the External Auditors, the Board is satisfied with the independence, quality of service and adequacy of resources provided by the External Auditors in carrying out the annual audit for financial year 2018.

Having satisfied with Messrs. Crowe Malaysia PLT's performance, available resources, technical competency and audit independence as well as fulfilment of criteria as set out in the Auditor Independent Policy, the ARMC has considered and recommended the re-appointment of Messrs. Crowe Malaysia PLT to the Board, upon which the shareholders' approval will be sought at the AGM.

2. Risk Management and Internal Control Framework

The Board has overall responsibility for maintaining a sound system of risk management and internal control of the Group that provides reasonable assurance of effective and efficient business operations, compliance with laws and regulations as well as internal procedures and guidelines.

The ARMC oversees the risk management of the Group and advises the Board on areas of high risk faced by the Group and the adequacy of compliance and control throughout the organisation. The ARMC also reviews the action plan implemented and makes relevant recommendations to the Board to manage residual risks. The Group has established a formal risk management framework to oversee the risks management of the Company and engaged an external consultant to assist the Company in identifying, assessing and managing the risks in areas that are applicable to the Company's business and ensure that the risk management process in place and functioning effectively.

The Company continues to maintain and review its internal control procedures to ensure the protection of its assets and its shareholders' investment.

CORPORATE GOVERNANCE OVERVIEW STATEMENT(cont'd)

PRINCIPLE B – EFFECTVE AUDIT AND RISK MANAGEMENT (cont'd)

2. Risk Management and Internal Control Framework (cont'd)

The Company has outsourced its internal audit function to a professional services firm, namely CAS Consulting Services Sdn. Bhd. ("CAS") to assist the ARMC in discharging its duties and responsibilities in respect of reviewing the adequacy and effectiveness of the Group's risk management and internal control systems. The engaging partner and team are free from any relationships or conflicts of interest with the Company, to ensure the Internal Auditors' objectivity and independence are not impaired.

During the financial year under review, the internal auditors have conducted review on the Group in accordance to the Internal Audit Plans, which have been approved by the ARMC and the Board.

The Statement on Risk Management and Internal Control as included in this Annual Report provides the overview of the internal control framework adopted by the Company during the financial year ended 31 December 2018.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH THE STAKEHOLDERS

1. Communication with stakeholders

The Board recognises the importance of being transparent and accountable to the Company's stakeholders and acknowledges the continuous communication between the Company and stakeholders would facilitate mutual understanding of each other's objectives and expectations. As such, the Board consistently ensure the supply of clear, comprehensive and timely information to their stakeholders via various disclosures and announcements including quarterly and annual financial statements which provide investors with up-to-date financial information of the Group. All these announcements and other information about the Company are available on the Company's website at www.pasukhasgroup.com which shareholders, investors and public may access.

In addition to the above, shareholders and investors can make inquiries about investor relations matters with designated management personnel directly responsible for investor relations matters via dedicated e-mail address available on the corporate website.

In addition, the Directors engage with the shareholders at least once a year during the AGM to understand their needs and seek their feedback.

In an effort to encourage greater shareholders' participation at the AGM, the Board takes cognisance in serving longer than the required minimum notice period for AGMs, whenever possible. The Chairman shall ensure that the Board is accessible to shareholders and an open channel of communication is cultivated.

The Company allows shareholders to appoint a proxy who may not be a member of the Company. If the proxy is not a member of the Company, he/she need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.

To further promote participation of members through proxies, which is in line with the Companies Act 2016, the Company had amended its Constitution to include explicitly the right of proxies to speak at general meetings.

From the Company's perspective, the AGM also serves as a forum for Directors and Management to engage with the shareholders personally to understand their needs and seek their feedback. The Board welcomes questions and feedback from shareholders during and at the end of shareholders' meeting and ensures their queries are responded in a proper and systematic manner.

CORPORATE GOVERNANCE OVERVIEW STATEMENT(cont'd)

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH THE STAKEHOLDERS (cont'd)

2. Conduct of General Meetings

The AGM is the principal forum for shareholder dialogue, allows shareholders to review the Group's performance via the Company's Annual Report and pose questions to the Board for clarification.

At the 13th AGM held on 28 May 2018, all the directors (including the chair of the Board Committees) were present in person to engage directly with, and be accountable to the shareholders for their stewardship of the Company. During the AGM, shareholders participate in deliberating resolutions being proposed or on the Group's operations in general. The Directors responded to all questions raised and provided clarification as required by the shareholders. There were no question(s) raised at the AGM held on 28 May 2018 and hence no summary of key matter discussed was prepared.

For good corporate governance practice, the notice of the AGM and the Annual Report were sent out to the shareholders at least twenty-eight (28) days' prior to the meeting so that the shareholders are given sufficient time to consider the resolutions that will be discussed at the AGM. The Chairman ensures that the Board is accessible to shareholders and an open channel of communication is cultivated.

In line with the AMLR, the Company has implemented poll voting for all the resolutions set out in the notice of AGM. Each item of special business included in the notice of AGM will be accompanied by an explanation of the said proposed resolutions. All shareholders or proxies will be briefed on the voting procedures prior to the poll voting by the Share Registrar. The Company will appoint independent scrutineers to validate the votes cast at the AGM. The outcome of resolutions tabled and passed at the AGM are released to Bursa Securities on the same meeting day.

This CG Overview Statement is made in accordance with the resolution of the Board dated 29 March 2019.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance 2017 requires listed companies to maintain a sound system of internal control to safeguard shareholders' investment and the company's assets. This Statement had been prepared in accordance with the Guidelines for Directors of Listed Issuers issued by Bursa Malaysia Securities Berhad ("Bursa Securities") on the issuance of Statement on Risk Management and Internal Control pursuant to Paragraph 15.26(b) of the ACE Market Listing Requirements ("Listing Requirements") of Bursa Securities. The Board of Directors ("the Board") of Pasukhas Group Berhad ("the Company") is pleased to provide the following statement on the state of the Company and its subsidiaries' ("the Group") risk management and internal control.

BOARD'S RESPONSIBILITIES

The Board acknowledges its responsibilities in establishing an efficient and effective sound risk management framework and internal control system, which includes the Board's overall responsibilities to maintain and review the adequacy and integrity of the Group's internal control system. In addition, the Board also affirms its overall responsibilities to identify principal risks, ensure the implementation of an appropriate control environment and framework to manage risks, and evaluate the operational effectiveness and efficiency of the Group.

In view of the limitations that are inherent in any system of internal control, this system is designed to manage, rather than eliminate the risk of failure to achieve corporate objectives. Accordingly, the system can only provide reasonable but not absolute assurance against material misstatement, operational failures, fraud or loss.

RISK MANAGEMENT FRAMEWORK AND CONTROL SELF-ASSESSMENT

The Group has put in place an Enterprise Risk Management framework which seeks to identify principal risks affecting or likely to affect the Group and help to enable the implementation of appropriate and adequate systems to manage these risks on prioritised basis.

Annual Management and Board meetings were conducted to discuss amongst others, the success and risk factors.

The Group's Enterprise Risk Management Framework ("Framework") serves to inform and provide guidance to Directors, senior management, respective Head of Department and staff in managing risk in the Group. Towards this end, the framework sets out:

- The fundamentals and principles of risk and risk management that is to be applied in all situations and throughout all level of the organisation;
- The process of identifying, assessing, responding, monitoring and reporting risks and controls;
- The roles and responsibilities of each level of management in the Group; and
- The mechanisms, tools and techniques for managing risk in the Group.

The risk management process is an ongoing process and is applied at the beginning of any major new project or change in operational environment.

During the financial year under review, the Group had implemented Enterprise Risk Management Framework on M&E Engineering Services and Manufacturing of LV Switchboards environment. The findings were presented to the Audit and Risk Management Committee ("ARMC").

The effectiveness of the system of Enterprise Risk Management is also reviewed through an on-going management appraisal of the effectiveness of its operations.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

The Board believes firmly that risk management is essential for continued profitability and to safeguard shareholders' investment. Hence, the Company has a system of risk management and internal control comprising of clear structures and accountabilities, well-understood policies, budgeting and review process. The senior executive management of the Group is responsible for identifying, managing and reporting on significant risks on an on-going basis and has been entrusted to formulate plans and implementation of plans to address risks and control of issues identified. The Management selects appropriate control objectives and procedures from the ISO 9001 : 2008 standard to mitigate the risks to acceptable residual level.

The Board meets on a quarterly basis to discuss matters brought to its attention, thus ensuring effective supervision over the operations of the Group. The Board is updated on the operations and activities of the Group which include the strategies and goals and an assessment of its current position and future prospects. All key risks and issues are quarterly reviewed and resolved by the Management team on regular meetings.

The Board is committed towards operating and maintaining a sound system of internal control and recognises that the system must continuously evolve to support the type of business and size of operations of the Group. As such, the Board will, when necessary, put in place appropriate action plans to rectify any potential weaknesses or further enhance the system of internal control.

INTERNAL AUDIT FUNCTION

Pursuant to Paragraph 15.26(b) of the Listing Requirements, the Board has established an internal audit function which reports directly to the ARMC. The Board recognises that effective monitoring on a continuous basis is a vital component of a sound internal control system. In this respect, the Board through the ARMC is responsible for the review of the reports on internal control from its internal audit function.

The Group's internal audit function is outsourced to an independent professional firm, namely CAS Consulting Services Sdn. Bhd., which reports directly to the ARMC on an annual basis. Observations from internal audits will be presented to the ARMC together with Management's response and proposed action plans for its review. The action plans will then be followed up during subsequent internal audits with implementation status reported to the ARMC. The Internal Auditors, on an annually basis, reviews the effectiveness and adequacy of control procedures adopted by the Group in mitigating the key risks identified in the Business Risk Profile.

During the financial year under review, the internal audit function performed a cycle of internal audit on Safety, Health and Environment function (Civil Engineering and Construction Services). The findings from the audit were presented to the ARMC. The cost of internal audit services rendered by the Internal Auditor in respective of the financial year ended 31 December 2018 amounted to RM13,000.

During the financial year, the results of any findings and weaknesses noted by the internal audit function, including the recommended corrective actions, were reported directly to the ARMC. Through these mechanisms, the ARMC can be assured that the key risks of the Group are regularly reviewed and appropriately managed to an acceptable level.

The internal audit reports that was tabled to the ARMC for their deliberation on an annual basis include management response and corrective actions taken or to be taken in regards to the specific findings and recommendations. The management as a whole is responsible for ensuring that the necessary corrective actions on reported weaknesses are promptly taken. ARMC presents its findings annually to the Board.

The Board is of the opinion that there were no material losses incurred during the financial year as a result of weakness in internal control. The ARMC considers report from the internal audit function and comments from Management before making recommendation to the Board to strengthen the internal control system.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

KEY ELEMENTS OF THE GROUP'S INTERNAL CONTROL ARE AS FOLLOWS:

- A functional organisation that clearly defines the level of authority and responsibilities for managing activities.
- Policies and procedures, updated as necessary, are documented and formalised for compliance purposes.
- Board committees have been established with clear terms of reference to ensure effective management.
- An internal audit service has been outsourced to conduct ongoing audits to assess the effectiveness of internal control and highlighting significant risks impacting the Group.
- Operating results of individual projects are closely monitored by the Management against budget.
- The scheduled and ad hoc meetings are held at all levels to identify, discuss and resolve business and operating issues.
- The Board reviews the operational and financial performance of the Group every quarter.
- Existence of organisational structure with clear responsibilities.
- The ARMC reviews the internal audit plan for the year, and reviews and holds discussions on the actions taken on internal control issues.
- Staff policies: i.e. Employees are briefed on Code of Ethics during induction. They are required to adhere to the Code of Ethics, which upholds the Group's corporate values and ethical code of conduct. Formal guidelines are also available to govern staff's termination and resignation.
- Staff performance: i.e. The Employees' Performance Appraisal System is linked to their KPIs which are aligned to the Group's business goals and financial targets respectively.
- Staff training: i.e. The Human Resource Management has arranged and facilitated regular internal and external training programmes for its employees in relation to their respective areas of works.

The system of internal controls described in this statement is considered by the Board to be adequate and the risks are considered by the Board to be at an acceptable level within the Group's business. However, such system does not eliminate the possibility of human error, collusion and others. The Board is satisfied that for the financial year under review, there is no material control failure or weakness that would have resulted in any material losses and contingencies that would require disclosure in the Annual Report.

ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Board has received assurance from the CEO and CFO that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

The Board is of view that the system of risk management and internal control is in place for the period under review and, up to the date of approval of this statement for inclusion in the Annual Report.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the Listing Requirements, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in this Annual Report. Their reviews were performed in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagement Other than Audits or Reviews of Historical Financial Information and 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 Malaysian Institute of Accountants. Based on their reviews, nothing has come to their attention that causes them to believe that 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 Malaysian Code on Corporate Governance 2017 to be set out, nor is factually inaccurate.

This Statement on Risk Management and Internal Control is issued in accordance with a resolution of the Board dated 29 March 2019.

ADDITIONAL COMPLIANCE INFORMATION AND LIST OF PROPERTIES

1. UTILISATION OF PROCEEDS

There were no proceeds raised by the Company from any corporate proposals during the financial year ended 31 December 2018, save for the followings:-

Private Placement

On 25 January 2017, the Company completed the Private Placement which involved the issuance of 35,675,000 PGB Shares at RM0.15 per PGB Share. The Private Placement was undertaken by our Company to raise funds for our Group's working capital and finance the day-to-day operations of our Group. The proceeds raised from the Private Placement had been fully utilised in the financial year ended 31 December 2018 and the details are set out below:

Details of the proceeds raised from the Private Placement	Proposed amount RM '000	Utilised amount RM '000	Remaining balance RM '000
General requirements			
– Payment of trade and other payables	2,351	2,351	-
– Marketing and advertisement expenses	500	500	-
– Staff costs	2,000	2,000	-
– Finance costs	500	500	-
Total	**5,351**	**5,351**	**-**

Rights Issue

On 11 May 2017, the Company completed the Proposed Rights Issue of up to 407.1 million Company shares ("Rights Shares") and 405,786,566 Rights Shares were issued, listed and quoted on the ACE Market of Bursa Securities. The proceeds raised from the Rights Issue had been fully utilised in the financial year ended 31 December 2018 and the details are set out below:

Details of the proceeds raised from the Rights Issue	Proposed amount RM '000	Utilised amount RM '000	Remaining balance RM '000
– Payment of Remaining ISE Purchase Consideration	11,400	11,400	-
– Working capital	27,579	27,579	-
– Estimated Corporate Exercise Expenses	1,600	1,600	-
Total	**40,579**	**40,579**	**-**

2. AUDIT AND NON-AUDIT FEES

For the financial year ended 31 December 2018, the amount of audit and non-audit fees paid or payable by the Company and the Group to the External Auditors are as follows:-

	Group RM'000	Company RM'000
Audit fees	204	28
Non-audit fees	94	6

ADDITIONAL COMPLIANCE INFORMATION AND LIST OF PROPERTIES (cont'd)

3. VARIATION IN RESULTS

There were no significant variations between the audited results for the financial year ended 31 December 2018 and the announced unaudited results.

4. MATERIAL CONTRACTS

There were no material contracts entered into by the Group involving Directors' and major shareholders' interest which were still subsisting as at the end of the financial year or which were entered into since the end of the previous financial period except as disclosed in Note 43 and 44 of the Audited Financial Statements for financial year ended 31 December 2018.

5. RECURRENT RELATED PARTY TRANSACTION(S) ("RRPTs")

The RRPTs of the Group have been entered into in the normal course of business. Further details of the RRPTs of a revenue or trading nature conducted during the financial year are disclosed in page 106 of the financial statements of the Annual Report.

Please refer to Section 2.3 of the Circular to Shareholders dated 29 April 2019 on the name of the related parties and the Company's relationship with the related parties.

6. LIST OF PROPERTIES

Location	Decription / Existing Use	Acquisition Date / Revaluation Date	Tenure / Approximate Age of Building	Audited Net Book Value As At 31 December 2018 (RM'000)
2-63, Festival Walk @ Ipoh, Jalan Medan Ipoh 1, Medan Ipoh Bistari, 31400 Ipoh, Perak	Completed commercial retail lot measuring in area approximately 10,467 sq. ft.	28 January 2014 / 12 September 2017	99 years leasehold interest expiring on 31 July 2017 / 7 years	4,331
2-63A, Festival Walk @ Ipoh, Jalan Medan Ipoh 1, Medan Ipoh Bistari, 31400 Ipoh, Perak	Completed commercial retail lot measuring in area approximately 11,529 sq. ft.	28 January 2014 / 12 September 2017	99 years leasehold interest expiring on 31 July 2017 / 7 years	4,597

DIRECTORS' RESPONSIBILITY STATEMENT

in respect of the Audited Financial Statements

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

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

In preparing the financial statements, the Directors have:

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

The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the Act.

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

SUSTAINABILITY STATEMENT

INTRODUCTION

The Board acknowledges the importance of embedding sustainability into the operations of the Group in order to fulfill the expectation and requirement of its stakeholders, to provide better understanding on the Group's business approaches in managing economic, environment and social risk and opportunities.

Our Group has recognised and acknowledged the importance of a corporate culture that emphasizes good corporate social responsibility ("CSR") and corporate citizenship. While delivering sustainable and growing stakeholders value through the core business, our Group also contributes and provides for the betterment of the employee welfare, market place and community.

ECONOMIC

Our Group, via the Civil Engineering & Construction Services, Mechanical & Electrical Engineering Services and Manufacturing of Low Voltage Switchboards, contributes to employment creation directly (i.e. hiring of employee and purchase of goods and services) and indirectly (i.e creates jobs or creating greater job opportunity via subcontracting the job to others). Our selection of suppliers/subcontractors takes into consideration of the skills that are required to meet our Group's objective and ensure that their performance are up to standard. The outsourcing of successfully secured projects to local subcontractors has further contributed to the creation of job opportunities within the local community.

With the recent change of government in Malaysia after the 14th General Election, we foresee the new government and authorities may implement any policies that can change the social behaviour in business environment. Changes in government policies which have direct impact on tax regime, interest rates as well as regulations can influence the way we do businesses. Nevertheless, the political uncertainty surrounded by the turnover of government officials does not have major impact towards the sustainable development of our Group as we have stringent reviews and approval procedures for each investment placement made.

ENVIRONMENT

Our Group promotes environmentally-conscious work practices in order to reduce environmental impact, enhance energy efficiency and recycling whenever possible. We have also invested in renewable energy through our investment in Pasukhas Green Assets Sdn. Bhd. (formerly known as Morning Summit Sdn. Bhd), which owns a mini hydro power plant that are generating up to 3.2MW of renewable energy per annum. We are presently looking at opportunities to invest into other areas such as waste-to-energy that support our objective to go green.

WORKPLACE

Our Group believe that human capital development is very important to ensure that we have the right and relevant skill set and knowledge in ensuring business sustainability and growth. As such, we have conducted trainings with emphasis on quality for the staff to improve further their quality of work and workplace. Health and Safety at the workplace is also another area of importance to us. Regular inspections are taken to ensure the Company's equipment and infrastructures are well-maintained. In addition, some employees are covered by Group Personal Accident insurance. Other employee benefits, working hours, overtime and off days are clearly outlined.

SOCIAL

We encourage our employees to grow with the Group and as such, in order to understand each employee's capability and expectation towards the Group, we conduct a yearly performance review between superiors and employees. Other than yearly performance appraisal, the employees received evaluation for work performed to promote learning and embrace opportunities for career development through informal/verbal feedback from immediate superiors. The Group, through its management personnel, evaluates and assess the employee's working experience, personality, expertise professionalism, specialist knowledge ensure their competency and qualification in the aspect of education experience and skills required meets the Group's expectation.

We strictly adhere to local labour regulations and have implemented national minimum wage law for all employees working in Malaysia. Remuneration packages offered to employees are strictly based on their position and allocation of job scope, irrespective of gender.

CONTENTS

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and the provision of management services. 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 RM	The Company RM
(Loss)/Profit after taxation for the financial year	(8,288,441)	744,806
Attributable to:-		
Owners of the Company	(7,266,717)	744,806
Non-controlling interests	(1,021,724)	-
	(8,288,441)	744,806

DIVIDENDS

No dividend was recommended by the directors for the financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) there were no changes in the issued and paid-up share capital of the Company; and

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

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.

DIRECTORS' REPORT (cont'd)

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 there are no known bad debts 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 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 value 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.

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.

DIRECTORS' REPORT (cont'd)

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:-

Wan Thean Hoe
Dato' Teng Yoon Kooi
Dato' Sri Teng Ah Kiong
Teoh Kim Hooi
Yap Chee Keong
Chan Man Chung
Norkamaliah Binti Hashim

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 as follows:-

Name of Subsidiary	Name of director
Pasukhas Sdn. Bhd.	Sim Guo Jong @ Tan Guo Jong (Resigned on 9.4.2018)
Pasukhas Construction Sdn. Bhd.	Lim Ee Vone Wee Hiang Chyn Tang Chee Wai
Pasukhas Development Sdn. Bhd.	Lim Ee Vone Azimy Bin Mohamed Nazaithul Akmar Binti Mukhtar
I.S. Energy Sdn. Bhd.	Lim Ee Vone
Pasukhas Products Sdn. Bhd.	Lim Ee Vone
Essential Value Sdn. Bhd.	Ng Kim Keong
Pasukhas Properties Sdn. Bhd.	Lim Ee Vone Teng Mee Leng (Appointed on 6.12.2017 and resigned on 9.1.2018)
Midtown Pearl Sdn. Bhd.	Lim Ee Vone Teng Mee Leng (Appointed on 7.12.2017 and resigned on 23.1.2018)
Pasukhas Cherating Sdn. Bhd. (formerly known as Prominent Hectare Sdn. Bhd.)	Teng Mee Leng (Appointed on 17.8.2018 and resigned on 13.9.2018)
Pasukhas Green Assets Sdn. Bhd. (formerly known as Morning Summit Sdn. Bhd.) ("PGASB")	Selochana A/P Murugiah (Appointed on 30.8.2018 and resigned on 12.9.2018)

DIRECTORS' REPORT (cont'd)

DIRECTORS' INTERESTS

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

	Number of Ordinary Shares			
	At 1.1.2018	Bought	Sold	At 31.12.2018
THE COMPANY				
Direct Interests				
Dato' Sri Teng Ah Kiong	109,887,200	-	-	109,887,200
Dato' Teng Yoon Kooi	19,361,100	-	-	19,361,100
Teoh Kim Hooi	1,000,000	2,000,000	-	3,000,000
Indirect Interests				
Dato' Sri Teng Ah Kiong	19,361,100	-	-	19,361,100
Wan Thean Hoe	188,509,100	13,509,900	-	202,019,000
Dato' Teng Yoon Kooi	109,887,200	-	-	109,887,200
Chan Man Chung	188,509,100	13,509,900	-	202,019,000

By virtue of their shareholdings in the Company, Wan Thean Hoe and Chan Man Chung are deemed to have interests in shares in its related corporation during the financial year to the extent of the Company's interests, 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 the shares of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of 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 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 39 to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangement 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' REPORT (cont'd)

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Group and of the Company during the financial year are disclosed in Note 38 to the financial statements.

INDEMNITY AND INSURANCE COST

During the financial year, there is no indemnity given to or professional indemnity insurance effected for directors, officers or 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 43 to the financial statements.

SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are disclosed in Note 44 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 33 to the financial statements.

Signed in accordance with a resolution of the directors dated 29 March 2019.

Wan Thean Hoe

Dato' Teng Yoon Kooi

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

We, Wan Thean Hoe and Dato' Teng Yoon Kooi, being two of the directors of Pasukhas Group Berhad, state that, in the opinion of the directors, the financial statements set out on pages 50 to 139 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 29 March 2019.

Wan Thean Hoe

Dato' Teng Yoon Kooi

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

I, Wan Thean Hoe, MIA Membership Number: 14817, being the director primarily responsible for the financial management of Pasukhas Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 50 to 139 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
Wan Thean Hoe, NRIC Number: 691027-02-5263
at Kuala Lumpur
in the Federal Territory
on this 29 March 2019.

Wan Thean Hoe

Before me

Lai Din
W668
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PASUKHAS GROUP BERHAD
(Incorporated in Malaysia) Company No : 686389 - A

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Pasukhas Group 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 50 to 139.

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 Matter	How our audit addressed the Key Audit Matter
<u>Allowance for impairment of receivables (Refer to Note 14 and 15 to the financial statements)</u> The Group carries significant receivables and is exposed to credit risk, or the risk of counterparties defaulting. The assessment of the adequacy of the allowance for impairment losses involved judgement, which includes analysing historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms.	Our procedures included, amongst others:- ▪ Obtained an understanding of:- • the Group's control over the receivable collection process; • how the Group identifies and assesses the impairment of receivables; and • how the Group makes the accounting estimates for impairment. ▪ Reviewed the ageing analysis of receivables and testing the reliability thereof; ▪ Reviewed subsequent cash collections for major receivables and overdue amounts; ▪ Made inquiries of management regarding the action plans to recover overdue amounts; ▪ Compared and challenged management's view on the recoverability of overdue amounts to historical patterns of collection; ▪ Examined other evidence including customer correspondences, proposed or existing settlement plans, repayment schedules, etc.; and ▪ Evaluating the reasonableness and adequacy of the allowance for impairment recognised.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PASUKHAS GROUP BERHAD
(Incorporated in Malaysia) Company No : 686389 - A (cont'd)

Key Audit Matters (Cont'd)

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue Recognition for Construction Contracts (Refer to Note 31 to the financial statements) Revenue recognition for construction contracts, due to the contracting nature of the business, involves significant judgements. This includes the determination of the total budgeted contract costs and the calculation of percentage of completion which affects the quantum of revenue to be recognised. In estimating the revenue to be recognised, the management considers past experience and certification by customers and independent third parties, where applicable. We determined this to be a key audit matter due to the complexity and judgemental nature of the budgeting of contract costs and the determination of revenue recognised.	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; ▪ Test 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; ▪ Assessed the reasonableness of percentage of completion by comparing to certification by external parties; ▪ Reviewing estimated profit and costs to complete and adjustments for job costing and potential contract losses; and ▪ Reviewing the management's assessment on the contract assets and assessing any allowance for impairment is required.

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 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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PASUKHAS GROUP BERHAD
(Incorporated in Malaysia) Company No : 686389 - A (cont'd)

Responsibilities of the Directors for the Financial Statements (Cont'd)

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

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

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

- 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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PASUKHAS GROUP BERHAD
(Incorporated in Malaysia) Company No : 686389 - A (cont'd)

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current 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

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

Chin Kit Seong
03030/01/2021 J
Chartered Accountant

Kuala Lumpur

29 March 2019

STATEMENTS OF FINANCIAL POSITION
AT 31 DECEMBER 2018

		The Group		The Company	
		2018	2017	2018	2017
	Note	RM	RM	RM	RM
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	-	-	30,309,204	34,768,967
Investments in associates	6	-	-	-	-
Plant and equipment	7	30,133,309	34,228,688	163	203
Investment properties	8	8,757,419	8,884,705	-	-
Goodwill	9	-	3,099,691	-	-
Deferred tax assets	10	366,638	1,072,338	-	-
Other investments	11	104,250	104,250	-	-
		39,361,616	47,389,672	30,309,367	34,769,170
CURRENT ASSETS					
Inventories	12	995,915	1,191,053	-	-
Contract assets	13	35,696,019	40,383,729	-	-
Trade receivables	14	30,234,441	30,391,231	-	-
Other receivables, deposits and prepayments	15	48,400,126	28,706,423	1,664	30,333
Amount owing by subsidiaries	16	-	-	60,103,976	41,850,763
Current tax assets		808,589	1,700,830	600	1,728
Deposits with financial institutions	17	8,799,881	21,447,617	-	12,058,340
Cash and bank balances		7,120,521	2,330,812	247,376	734,350
		132,055,492	126,151,695	60,353,616	54,675,514
TOTAL ASSETS		171,417,108	173,541,367	90,662,983	89,444,684

STATEMENTS OF FINANCIAL POSITION
AT 31 DECEMBER 2018 (cont'd)

		The Group		The Company	
		2018	**2017**	**2018**	**2017**
	Note	**RM**	**RM**	**RM**	**RM**
EQUITY AND LIABILITIES					
EQUITY					
Share capital	18	89,782,847	89,782,847	89,782,847	89,782,847
Merger deficit	20	(10,500,000)	(10,500,000)	-	-
Fair value reserve	21	17,000	17,000	-	-
Foreign exchange translation reserve	22	(542)	1,400	-	-
(Accumulated losses)/ Retained profits		(5,033,405)	2,672,453	(6,857,571)	(7,602,377)
Equity attributable to owners of the Company		74,265,900	81,973,700	82,925,276	82,180,470
Non-controlling interests	5	5,172,254	6,193,978	-	-
TOTAL EQUITY		79,438,154	88,167,678	82,925,276	82,180,470
NON-CURRENT LIABILITIES					
Hire purchase payables	23	517,251	888,990	-	-
Term loan	24	10,239,923	11,616,564	-	-
		10,757,174	12,505,554	-	-
CURRENT LIABILITIES					
Contract liabilities	13	2,468,659	2,015,923	-	-
Trade payables	25	38,631,608	41,446,207	-	-
Other payables and accruals	26	6,551,886	12,618,249	212,981	7,264,214
Amount owing to an subsidiary	16	-	-	7,524,726	-
Amount owing to directors	27	492,200	492,200	-	-
Amount owing to shareholders	28	2,938,300	2,938,300	-	-
Short-term borrowings	29	11,063,983	8,367,369	-	-
Bank overdrafts	30	19,075,144	4,989,887	-	-
		81,221,780	72,868,135	7,737,707	7,264,214
TOTAL LIABILITIES		91,978,954	85,373,689	7,737,707	7,264,214
TOTAL EQUITY AND LIABILITIES		171,417,108	173,541,367	90,662,983	89,444,684

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	RM	RM	RM
REVENUE	31	97,374,948	36,859,073	-	-
COST OF SALES		(93,817,230)	(28,182,086)	-	-
GROSS PROFIT		3,557,718	8,676,987	-	-
OTHER INCOME		11,665,981	3,614,239	7,540,694	609,480
		15,223,699	12,291,226	7,540,694	609,480
ADMINISTRATIVE EXPENSES		(13,261,739)	(10,093,980)	(2,331,639)	(1,604,350)
OTHER EXPENSES		(4,921,148)	(1,389,273)	(4,464,249)	(13,142)
FINANCE COSTS		(2,800,233)	(1,170,077)	-	-
NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS AND CONTRACT ASSETS	32	(1,842,952)	1,861,586	-	-
SHARE OF RESULTS IN ASSOCIATES, NET OF TAX	6	-	(80,319)	-	-
(LOSS)/PROFIT BEFORE TAXATION	33	(7,602,373)	1,419,163	744,806	(1,008,012)
INCOME TAX EXPENSE	34	(686,068)	(694,603)	-	-
(LOSS)/PROFIT AFTER TAXATION		(8,288,441)	724,560	744,806	(1,008,012)
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE (EXPENSES)/INCOME FOR THE FINANCIAL YEAR		(8,288,441)	724,560	744,806	(1,008,012)

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 (cont'd)

		The Group		The Company	
		2018	2017	2018	2017
	Note	RM	RM	RM	RM
(LOSS)/PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		(7,266,717)	606,957	744,806	(1,008,012)
Non-controlling interests		(1,021,724)	117,603	-	-
		(8,288,441)	724,560	744,806	(1,008,012)
TOTAL COMPREHENSIVE (EXPENSES)/INCOME ATTRIBUTABLE TO:-					
Owners of the Company		(7,266,717)	606,957	744,806	(1,008,012)
Non-controlling interests		(1,021,724)	117,603	-	-
		(8,288,441)	724,560	744,806	(1,008,012)
(LOSS)/EARNINGS PER SHARE (SEN)	**35**				
Basic		(0.90)	0.09		
Diluted		(0.90)	0.09		

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			
	Note	Share Capital RM	Share Premium RM	Merger Deficit RM	Fair Value Reserve RM	Foreign Exchange Translation Reserve RM	Retained Profits RM	Attributable to Owners of the Company RM	Non-Controlling Interests RM	Total Equity RM
The Group										
Balance at 1.1.2017		37,011,157	7,543,299	(10,500,000)	17,000	-	2,065,496	36,136,952	4,910,242	41,047,194
Profit after taxation/Total comprehensive income for the financial year		-	-	-	-	-	606,957	606,957	117,603	724,560
Contributions by and distributions to owners of the Company:										
- Private Placement	18, 19	3,567,500	1,783,750	-	-	-	-	5,351,250	-	5,351,250
- Rights Issue	18	40,578,656	-	-	-	-	-	40,578,656	-	40,578,656
- Expenses incurred in relation to the Private Placement and Rights Issue	19	-	(701,515)	-	-	-	-	(701,515)	-	(701,515)
- Foreign exchange translation differences		-	-	-	-	1,400	-	1,400	-	1,400
- Acquisition of subsidiaries	36(d)(i)	-	-	-	-	-	-	-	1,166,133	1,166,133
- Transfer from share premium	18, 19	8,625,534	(8,625,534)	-	-	-	-	-	-	-
Total transactions with owners		52,771,690	(7,543,299)	-	-	1,400	-	45,229,791	1,166,133	46,395,924
Balance at 31.12.2017		89,782,847	-	(10,500,000)	17,000	1,400	2,672,453	81,973,700	6,193,978	88,167,678

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

		← NON-DISTRIBUTABLE			→	DISTRIBUTABLE			
	Note	Share Capital RM	Merger Deficit RM	Fair Value Reserve RM	Foreign Exchange Translation Reserve RM	Retained Profits RM	Attributable to Owners of the Company RM	Non-Controlling Interests RM	Total Equity RM
The Group									
Balance at 31.12.2017/1.1.2018		89,782,847	(10,500,000)	17,000	1,400	2,672,453	81,973,700	6,193,978	88,167,678
Changes in accounting policies	46	-	-	-	-	(439,141)	(439,141)	-	(439,141)
Balance at 31.12.2017/1.1.2018 (restated)		89,782,847	(10,500,000)	17,000	1,400	2,233,312	81,534,559	6,193,978	87,728,537
Loss after taxation/Total comprehensive expenses for the financial year		-	-	-	-	(7,266,717)	(7,266,717)	(1,021,724)	(8,288,441)
Contributions by and distributions to owners of the Company:									
- Foreign exchange translation differences		-	-	-	(1,942)	-	(1,942)	-	(1,942)
Balance at 31.12.2018		89,782,847	(10,500,000)	17,000	(542)	(5,033,405)	74,265,900	5,172,254	79,438,154

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

	Note	Share Capital RM	Non-Distributable Share Premium RM	Distributable Accumulated Losses RM	Total Equity RM
The Company					
Balance at 1.1.2017		37,011,157	7,543,299	(6,594,365)	37,960,091
Loss after taxation/Total comprehensive expenses for the financial year		-	-	(1,008,012)	(1,008,012)
Contributions by and distributions to owners of the Company:					
- Private Placement	18, 19	3,567,500	1,783,750	-	5,351,250
- Rights Issue	18	40,578,656	-	-	40,578,656
- Expenses incurred in relation to the Private Placement and Rights Issue	19	-	(701,515)	-	(701,515)
- Transfer from share premium	18, 19	8,625,534	(8,625,534)	-	-
Total transactions with owners		52,771,690	(7,543,299)	-	45,228,391
Balance at 31.12.2017/1.1.2018		89,782,847	-	(7,602,377)	82,180,470
Profit after taxation/Total comprehensive income for the financial year		-	-	744,806	744,806
Balance at 31.12.2018		89,782,847	-	(6,857,571)	82,925,276

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	2017	2018	2017
	Note	RM	RM	RM	RM
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES					
(Loss)/Profit before taxation		(7,602,373)	1,419,163	744,806	(1,008,012)
Adjustments for:-					
Bad debts written off		-	550,390	-	-
Depreciation of plant and equipment		2,678,162	1,753,123	40	39
Depreciation of investment properties		127,286	43,295	-	-
Impairment loss on:					
- investment in subsidiaries		-	-	4,459,764	-
- goodwill		3,099,691	-	-	-
- trade receivables and contract assets		1,896,871	1,889,156	-	-
Interest expense		2,566,501	1,156,134	-	-
Loss on disposal of an associate		-	20,397	-	12,250
Share of results in associates		-	80,319	-	-
Loss/(Gain) on disposal of plant and equipment		34,039	(65,865)	-	-
Gain on bargain purchase		-	(1,150,863)	-	-
Gain on fair value of existing equity interests in a former associate		-	(861,964)	-	-
Interest income		(619,288)	(1,003,609)	(466,438)	(608,537)
Unrealised (gain)/loss on foreign exchange		(1,497,312)	(71)	4,446	(91)
Reversal of impairment loss on:					
- trade receivables		(53,919)	(3,688,163)	-	-
- other receivables		-	(62,579)	-	-
Reversal of inventories previously written down		(79,185)	(183,709)	-	-
Operating profit/(loss) before working capital changes carried forward		550,473	(104,846)	4,742,618	(1,604,351)

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

		The Group		The Company	
		2018	2017	2018	2017
	Note	RM	RM	RM	RM
Operating profit/(loss) before working capital changes brought forward		550,473	(104,846)	4,742,618	(1,604,351)
Decrease in inventories		274,323	320,301	-	-
Net decrease/(increase) in contract assets/(liabilities)		5,140,446	(13,751,479)	-	-
(Increase)/Decrease in trade and other receivables		(21,072,717)	4,029,792	28,669	483,518
Decrease in trade and other payables		(8,880,962)	(24,890,552)	(7,051,233)	(382,365)
Decrease in amount owing to an associate		-	(657,262)	-	-
Increase in amount owing to a subsidiary		-	-	7,524,726	-
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES		(23,988,437)	(35,054,046)	5,244,780	(1,503,198)
Interest paid		(2,566,501)	(1,156,134)	-	-
Income tax paid		(320,067)	(556,945)	-	(600)
Income tax refunded		1,231,940	6,422	1,128	-
NET CASH (FOR)/FROM OPERATING ACTIVITIES		(25,643,065)	(36,760,703)	5,245,908	(1,503,798)
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES					
Advances to subsidiaries		-	-	(18,253,213)	(37,487,265)
Interest received		619,288	1,003,609	466,438	608,537
Net cash outflow from acquisition of subsidiaries	36(c)	-	(5,020,672)	(1)	(99,999)
Sales proceeds from disposal of an associate		-	330,750	-	330,750
Proceeds from disposal of plant and equipment		1,946,988	1,053,834	-	-
Purchase of plant and equipment	37(a)	(563,810)	(107,170)	-	-
Withdrawal/(Placement) of fixed deposits pledged and/or with maturity period more than 3 months		12,647,736	(8,203,166)	12,058,340	(8,997,346)
NET CASH FROM/(FOR) INVESTING ACTIVITIES		14,650,202	(10,942,815)	(5,728,436)	(45,645,323)

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

		The Group		The Company	
		2018	**2017**	**2018**	**2017**
	Note	**RM**	**RM**	**RM**	**RM**
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issuance of shares		-	45,228,391	-	45,228,391
Net drawdown/(repayment) of bankers' acceptances	37(b)	2,615,000	(3,414,000)	-	-
Repayment of hire purchase obligations	37(b)	(395,634)	(339,627)	-	-
Net (repayment)/drawdown of term loan	37(b)	(1,271,132)	1,813,869	-	-
NET CASH FROM FINANCING ACTIVITIES		948,234	43,288,633	-	45,228,391
NET DECREASE IN CASH AND CASH EQUIVALENTS		(10,044,629)	(4,414,885)	(482,528)	(1,920,730)
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		749,081	1,471	(4,446)	91
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		(2,659,075)	1,754,339	734,350	2,654,989
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	37(c)	(11,954,623)	(2,659,075)	247,376	734,350

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 limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office	:	10th Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur.
Principal place of business	:	Wisma Modal Khas Lot 5815-A, Jalan Mawar, Taman Bukit Serdang, Seksyen 9, 43300 Seri Kembangan, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 29 March 2019.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and the provision of management services. 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 During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)

MFRS 15 Revenue from Contracts with Customers

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions

Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts

Amendments to MFRS 15: Effective Date of MFRS 15

Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'

Amendments to MFRS 140 – Transfers of Investment Property

Annual Improvements to MFRS Standards 2014 – 2016 Cycles

- Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters
- Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

3. BASIS OF PREPARATION (CONT'D)

3.1 During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any) (Cont'd):-

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements except as follows:-

(a) MFRS 9 introduces a new classification and measurement requirements for financial assets that reflects the business model in which the financial assets are managed and their cash flow characteristics. MFRS 9 contains 3 principal classification categories for financial assets i.e. measured at amortised cost, fair value through profit or loss, fair value through other comprehensive income and eliminates the previous categories of held-to-maturity, loans and receivables and available-for-sale financial assets. In addition, MFRS 9 replaces the 'incurred loss' model in MFRS 139 with the 'expected credit loss' model. This new impairment approach is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised. The impacts on the financial statements upon the initial application of this accounting standard are disclosed in Note 46 to the financial statements.

(b) MFRS 15 requires an entity to recognise revenue to depict the transfer of promised goods or services to customers for an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognised when a customer obtains control of goods or services, i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods or services. In addition, more guidance has been added in MFRS 15 to deal with specific scenarios. The impacts on the financial statements upon the initial application of this accounting standard are disclosed in Note 46 to the financial statements.

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 upon their initial application.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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) Impairment of Goodwill

The assessment of whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at the reporting date is disclosed in Note 9 to the financial statements.

(b) Impairment of Plant and Equipment and Investment Properties

The Group determines whether its plant and equipment and 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 plant and equipment and investment properties as at the reporting date are disclosed in Notes 7 and 8 to the financial statements.

(c) 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 12 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 todate corroborated by the level of completion of the construction based on actual costs incurred todate 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 amounts of contract assets and contract liabilities as at the reporting date are disclosed in Note 13 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(e) 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 values of trade receivables and contract assets. The carrying amounts of trade receivables and contract assets as at the reporting date are disclosed in Notes 13 and 14 to the financial statements.

(f) Purchase Price Allocation

Purchase prices related to business combinations are allocated to the underlying acquired assets and liabilities based on their estimated fair value at the time of acquisition. The determination of fair value required the Group to make assumptions, estimates and judgements regarding future events. The allocation process is inherently subjective and impacts the amount assigned to individually identifiable assets and liabilities. As a result, the purchase price allocation impact the Group's reported assets (including goodwill) and liabilities, future net earnings due to the impact on future depreciation and amortisation expense and impairment tests. The fair values of the assets acquired and liabilities assumed under the business combinations made during the current financial year are disclosed in Note 36(b) to the financial statements.

Critical Judgements 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) 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.

4.2 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 instruments 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 Customer 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 FINANCIAL INSTRUMENTS (CONT'D)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

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

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.

(d) 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 FINANCIAL INSTRUMENTS (CONT'D)

(e) 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 Group, 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 expected credit loss model and the amount initially recognised less cumulative amortisation.

Accounting Policies Applied Until 31 December 2017

As disclosed in Note 46 to the financial statements, the Group has applied MFRS 9 retrospectively but has elected not to restate comparative information of its financial instruments. As a result, the comparative information of the Group's financial assets continues to be accounted for in accordance with the their previous accounting policies as summarised below:-

(i) Unquoted trade receivables and other receivables with fixed or determinable payments were classified as loans and receivables financial assets, measured at amortised cost using the effective interest method, less any impairment loss. Interest income was recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(ii) Available-for-sale financial assets were non-derivative financial assets not classified in any of the other categories. After initial recognition, available-for-sale financial assets were remeasured to fair value at each reporting date with any gain and loss recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve was reclassified from equity into profit or loss. Investments in equity instruments whose fair value cannot be reliably measured were measured at cost less accumulated impairment losses, if any.

4.3 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 FUNCTIONAL AND FOREIGN CURRENCIES (CONT'D)

(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 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 associates that includes a foreign operation while retaining significant influence or joint control, or 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.

4.4 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 BASIS OF CONSOLIDATION (CONT'D)

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 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.

4.6 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.

4.7 PLANT AND EQUIPMENT

All items of 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 bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all plant and equipment are stated at cost less accumulated depreciation and 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 plant and equipment are recognised in profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 PLANT AND EQUIPMENT (CONT'D)

Depreciation on plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a 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:-

Air conditioners	10%
Cables	over the remaining project duration less residual value
Computer and software	40%
Mini hydro power plant	remaining leasehold period
Motor vehicles	20%
Office equipment, furniture and fittings	10%
Plant and machinery	10%
Renovation	10%
Signboard	10%

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 plant and equipment. Any changes are accounted for as a change in estimate.

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

An item of 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. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset.

4.8 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.

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 a straight-line method over the estimated useful lives of the investment properties. The estimated useful lives of the investment properties is 50 years.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 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 months 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.

<u>Accounting Policy Applied Until 31 December 2017</u>

As disclosed in Note 46 to the financial statements, the Group has applied MFRS 9 retrospectively but has elected not to restate comparative information of its financial instruments. As a result, the comparative information on the impairment of Group's financial assets has been accounted for in accordance with its previous accounting policy as summarised below:-

- The Group assessed at the end of each reporting period whether there was objective evidence that a financial asset (or group of financial assets) was impaired. Impairment losses were incurred only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that events had an impact on the estimated future cash flows of the financial asset (or group of financial assets) that could be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost was considered an indicator that the assets are impaired.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 IMPAIRMENT (CONT'D)

(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 assessments 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 unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Any impairment loss recognised in respect of 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, unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4.10 LEASED ASSETS

(a) Finance leases

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.

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.

(b) Operating lease

All lease 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 term of the lease. Lease incentives received are recognised as a reduction of rental expense over the lease term on a straight-line method. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out method and comprises the purchase price, production or conversion costs 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.

4.12 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 in accordance to 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.

4.13 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.

4.14 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.

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

4.15 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).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 INCOME TAXES (CONT'D)

(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.

4.16 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 for the effects of all dilutive potential ordinary shares.

4.17 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 statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.18 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave, bonuses, and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss 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 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.

4.19 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.

4.20 OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. 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.

4.21 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.

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 assets 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.22 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 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 todate.

(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) Construction Services

Revenue from construction services is recognised over time in the period in which the services are rendered using the input method, determined based the proportion of construction costs incurred for work performed todate over the estimated total construction costs. 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.23 OTHER OPERATING INCOME

(a) Rental Income

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

(b) Dividend Income

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

(c) Interest Income

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

5. INVESTMENTS IN SUBSIDIARIES

	The Company 2018 RM	The Company 2017 RM
Unquoted shares, at cost:		
- in Malaysia	34,743,898	34,743,897
- outside Malaysia	25,070	25,070
	34,768,968	34,768,967
Accumulated impairment losses	(4,459,764)	-
	30,309,204	34,768,967

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held By Parent 2018	2017	Principal Activities
Subsidiaries of the Company				
Pasukhas Sdn. Bhd. ("PSB")	Malaysia	100%	100%	(1) Designing, system integration, fabrication, installation, testing and commissioning of electrical and mechanical works for specified industries. (2) Civil engineering and construction business.
Pasukhas Products Sdn. Bhd. ("PPSB")	Malaysia	100%	100%	General trading.
Pasukhas Energy Sdn. Bhd. ("PESB")	Malaysia	100%	100%	Investment holding.
Pasukhas Development Sdn. Bhd ("PDSB").	Malaysia	100%	100%	Dormant.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows (Cont'd):-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held By Parent 2018	2017	Principal Activities
Pasukhas Properties Sdn. Bhd.	Malaysia	100%	-	Dormant.
Pasukhas Lanka (Pvt) Ltd*	Sri Lanka	100%	100%	Dormant.
Pasukhas Construction Sdn. Bhd. ("PCSB")	Malaysia	70%	70%	General contractor.
Subsidiary of PESB				
Pasukhas Green Assets Sdn. Bhd. (formerly known as Morning Summit Sdn. Bhd.) ("PGASB")	Malaysia	100%	-	Dormant.
I.S. Energy Sdn. Bhd. ("ISE")	Malaysia	100%	100%	Design, build and manage mini hydro power plant and other related works.
Subsidiary of PSB				
Pasukhas Cherating Sdn. Bhd. (formerly known as Prominent Hectare Sdn. Bhd.)	Malaysia	100%	-	Dormant.
Essential Value Sdn. Bhd. ("EVSB")	Malaysia	55%	55%	Property investment and mechanical and electrical engineering business.
Subsidiary of Pasukhas Properties Sdn Bhd				
Midtown Pearl Sdn. Bhd. ("MPSB")	Malaysia	100%	-	Dormant.

* *Not audited by Messrs. Crowe Malaysia PLT.*

(a) During the current financial year, the Company has acquired 100% equity interests in Pasukhas Properties Sdn. Bhd. for a total cash consideration of RM1.

The acquisition of Pasukhas Properties Sdn. Bhd. has no significant effect on the financial results 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 (cont'd)

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(b) During the current financial year:-

(i) Pasukhas Properties Sdn. Bhd. has acquired 100% equity interests in MPSB for a total cash consideration of RM1;
(ii) PESB has acquired 100% equity interests in PGASB for a total cash consideration of RM1; and
(iii) PSB has acquired 100% equity interests in Pasukhas Cherating Sdn. Bhd. for a total cash consideration of RM1.

The acquisitions of MPSB, PGASB and Pasukhas Cherating Sdn. Bhd. have no significant effect on the financial results of the Group for the current financial year and the financial position of the Group as at the end of the current reporting period.

(c) In the previous financial year, the Company has:-

(i) acquired 100% equity interests in PDSB for a total cash consideration of RM1 and ;
(ii) subscribed for additional shares in PESB for a total cash consideration of RM99,998. The equity interest in PESB remained as 100% after the increase in the number of shares.

The acquisitions of PDSB have no significant effect on the financial results of the Group for the previous financial year and the financial position of the Group as at the end of the previous reporting period.

(d) In the previous financial year:-

(i) PESB has acquired 100% equity interests in ISE for a total cash consideration of RM1 million; and
(ii) PSB has acquired an additional 10% equity interests held in EVSB for a total cash consideration of RM152,500. Following the completion of the acquisition, EVSB became a 55% owned subsidiary of PSB.

The details of the acquisitions are disclosed in Note 36 to the financial statements.

(e) During the financial year, the Company has carried out a review of the recoverable amount of its investment in a subsidiary that had been making losses. An impairment losses of RM4,459,764 (2017 - Nil), representing the write-down of the investment to its recoverable amount, was recognised in "Other Expenses" line item of the statement of profit or loss and other comprehensive income. The recoverable amount was determined based on its fair value less cost to sell approach.

(f) The non-controlling interests at the end of the reporting period comprise the following:-

	Effective Equity Interest		The Group	
	2018	2017	2018	2017
	%	%	RM	RM
PCSB	30	30	4,097,135	5,057,265
EVSB	45	45	1,075,119	1,136,713
			5,172,254	6,193,978

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(g) 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:-

	PCSB	
	2018 RM	**2017 RM**
At 31 December		
Non-current assets	1,803,666	2,575,959
Current assets	48,677,120	46,223,378
Non-current liabilities	(86,055)	(156,244)
Current liabilities	(36,737,616)	(31,785,545)
Net assets	13,657,115	16,857,548
Financial Year Ended 31 December		
Revenue	20,554,738	8,843,953
(Loss)/Profit after taxation/Total comprehensive (expenses)/income for the financial year	(3,023,075)	490,077
Net cash for operating activities	(2,314,759)	(377,061)
Net cash (for)/from investing activities	(1,024,212)	48,561
Net cash from financing activities	1,046,786	1,741,886

	EVSB	
	2018 RM	**2017 RM**
At 31 December		
Non-current assets	8,757,419	8,884,705
Current assets	259,537	3,913,272
Non-current liabilities	(604,888)	(604,888)
Current liabilities	(6,022,915)	(9,667,061)
Net assets	2,389,153	2,526,028
Financial Year Ended 31 December		
Revenue	197,082	197,082
Loss after taxation/Total comprehensive expenses for the financial year	(242,284)	(248,209)
Net cash for operating activities	2,796,587	355,796
Net cash from investing activities	-	-
Net cash for financing activities	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

6. INVESTMENTS IN ASSOCIATES

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Unquoted shares, at cost				
At 1 January	-	343,045	-	343,000
Transfer to investments in subsidiaries	-	(45)	-	-
Disposal during the year	-	(343,000)	-	(343,000)
At 31 December	-	-	-	-
Share of post acquisition profits				
At 1 January	-	392,590	-	-
Addition during the year	-	(80,319)	-	-
Disposal during the year	-	(8,147)	-	-
Transfer to investments in subsidiaries	-	(304,124)	-	-
At 31 December	-	-	-	-
	-	-	-	-

The details of the associates are as follows:-

Name of Associate	Principal Place of Business	Effective Equity Interest 2018	Effective Equity Interest 2017	Principal Activities
Dyna Energy Sdn. Bhd. ("DESB")	Malaysia	@	@	Dormant.
EVSB	Malaysia	#	#	Property investment and mechanical and electrical engineering business.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

6. INVESTMENTS IN ASSOCIATES (CONT'D)

The summarised financial information for each associate that is material to the Group is as follows:-

	DESB 2017 RM (Unaudited)	EVSB 2017 RM (Audited)
At 31 December		
Non-current assets	-	#
Current assets	-	#
Current liabilities	-	#
Net assets	-	#
Financial year ended 31 December		
Revenue	-	131,388 ^
Profit after taxation/Total comprehensive income for the financial year	3,988^	(182,830)^
Group's share of profit for the financial year	1,954^	(82,273)^
Reconciliation of net assets to carrying amount		
Group's share of net assets above	-	#
Goodwill	-	#
Carrying amount of the Group's interests in the associate	-	#

@ *Disposed of in the previous financial year.*

As disclosed in Note 5(d) to the financial statements, PSB has acquired an additional 10% equity interests in EVSB. Consequently EVSB became a 55% owned subsidiary of PSB. Therefore, these information are no longer required to be disclosed.

^ *Represents financial information and the Group's share of profit up-to the date of disposal of DESB or the date that EVSB became a 55% owned subsidiary of PSB.*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

7. PLANT AND EQUIPMENT

The Group	At 1.1.2018 RM	Additions RM	Disposal RM	Depreciation Charge RM	At 31.12.2018 RM
2018					
Carrying Amount					
Air conditioners	34,967	-	-	(4,366)	30,601
Cables	1,866,360	-	(1,866,360)	-	-
Computer and software	2,565	5,349	-	(3,246)	4,668
Mini hydro power plant	28,747,783	-	-	(1,895,704)	26,852,079
Motor vehicles	329,608	-	(114,667)	(94,724)	120,217
Office equipment, furniture and fittings	364,511	38,906	-	(85,740)	317,677
Plant and machinery	2,819,287	519,555	-	(582,544)	2,756,298
Renovation	61,943	-	-	(11,374)	50,569
Signboard	1,664	-	-	(464)	1,200
Total	34,228,688	563,810	(1,981,027)	(2,678,162)	30,133,309

The Group	At 1.1.2017 RM	Additions RM	Acquisition Of Subsidiaries (Note 36(b)) RM	Disposal RM	Depreciation Charge RM	At 31.12.2017 RM
2017						
Carrying Amount						
Air conditioners	39,333	-	-	-	(4,366)	34,967
Cables	2,854,329	-	-	(987,969)	-	1,866,360
Computer and software	-	2,908	227	-	(570)	2,565
Mini hydro power plant	-	-	29,900,000	-	(1,152,217)	28,747,783
Motor vehicles	301,647	130,377	-	-	(102,416)	329,608
Office equipment, furniture and fittings	378,845	63,935	8,887	-	(87,156)	364,511
Plant and machinery	3,190,896	22,950	-	-	(394,559)	2,819,287
Renovation	73,317	-	-	-	(11,374)	61,943
Signboard	2,129	-	-	-	(465)	1,664
Total	6,840,496	220,170	29,909,114	(987,969)	(1,753,123)	34,228,688

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

7. PLANT AND EQUIPMENT (CONT'D)

The Group	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2018			
Air conditioners	43,652	(13,051)	30,601
Cables	-	-	-
Computer and software	8,484	(3,816)	4,668
Mini hydro power plant	29,900,000	(3,047,921)	26,852,079
Motor vehicles	729,890	(609,673)	120,217
Office equipment, furniture and fittings	1,653,428	(1,335,751)	317,677
Plant and machinery	4,903,161	(2,146,863)	2,756,298
Renovation	113,747	(63,178)	50,569
Signboard	4,644	(3,444)	1,200
	37,357,006	(7,223,697)	30,133,309
2017			
Air conditioners	43,652	(8,685)	34,967
Cables	4,665,902	(2,799,542)	1,866,360
Computer and software	3,135	(570)	2,565
Mini hydro power plant	29,900,000	(1,152,217)	28,747,783
Motor vehicles	944,890	(615,282)	329,608
Office equipment, furniture and fittings	1,614,522	(1,250,011)	364,511
Plant and machinery	4,383,606	(1,564,319)	2,819,287
Renovation	113,747	(51,804)	61,943
Signboard	4,644	(2,980)	1,664
Total	41,674,098	(7,445,410)	34,228,688

The Company	At 1.1.2018 RM	Depreciation Charge RM	At 31.12.2018 RM
2018			
Carrying Amount			
Office equipment, furniture and fittings	203	(40)	163

	At 1.1.2017 RM	Depreciation Charge RM	At 31.12.2017 RM
2017			
Carrying Amount			
Office equipment, furniture and fittings	242	(39)	203

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

7. PLANT AND EQUIPMENT (CONT'D)

The Company	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2018			
Office equipment, furniture and fittings	399	(236)	163
2017			
Office equipment, furniture and fittings	399	(196)	203

(a) The net book value of the plant and equipment which have been acquired under hire purchase terms are as follows:-

	The Group 2018 RM	The Group 2017 RM
Motor vehicles	116,943	325,442
Plant and machinery	712,500	802,500
	829,443	1,127,942

These leased assets have been pledged as security for the related finance lease liabilities of the Group as disclosed in Note 23 to the financial statements.

(b) Certain assets have been charged to a financial institution for term loan granted to the Group as disclosed in Note 24 to the financial statements as follows:-

	The Group 2018 RM	The Group 2017 RM
Computer and software	1,280	2,565
Mini hydro power plant	26,852,079	28,747,783
Office equipment, furniture and fittings	14,410	16,162
Plant and machinery	91,872	2,684
	26,959,641	28,769,194

(c) The mini hydro power plant is depreciated over the leasehold period of 21 years.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

8. INVESTMENT PROPERTIES

	The Group	
	2018 RM	2017 RM
Cost:-		
At 1 January	8,928,000	-
Acquisition of subsidiaries (Note 36(b))	-	8,928,000
At 31 December	8,928,000	8,928,000
Accumulated depreciation:-		
At 1 January	(43,295)	-
Depreciation during the financial year	(127,286)	(43,295)
At 31 December	(170,581)	(43,295)
	8,757,419	8,884,705
Represented by:-		
Leasehold commercial buildings	8,757,419	8,884,705
Fair value	8,951,000	8,928,000

(a) The leasehold commercial buildings have been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 30 to the financial statements.

(b) The fair value of the investment properties are within level 2 of the fair value hierarchy and are arrived at by reference to market evidence of transaction prices for similar properties. The most significant input into this valuation approach is the price per square foot of comparable properties.

9. GOODWILL

	The Group	
	2018 RM	2017 RM
Cost:-		
At 1 January	3,099,691	3,099,691
Impairment during the financial year (Note 33)	(3,099,691)	-
At 31 December	-	3,099,691

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

9. GOODWILL (CONT'D)

(a) The carrying amount of goodwill allocated to each cash-generating unit is as follows:-

	The Group	
	2018 RM	2017 RM
Civil engineering and construction	-	3,099,691

(b) An impairment loss at RM3,099,691 was recognised in "Other Expenses" line item of the statement of profit or loss and other comprehensive income which had been incurring losses and the directors did not foresee any cash flows from this cash-generating unit in the near future.

10. DEFERRED TAX ASSETS

	The Group	
	2018 RM	2017 RM
At 1 January	1,072,338	2,967,400
Arising from acquisition of subsidiaries (Note 36(b))	-	(1,288,062)
Recognised in profit or loss (Note 34)	(705,700)	(607,000)
At 31 December	366,638	1,072,338

The deferred tax assets/(liabilities) recognised at the end of the reporting period and before offsetting are as follows:-

	The Group	
	2018 RM	2017 RM
Deferred tax assets:-		
Unutilised tax losses	1,972,700	1,972,700
Unabsorbed capital allowances	1,900	150,500
Provisions	124,700	853,000
	2,099,300	2,976,200
Deferred tax liabilities:-		
Accelerated capital allowances on qualifying plant and equipment	(444,600)	(615,800)
Revaluation of properties	(1,288,062)	(1,288,062)
	(1,732,662)	(1,903,862)
	366,638	1,072,338

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

10. DEFERRED TAX ASSETS (CONT'D)

No deferred tax assets/(liability) are recognised on the following items:-

	The Group	
	2018	**2017**
	RM	**RM**
Deferred tax assets:-		
Unutilised tax losses	8,049,205	-
Unabsorbed capital allowances	7,931,104	10,408,482
Provisions	2,145,193	-
	18,125,502	10,408,482
Deferred tax liability:-		
Accelerated capital allowances on qualifying plant and equipment	(9,849,721)	(12,324,829)
	8,275,781	(1,916,347)

Deferred tax assets have not been recognised in respect of these items because it is not probable that taxable profits of the subsidiaries will be available against which the Group can utilise these benefits.

As at 31 December 2018, subject to agreement with the Inland Revenue Board, the Group has unutilised investment tax allowances of approximately RM17,029,964 (2017 - RM17,029,964) available to be carried forward to be offset against future taxable income.

11. OTHER INVESTMENTS

	The Group	
	2018	**2017**
	RM	**RM**
Quoted shares, at fair value	12,000	12,000
Transferable club membership, at fair value (2017 - at cost)	100,000	100,000
	112,000	112,000
Allowance for impairment losses:		
- At 1 January/31 December	(7,750)	(7,750)
	104,250	104,250

(a) At 1 January 2018, the Group designated its investments to be measured at fair value through other comprehensive income because the Group intends to hold for long-term strategic purposes. In the last financial year, these investments were classified as available-for-sale financial assets and measured at cost.

(b) The fair value of each investment is summarised below:-

	The Group
	2018
	RM
Quoted shares of Salcon Berhad	2,350
Transferable club membership	100,000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

12. INVENTORIES

	The Group 2018 RM	The Group 2017 RM
Materials, electrical parts and consumables	995,915	1,191,053
Recognised in profit or loss		
Inventories recognised at cost of sales	6,788,300	5,171,584
Reversal of inventories previously written down	(79,185)	(183,709)

13. CONTRACT ASSETS/(LIABILITIES)

	The Group 2018 RM	The Group 2017 RM
Contract Assets		
Contract assets relating to construction contracts	35,804,113	40,491,823
Allowance for impairment losses	(108,094)	(108,094)
	35,696,019	40,383,729
Contract Liabilities		
Contract liabilities relating to construction contracts	2,468,659	2,015,923

(a) The contract assets primarily relate to the Group's right to consideration for construction work completed on construction contracts but not yet billed as at the reporting date. The amount will be invoiced within 30 to 90 (2017 - 30 to 90) days.

Included in the contract assets are retention sum receivables totalling RM12,456,100 (2017 - RM14,610,230). The retention sums are expected to be collected within the periods ranging from 12 to 24 (2017 - 12 to 24) months.

(b) The contract liabilities primarily relates to advance considerations received from few customers for construction services of which the revenue will be recognised over the remaining contract term of the specific contract it relates to, ranging from 1 to 3 (2017 - 1 to 3) months.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

14. TRADE RECEIVABLES

	The Group	
	2018	2017
	RM	RM
Trade receivables	34,901,532	32,776,229
Allowance for impairment losses	(4,667,091)	(2,384,998)
	30,234,441	30,391,231
Allowance for impairment losses:-		
At 1 January:		
- As previously reported	(2,384,998)	(4,184,005)
- Effects on adoption of MFRS 9	(439,141)	-
- Amount reported under MFRS 9 (2017 - MFRS 139)	(2,824,139)	(4,184,005)
Addition during the financial year (Note 32)	(1,896,871)	(1,889,156)
Reversal during the financial year (Note 32)	53,919	3,688,163
At 31 December	(4,667,091)	(2,384,998)

The Group's normal trade credit terms range from 14 to 120 (2017 - 14 to 120) days.

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Other receivables:				
- Third parties	1,837,963	4,526,927	-	-
- Advances to suppliers	21,127,994	778,642	-	-
- Goods and services tax recoverable	564,374	651,563	-	-
	23,530,331	5,957,132	-	-
Allowance of impairment losses:				
- At 1 January	(8,043)	(70,622)	-	-
- Reversal during the financial year (Note 32)	-	62,579	-	-
- At 31 December	(8,043)	(8,043)	-	-
	23,522,288	5,949,089	-	-
Deposits	17,898,994	18,013,341	1,000	1,000
Prepayments	6,978,844	4,743,993	664	29,333
	48,400,126	28,706,423	1,664	30,333

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

(a) The advances to suppliers are in respect of future supply of coals and project materials (2017 - project materials). These advances shall be recoverable by set-off against future receipt of the coals and project materials.

(b) Included in deposits of the Group are:-
  (i) an amount of RM770,000 (2017 - RM770,000) paid as cash deposit to the Financing Service Reserve Account ("FSRA") in respect of the term loan as disclosed in Note 24 to the financial statements;
  (ii) an amount of RM271,537 (2017 - RM80,568) as part of the cash deposit paid over a Sinking Fund. The Sinking Fund is to be built up to RM1,000,000 as disclosed in Note 24 to the financial statements by 5% from each proceeds/receivables received from revenue of a subsidiary;
  (iii) an amount of RM15,450,458 (2017 - RM15,450,458) paid as land premium for a joint venture project; and
  (iv) an amount of RM470,000 (2017 - Nil) paid as deposit for the acquisition of freehold land.

(c) Included in prepayments of the Group is an amount of RM6,589,689 (2017 - RM4,278,620) in respect of architect fees for a joint venture project.

16. AMOUNTS OWING BY/(TO) SUBSIDIARIES

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

17. DEPOSITS WITH FINANCIAL INSTITUTIONS

(a) The deposits with financial institutions of the Group and of the Company at the end of the reporting period bore effective interest rates ranging from 2.87% to 3.35% (2017 - 2.75% to 4.00%) per annum and nil (2017 - 3.90% to 4.00%) per annum respectively. The deposits with financial institutions have maturity periods ranging from 31 to 365 (2017 - 31 to 365) days and nil (2017 - 182 to 365) days for the Group and the Company respectively.

(b) Included in the deposits with financial institutions of the Group at the end of the reporting period was an amount of RM8,799,881 (2017 - RM9,389,277) which has been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Notes 29 and 30 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

18. SHARE CAPITAL

	The Group/The Company			
	2018	2017	2018	2017
	Number Of Shares		RM	RM
Issued and fully paid-up				
Ordinary shares				
At 1 January	811,573,132	370,111,566	89,782,847	37,011,157
Increase during the year:				
- Private Placement	-	35,675,000	-	3,567,500
- Rights Issue	-	405,786,566	-	40,578,656
- Transfer from share premium (Note 19)	-	-	-	8,625,534
At 31 December	811,573,132	811,573,132	89,782,847	89,782,847

(i) The holders of ordinary 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.

(ii) On 31 January 2017, the concepts of authorised share capital and par value of share capital were abolished in accordance with the Companies Act 2016. Consequently, the amount standing to the credit of the Company's share premium account became part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Companies Act 2016. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

19. SHARE PREMIUM

	The Group	
	2018	2017
	RM	RM
At 1 January	-	7,543,299
Increase during the year:		
- Private Placement	-	1,783,750
Expenses incurred in relation to the Private Placement and Rights Issue	-	(701,515)
Transfer to share capital (Note 18)	-	(8,625,534)
At 31 December	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

20. MERGER DEFICIT

The merger deficit relates to a subsidiary which was consolidated under the merger method of accounting.

The merger deficit arose from the difference between the nominal value of shares issued for the acquisition of a subsidiary and the nominal value of the shares acquired.

21. FAIR VALUE RESERVE

The fair value reserve represents the cumulative fair value changes (net of tax, where applicable) of investments designated at fair value through other comprehensive income (2017 - available-for-sale financial assets).

22. FOREIGN EXCHANGE TRANSLATION RESERVE

The foreign exchange translation reserve arose from the translation of the financial statements of foreign subsidiaries whose functional currencies are different from the Group's presentation currency.

23. HIRE PURCHASE PAYABLES

	The Group	
	2018 RM	2017 RM
Minimum hire purchase payables:		
- not later than 1 year	324,444	371,302
- later than 1 year and not later than 5 years	547,699	964,992
	872,143	1,336,294
Less: Future finance charges	(69,550)	(138,067)
Present value of hire purchase payables	802,593	1,198,227
Analysed by:-		
Current liabilities (Note 29)	285,342	309,237
Non-current liabilities	517,251	888,990
	802,593	1,198,227

(a) The hire purchase payables of the Group are secured by the Group's motor vehicles and plant and machinery under finance leases as disclosed in Note 7(a) to the financial statements. The hire purchase agreements are expiring from 1 to 5 (2017 - 1 to 5) years.

(b) The hire purchase payables of the Group at the end of the reporting period bore effective interest rates ranging from 4.50% to 7.17% (2017 - 4.50% to 8.01%) per annum. The interest rates are fixed at the inception of the hire purchase arrangements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

24. TERM LOAN

	The Group	
	2018	**2017**
	RM	**RM**
Current liabilities (Note 29)	1,376,641	1,271,132
Non-current liabilities	10,239,923	11,616,564
	11,616,564	12,887,696

The term loan is secured by:-

(a) a Third Party Debenture creating a second fixed and floating charge and a Third Party Specific Debenture over certain plant and equipment of the Group as disclosed in Note 7 to the financial statements;
(b) a corporate guarantee of the holding company;
(c) a Third Party Assignment of all rights, interest and benefits of a subsidiary and proceeds from the sales of electricity in respect of the Renewable Energy Power Purchase Agreement executed between the subsidiary and a third party;
(d) an assignment of all rights, interest and benefits of a subsidiary in respect of the Concession Agreement and any amendment between the subsidiary and a local authority;
(e) an assignment in favour of the financial institution over all rights, interest and benefits of a subsidiary of all insurances in relation to the mini hydro power plant;
(f) a Memorandum of Deposit and charge of securities over the shares of a subsidiary;
(g) a Memorandum of Deposit of Cash Deposit of RM770,000 or equivalent to the three months financing service (principal and profits) for the FSRA as disclosed in Note 15 to the financial statements;
(h) a Memorandum of Cash Deposit over Sinking Fund of RM1,000,000 to be build up by 5% from each proceeds/receivables received from revenue of a subsidiary as disclosed in Note 15 to the financial statements; and
(i) a Deed of Subordination from the Company/related companies/shareholders and/or directors' advances until the term loan is fully settled.

The term loan at the end of the reporting period bore an interest rate of 2.55% per annum above the Effective Cost of Funds of the financial institution.

25. TRADE PAYABLES

Included in the trade payables of the Group is retention sum amounting to RM6,576,463 (2017 - RM9,625,076).

The normal trade credit terms granted to the Group range from 30 to 120 (2017 - 30 to 120) days.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

26 OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Other payables	5,108,252	11,455,175	76,740	7,191,435
Goods and services tax payable	401,874	305,689	-	-
Sales and services tax payable	75,057	-	-	-
Accruals	966,703	857,385	136,241	72,779
	6,551,886	12,618,249	212,981	7,264,214

Included in other payables of the Group are:-

(a) an amount owing to a related party amounting to RM112,350 (2017 - RM119,092). The amount owing is unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash; and
(b) an amount owing to a shareholder of EVSB amounting to RM1,136,221 (2017 - RM686,025). The amount owing is unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

27. AMOUNT OWING TO DIRECTORS

The amount owing is unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

28. AMOUNT OWING TO SHAREHOLDERS

The amount owing is unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

29. SHORT-TERM BORROWINGS

	The Group	
	2018	2017
	RM	RM
Hire purchase payables (Note 23)	285,342	309,237
Term loan (Note 24)	1,376,641	1,271,132
Bankers' acceptances	6,402,000	3,787,000
Revolving credits	3,000,000	3,000,000
	11,063,983	8,367,369

The weighted average effective interest rate of the bankers' acceptances at the end of the reporting period is 5.89% (2017 - 5.47%) per annum.

The weighted average effective interest rate of the revolving credits at the end of the reporting period is 5.52% (2017 - 5.24%) per annum.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

29. SHORT-TERM BORROWINGS (CONT'D)

The bankers' acceptances and revolving credits are secured by:-

(i) pledged deposits of the Group as disclosed in Note 17 to the financial statements;
(ii) a joint and several guarantee of certain directors of the Company; and
(iii) a corporate guarantee of the Company.

30. BANK OVERDRAFTS

(a) The bank overdrafts are secured by:-

(i) a deed of assignment over the investment properties of the Group as disclosed in Note 8 to the financial statements;
(ii) pledged deposits of the Group as disclosed in Note 17 to the financial statements;
(iii) a joint and several guarantee of certain directors of a subsidiary and the Company; and
(iv) a corporate guarantee of the Company and a shareholder of a subsidiary.

(b) The bank overdrafts of the Group at the end of the reporting period bore floating interest rates ranging from 5.10% to 8.26% (2017 - 5.00% to 8.26%) per annum.

31. REVENUE

	The Group	
	2018	**2017**
	RM	**RM**
Revenue recognised at a point of time		
Sale of goods, rendering of services, rental income and electricity supplied	67,814,481	11,513,818
Revenue recognised over time		
Contract revenue	29,560,467	25,345,255
	97,374,948	36,859,073

(a) The disaggregation of revenue is presented under "Operating Segments" in Note 40 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

31. REVENUE (CONT'D)

(b) The transaction price allocated to the remaining performance obligations that are unsatisfied or partially unsatisfied as at the end of the reporting period are summarised below (other than contracts for original periods of one year or less):-

	The Group		
	2019	**2020**	**Total**
	RM	**RM**	**RM**
Contract revenue	21,974,663	8,260,424	30,235,087

Comparative information is not presented by virtue of the exemption given in MFRS 15.C5(d).

32. NET IMPAIRMENT LOSS ON FINANCIAL ASSETS AND CONTRACT ASSETS

	The Group	
	2018	**2017**
	RM	**RM**
Impairment losses during the financial year:		
- Individually impaired under MFRS 139 (Note 14)	-	(1,889,156)
- Additions under MFRS 9 (Note 14)	(1,896,871)	-
Reversal of impairment losses:		
- Trade receivables (Note 14)	53,919	3,688,163
- Other receivables (Note 15)	-	62,579
	(1,842,952)	1,861,586

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

33. (LOSS)/PROFIT BEFORE TAXATION

	The Group		The Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
(Loss)/Profit before taxation is arrived at after charging/(crediting):-				
Auditors' remuneration:				
- audit fees	197,034	152,494	40,000	16,000
- non-audit fees	152,000	160,000	6,000	96,000
Bad debts written off	-	550,390	-	-
Depreciation of plant and equipment (Note 7)	2,678,162	1,753,123	40	39
Depreciation of investment properties (Note 8)	127,286	43,295	-	-
Direct operating expenses on investment properties	85,045	92,048	-	-
Directors' remuneration (Note 38)	3,339,119	2,831,446	1,309,438	874,069
Gain on bargain purchase (Note 36(d))	-	(1,150,863)	-	-
Gain on fair value of existing equity interests in a former associate	-	(861,964)	-	-
(Gain)/Loss on foreign exchange:				
- realised	(358,927)	1,134	-	-
- unrealised	(1,497,312)	(71)	4,446	(91)
Hiring charges	1,412,246	556,996	-	-
Impairment loss on:				
- investment in subsidiaries	-	-	4,459,764	-
- goodwill	3,099,691	-	-	-
Interest expense:				
- bank overdraft	1,118,127	317,054	-	-
- bankers' acceptances	172,881	93,577	-	-
- bank guarantee	315	615	-	-
- hire purchase	61,307	76,303	-	-
- revolving credit	158,724	151,896	-	-
- term loan	1,055,147	516,689	-	-
Interest income	(619,288)	(1,003,609)	(466,438)	(608,537)
Loss/(Gain) on disposal of plant and equipment	34,039	(65,865)	-	-
Loss on disposal of an associate	-	20,397	-	12,250
Rental income from investment properties	(197,082)	(65,694)	-	-
Rental of premises	929,998	873,100	-	-
Reversal of inventories previously written down	(79,185)	(183,709)	-	-
Staff costs:				
- short-term employee benefits	5,474,877	7,732,012	80,077	9,000
- defined contribution benefits	596,301	708,029	9,959	-
- other benefits	525,266	579,507	128,464	124,271

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

34. INCOME TAX EXPENSE

	The Group		The Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Current tax expense:				
- for the financial year	-	85,000	-	-
- (over)/underprovision in the previous financial year	(19,632)	2,603	-	-
	(19,632)	87,603	-	-
Deferred tax expense (Note 10):				
- for the financial year	705,700	845,000	-	-
- overprovision in the previous financial year	-	(238,000)	-	-
	705,700	607,000	-	-
	686,068	694,603	-	-

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

	The Group		The Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
(Loss)/Profit before taxation	(7,602,373)	1,419,163	744,806	(1,008,012)
Tax at the statutory tax rate of 24%	(1,824,570)	340,599	178,753	(241,923)
Tax effects of:-				
Non-deductible expenses	2,930,067	884,183	1,519,068	241,923
Deferred tax assets not recognised during the financial year	2,556,775	23,243	-	-
Utilisation of deferred tax assets not recognised in the previous financial year	(110,664)	(318,025)	-	-
Non-taxable gain	(2,845,908)	-	(1,697,821)	-
(Over)/Underprovision in the previous financial year:				
- current tax	(19,632)	2,603	-	-
- deferred tax	-	(238,000)	-	-
Income tax expense for the financial year	686,068	694,603	-	-

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 of other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

34. INCOME TAX EXPENSE (CONT'D)

Tax savings during the financial year arising from:-

	The Group 2018 RM	The Group 2017 RM
Utilisation of capital allowances previously not recognised as deferred tax assets	1,278,853	1,325,106

35. (LOSS)/EARNINGS PER SHARE

The basic (loss)/earnings per share is arrived at by dividing the Group's (loss)/earnings attributable to owners of the Company for the financial year by the weighted average number of ordinary shares in issue during the financial year, as follows:-

	The Group 2018	The Group 2017
(Loss)/Profit attributable to owners of the Company (RM)	(7,266,717)	606,957
Weighted average number of ordinary shares in issue:-		
Ordinary shares at 1 January	811,573,132	370,111,566
Effect of new ordinary shares issued	-	298,119,802
Weighted average number of ordinary shares at 31 December	811,573,132	668,231,368
Basic (loss)/earnings per ordinary share (Sen)	(0.90)	0.09

The Company has not issued any dilutive potential ordinary shares and hence, the diluted (loss)/earnings per share is equal to the basic earnings per share.

36. ACQUISITION OF SUBSIDIARIES

In the previous financial year, the Group:-

(i) through its subsidiary, PESB has acquired 100% equity interests in ISE. The acquisition of ISE is to enable the Group to expand its business into power and energy sector; and

(ii) through its subsidiary, PSB has acquired an additional 10% equity interests in EVSB. Following the completion of the acquisition, EVSB became a 55% owned subsidiary of PSB. The acquisition of EVSB is to enable the Group to expand its business into mechanical and electrical sector.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

(a) Fair Value of Purchase Consideration

	The Group 2017 RM	The Company 2017 RM
Total purchase consideration (item (c) below)	1,152,500	99,999

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

36. ACQUISITION OF SUBSIDIARIES (CONT'D)

(b) Identifiable Assets Acquired and Liabilities Assumed

	The Group 2017 RM
Investment properties	8,928,000
Plant and equipment	29,909,114
Trade and other receivables	4,126,788
Cash and cash equivalents (item (c) below)	(3,868,172)
Current tax assets	72,977
Deferred tax liabilities	(1,288,062)
Trade and other payables	(21,491,471)
Amount owing to contract customers	(679,718)
Borrowings	(11,073,827)
Fair value of net identifiable assets acquired	4,635,629

(c) Cash Flows Arising from Acquisition

	The Group 2017 RM	The Company 2017 RM
Purchase consideration settled in cash and cash equivalents (item (a) above)	1,152,500	99,999
Less: Cash and cash equivalents of subsidiaries acquired (item (b) above)	3,868,172	-
Net cash outflow/(inflow) from the acquisition of subsidiaries	5,020,672	99,999

(d) Goodwill Arising from Acquisition

	The Group 2017 RM
Total fair value of consideration transferred (item (a) above)	1,152,500
Add: Non-controlling interests (item (d)(i) below)	1,166,133
Add: Gain on fair value of existing equity interests in a former associate (item (d)(iii) below)	861,964
Add: Transfer from interest in an associate	304,169
Less: Fair value of net identifiable assets (item (b) above)	(4,635,629)
Gain on bargain purchase (Note 33)	(1,150,863)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

36. ACQUISITION OF SUBSIDIARIES (CONT'D)

(d) Goodwill Arising from Acquisition (Cont'd)

(i) The non-controlling interests are measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition.

(ii) In the previous financial year, the Group incurred acquisition-related costs of RM352,110 related to external legal fees and due diligence costs. These expenses were recognised in "Administrative Expenses" line item of the consolidated statement of profit or loss and other comprehensive income.

(iii) The remeasurement to fair value of the Group's existing 45% interests in EVSB resulted in a gain of RM861,964 (being fair value of RM2,028,096 less its carrying value at acquisition date of RM1,166,132) was recognised in profit or loss under the "Other Income" line item as disclosed in Note 33 to the financial statements.

(e) Impact of Acquisition on the Group's Results

The acquired subsidiaries have contributed the following results:-

	The Group 2017 RM
Revenue	2,669,410
Profit after taxation	255,627

If the acquisition had taken place at the beginning of the last financial year, the Group's revenue and profit after taxation from continuing operations would have been RM38,689,774 and RM752,308 respectively.

37. CASH FLOW INFORMATION

(a) The cash disbursed for the purchase of plant and equipment is as follows:-

	The Group	
	2018 RM	2017 RM
Cost of plant and equipment purchased (Note 7)	563,810	220,170
Amount financed through hire purchase (Note (b) below)	-	(113,000)
Cash disbursed for purchase of plant and equipment	563,810	107,170

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

37. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows:-

The Group	Term Loan RM	Hire Purchase RM	Bankers' Acceptances RM	Revolving Credits RM	Total RM
2018					
At 1 January	12,887,696	1,198,227	3,787,000	3,000,000	20,872,923
Changes in Financing Cash Flows					
Proceeds from drawdown	-	-	15,636,000	-	15,636,000
Repayment of bankers' acceptances	-	-	(13,021,000)	-	(13,021,000)
Repayment of borrowing principal	(1,271,132)	(395,634)	-	-	(1,666,766)
Repayment of borrowing interests	(1,055,147)	(61,307)	(172,881)	(158,724)	(1,448,059)
Non-cash Changes					
Finance charges recognised in profit or loss	1,055,147	61,307	172,881	158,724	1,448,059
At 31 December	11,616,564	802,593	6,402,000	3,000,000	21,821,157

37. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

The Group	Term Loan RM	Hire Purchase RM	Bankers' Acceptances RM	Revolving Credits RM	Total RM
2017					
At 1 January	-	524,854	7,201,000	3,000,000	10,725,854
Changes in Financing Cash Flows					
Proceeds from drawdown	13,000,000	1,013,000	12,912,000	-	27,225,000
Repayment of borrowing principal	(11,486,131)	(339,627)	(16,326,000)	-	(28,151,758)
Repayment of borrowing interests	(516,689)	(76,303)	(93,577)	(151,896)	(838,465)
Non-cash Changes					
Acquisition of subsidiaries	11,073,827	-	-	-	11,073,827
Finance charges recognised in profit or loss	516,689	76,303	93,577	151,896	838,465
At 31 December	12,887,696	1,198,227	3,787,000	3,000,000	20,872,923

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

37. CASH FLOW INFORMATION (CONT'D)

(c) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Deposits with financial institutions (Note 17)	8,799,881	21,447,617	-	12,058,340
Cash and bank balances	7,120,521	2,330,812	247,376	734,350
Bank overdrafts (Note 30)	(19,075,144)	(4,989,887)	-	-
	(3,154,742)	18,788,542	247,376	12,792,690
Less: Deposits pledged to financial institutions and/ or with maturity period more than 3 months	(8,799,881)	(21,447,617)	-	(12,058,340)
	(11,954,623)	(2,659,075)	247,376	734,350

38. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

The key management personnel compensation during the financial year are as follows:-

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Directors of the Company				
Short-term employee benefits:				
- fees	558,000	339,000	264,000	255,000
- salaries, bonuses and other benefits	1,269,032	848,310	721,516	360,829
	1,827,032	1,187,310	985,516	615,829
- defined contribution benefits	126,798	101,067	71,922	43,200
	1,953,830	1,288,377	1,057,438	659,029

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

38. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

The key management personnel compensation during the financial year are as follows (Cont'd):-

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Directors of Subsidiaries				
Short-term employee benefits:				
- fees	87,600	84,000	-	-
- salaries, bonuses and other benefits	1,158,777	1,302,829	225,000	192,000
	1,246,377	1,386,829	225,000	192,000
- defined contribution benefits	138,912	156,240	27,000	23,040
	1,385,289	1,543,069	252,000	215,040
Total directors' remuneration (Note 33)	3,339,119	2,831,446	1,309,438	874,069

The estimated monetary value of benefits-in-kind provided by the Group to the directors of the subsidiaries were RM17,975 (2017 - RM26,000) respectively.

39. RELATED PARTY DISCLOSURES

(a) 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, significant investors, key management personnel and entities within the same group of companies.

(b) 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 significant transactions with the related parties during the financial year:-

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
(i) Subsidiaries:				
- advances to subsidiaries	-	-	19,828,695	17,296,171
- payment on behalf	-	-	172,690	19,817,052
- interest income	-	-	201,653	374,895
(ii) Related parties:				
- rental of premises	(781,200)	(781,200)	-	-

The significant outstanding balances of the related parties together with their terms and conditions are disclosed in the respective notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

40. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Chief Executive Officer as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into 6 main reportable segments as follows:-

(i) M&E Engineering Services ("M&E") - involved in the provision of water treatment and sewerage industry, palm oil, sugar mills, refineries and other factories.

(ii) Manufacturing of LV Switchboards ("LV") - involved in sub-distribution for the generation, transmission, distribution and conversion of electric energy and for the control of equipment that consume electric energy.

(iii) Trading ("EQ") - involved in trading of a variety of goods without any particular specialisation.

(iv) Property Development ("PD") - involved in civil engineering and construction.

(v) Renewable Energy ("RE") - involved in power plant and electricity supplied.

(vi) Rental Property ("RP") - Rental income generated from investment properties.

The Group's contract expenses, operating expenses, financing (including finance costs), income taxes, assets and liabilities are managed on a group and are not allocated to operating segments.

Each reportable segment assets is measured based on all assets (including goodwill) of the segment other than investments in associates and tax-related assets.

Each reportable segment liabilities is measured based on all liabilities of the segment other than borrowings and tax-related liabilities.

Transfer prices between operating segments are at arm's length basis in a manner similar to transactions with third parties. The effects of such inter-segment transactions are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

40. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS

	M&E RM	LV RM	EQ RM	PD RM	RE RM	RP RM	The Group RM
2018							
Revenue							
External revenue	7,159,830	3,755,547	60,216,505	22,400,637	3,645,347	197,082	97,374,948
Inter segment revenue	-	-	-	-	-	-	-
	7,159,830	3,755,547	60,216,505	22,400,637	3,645,347	197,082	97,374,948
Consolidation adjustments							-
Consolidated revenue							97,374,948
Represented by:-							
Revenue recognised at a point of time							
- Sales of goods	-	3,755,547	60,216,505	-	3,645,347	197,082	67,814,481
Revenue recognised over time							
- Construction Services	7,159,830	-	-	22,400,637	-	-	29,560,467
	7,159,830	3,755,547	60,216,505	22,400,637	3,645,347	197,082	97,374,948
Consolidation adjustments							-
							97,374,948

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

40. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	The Group RM
2018	
Results	
Segment loss	(4,802,140)
Finance costs	(2,800,233)
Share of results in associates	-
Consolidated loss before taxation	(7,602,373)
Segment profit includes the following:-	
Depreciation of plant and equipment	2,678,162
Depreciation of investment properties	127,287
Gain on disposal of plant and equipment	34,039
Impairment loss on:	
- goodwill	3,099,691
- trade receivables	1,896,871
Interest expenses	2,566,501
Interest income	(619,288)
Unrealised gain on foreign exchange	(1,497,312)
Reversal of impairment loss on trade receivables	(53,919)
Reversal of inventories previously written down	(79,185)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

40. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	The Group RM
2018	
Assets	
Segment assets	291,879,792
Unallocated assets:	
- deferred tax assets	366,638
- current tax assets	808,589
- goods and services tax recoverable	564,374
Consolidation adjustments	(122,202,285)
Consolidated total assets	171,417,108
Addition to non-current assets other than financial instruments and deferred tax assets is:	
- plant and equipment	563,810
Liabilities	
Segment liabilities	184,199,385
Unallocated liability:	
- goods and services tax payable	401,874
- sales and services tax payable	75,057
Consolidation adjustments	(92,697,362)
Consolidated total liabilities	91,978,954

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

40. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	M&E RM	LV RM	PD RM	RE RM	RP RM	The Group RM
2017						
Revenue						
External revenue	6,964,980	6,344,300	20,880,380	2,603,719	65,694	36,859,073
Inter-segment revenue	-	-	-	-	-	-
	6,964,980	6,344,300	20,880,380	2,603,719	65,694	36,859,073
Consolidation adjustments						-
Consolidated revenue						36,859,073
Results						
Segment profit						2,669,559
Finance costs						(1,170,077)
Share of results in associates						(80,319)
Consolidated profit before taxation						1,419,163
Segment profit includes the following:-						
Bad debts written off						(550,390)
Depreciation of plant and equipment						(1,753,123)
Depreciation of investment properties						(43,295)
Gain on bargain purchase						1,150,863
Gain on fair value of existing equity interests in a former associate						861,964
Gain on disposal of plant and equipment						65,865
Impairment loss on trade receivables						(1,889,156)
Interest expenses						(1,156,134)
Interest income						1,003,609
Loss on disposal of an associate						(12,250)
Share of results in associates						(80,319)
Unrealised loss on foreign exchange						(221)
Reversal of impairment loss on:						
- trade receivables						3,688,163
- other receivables						62,579
Reversal of inventories previously written down						183,709

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

40. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

The information on the disaggregation of revenue is not presented for the comparative period as the Group has applied MFRS 15 using the modified retrospective application.

	The Group RM
2017	
Assets	
Segment assets	268,363,595
Unallocated assets:	
- deferred tax assets	1,072,338
- current tax assets	1,700,830
- goods and services tax recoverable	651,563
Consolidation adjustments	(98,246,959)
Consolidated total assets	173,541,367
Addition to non-current assets other than financial instruments and deferred tax assets is:	
- plant and equipment	220,170
Liabilities	
Segment liabilities	152,636,769
Unallocated liability:	
- goods and services tax payable	305,689
Consolidation adjustments	(67,568,769)
Consolidated total liabilities	85,373,689

GEOGRAPHICAL INFORMATION

Revenue is based on the country in which the customers are located.

Non-current assets are determined according to the country where these assets are located. The amounts of non-current assets do not include financial instruments and deferred tax assets.

	Revenue		Non-current Assets	
	2018 RM	2017 RM	2018 RM	2017 RM
The Group				
Malaysia	38,188,365	36,859,073	39,361,616	47,389,672
Taiwan	59,186,583	-	-	-
	97,374,948	36,859,073	39,361,616	47,389,672

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

40. OPERATING SEGMENTS (CONT'D)

GEOGRAPHICAL INFORMATION (CONT'D)

The information on the disaggregation of revenue based on geographical region is summarised below:-

	At A Point in Time		Over Time		The Group	
	2018 RM	2017 RM	2018 RM	2017 RM	2018 RM	2017 RM
Malaysia	8,627,898	-	29,560,467	-	38,188,365	-
Taiwan	59,186,583	-	-	-	59,186,583	-
	67,814,481	-	29,560,467	-	97,374,948	-

No information is presented for the comparative period as the Group has applied MFRS 15 using the modified retrospective application.

MAJOR CUSTOMERS

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

	Revenue 2018 RM	Revenue 2017 RM	Segment
Customer A	59,186,583	-	Trading - Steam Coal.
Customer B	19,745,855	-	Property developer - Civil engineering and construction.
Customer C	*	9,706,000	Property developer - Civil engineering and construction.
Customer D	*	4,273,000	Property developer - Civil engineering and construction.
Customer E	*	3,805,000	Manufacturing of LV Switchboards.

* During the financial year, the revenue for these customers were less than 10% of the Group's revenue.

41. CAPITAL COMMITMENTS

	The Group 2018 RM	The Group 2017 RM
Payment to landowner for the future entitlement in respect of the Joint Venture Agreement	2,000,000	2,000,000
Acquisition of subsidiaries	518,400	536,400
Acquisition of freehold land	4,230,000	-
	6,748,400	2,536,400

(a) In the previous financial year, the Group paid a deposit of RM472,500 for the acquisition of PT Berkah Bumi Leluhur ("PTBBL"). The remaining purchase consideration of PTBBL is RM518,400.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

41. CAPITAL COMMITMENT (CONT'D)

(b) During the financial year, the Group paid a deposit of RM470,000 for the acquisition of freehold land, as disclosed in Note 15 to the financial statements. The remaining purchase consideration of the said land is RM4,230,000.

42. 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.

42.1 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 the respective functional currencies of entities within the Group. The currency giving rise to this risk is primarily United States Dollar. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

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 the financial instruments at the end of the reporting period is summarised below:-

Foreign Currency Exposure

The Group	**United States Dollar RM**
2018	
Financial Assets	
Other receivables	21,428,335
Cash and bank balances	2,962,401
	24,390,736
Financial Liability	
Other payables	2,034,056
Net currency exposure	22,356,680

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

The Group	**United States Dollar RM**
2017	
Financial Asset	
Cash and bank balances	20,214
Net currency exposure	20,214

Foreign Currency Risk Sensitivity Analysis

A 10% strengthening of the RM against the United States Dollar at the end of the reporting period would have increased (loss)/profit after taxation and equity respectively by RM1,699,108 (2017 - RM1,536). A 10% weakening in the foreign currency would have had an equal but opposite effect on the (loss)/profit after taxation and equity respectively. This assumes that all other variables remain constant.

(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 long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix fixed and floating rate borrowings.

The Group's deposits with financial institution are carried at cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither their carrying amounts nor the future cash flows fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Notes 24 and 29 to the financial statements.

Interest Rate Risk Sensitivity Analysis

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:-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk (Cont'd)

Interest Rate Risk Sensitivity Analysis (Cont'd)

	The Group	
	2018	**2017**
	RM	**RM**
Effects on (Loss)/Profit After Taxation		
Increase of 100 basis points	(304,712)	187,451
Decrease of 100 basis points	304,712	(187,451)

(iii) Equity Price Risk

The Group's principal exposure to equity price risk arises mainly from changes in quoted investment prices. The Group's exposure to equity price risk is minimal as the Group only maintains a small portfolio of equities as disclosed in Note 11 to the financial statements. The Group's exposure to equity price risk at the end of the reporting period would have an immaterial impact on the (loss)/profit after taxation and equity respectively. As such, sensitivity analysis is not disclosed.

(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 and cash and bank balances), 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 risk relates to the amounts owing by three major customers which constituted approximately 82% of its trade receivables at the end of the reporting period.

(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).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(ii) Exposure to Credit Risk (Cont'd)

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.

(iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of financial assets at amortised cost, contract assets are credit impaired.

The gross carrying amounts of those 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 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 over a period of 12 months 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 as there are only a few customers. All of these customers have low risk of default as they have a strong capacity to meet their debts.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 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)

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**	**Lifetime Loss Allowance RM**	**Carrying Amount RM**
2018			
Trade receivables			
Not past due	24,634,217	(43,432)	24,590,785
Past due:			
- less than 3 months	1,068,866	(28,670)	1,040,196
- 3 to 9 months	104,256	(639)	103,617
- over 9 months	4,870,040	(370,197)	4,499,843
	6,043,162	(399,506)	5,643,656
Credit impaired:			
- Individually impaired	4,224,153	(4,224,153)	-
	34,901,532	(4,667,091)	30,234,441
Contract assets			
Not past due	35,696,019	-	35,696,019
Credit impaired:			
- Individually impaired	108,094	(108,094)	-
	35,804,113	(108,094)	35,696,019
	70,705,645	(4,775,185)	65,930,460

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 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 last financial year, the loss allowance on trade receivables was calculated under MFRS 139. The ageing analysis of trade receivables is as follows:-

The Group	Gross Amount RM	Individual Impairment RM	Carrying Amount RM
2017			
Not past due	9,211,355	-	9,211,355
Past due:			
- less than 3 months	180,642	-	180,642
- 3 to 9 months	4,329,866	-	4,329,866
- over 9 months	19,054,366	(2,384,998)	16,669,368
	23,564,874	(2,384,998)	21,179,876
Total trade receivables	32,776,229	(2,384,998)	30,391,231

The movements in the loss allowances in respect of trade receivables and contract assets are disclosed in Notes 13 and 14 to the financial statements respectively.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

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**	**Lifetime Loss Allowance RM**	**Carrying Amount RM**
2018			
Low credit risk	60,103,976	-	60,103,976

Financial Guarantee Contracts

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

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	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM
2018					
Non-derivative Financial Liabilities					
Trade payables	-	38,631,608	38,631,608	38,631,608	-
Other payables and accruals	-	6,551,886	6,551,886	6,551,886	-
Amount owing to directors	-	492,200	492,200	492,200	-
Amount owing to shareholders	-	2,938,300	2,938,300	2,938,300	-
Hire purchase payables	5.70	802,593	872,143	324,444	547,699
Term loan	11.70	11,616,564	15,470,541	2,371,956	13,098,585
Bankers' acceptances	5.89	6,402,000	6,402,000	6,402,000	-
Revolving credits	5.52	3,000,000	3,000,000	3,000,000	-
Bank overdrafts	5.74	19,075,144	19,075,144	19,075,144	-
		89,510,295	93,433,822	79,787,538	13,646,284

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The Group	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM
2017					
Non-derivative Financial Liabilities					
Trade payables	-	41,446,207	41,446,207	41,446,207	-
Other payables and accruals	-	12,618,249	12,618,249	12,618,249	-
Amount owing to directors	-	492,200	492,200	492,200	-
Amount owing to shareholders	-	2,938,300	2,938,300	2,938,300	-
Hire purchase payables	5.73	1,198,227	1,336,294	371,302	964,992
Term loan	8.30	12,887,696	17,444,553	2,293,402	15,151,151
Bankers' acceptances	5.47	3,787,000	3,787,000	3,787,000	-
Revolving credits	5.24	3,000,000	3,000,000	3,000,000	-
Bank overdrafts	5.74	4,989,887	4,989,887	4,989,887	-
		83,357,766	88,052,690	71,936,547	16,116,143

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The Company	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM
2018				
Other payables and accruals	-	212,981	212,981	212,981
Amount owing to a subsidiary	-	7,524,726	7,524,726	7,524,726
Financial guarantee contracts in relation to corporate guarantees extended to subsidiaries	-	-	33,203,746	33,203,746
		7,737,707	40,941,453	40,941,453
2017				
Other payables and accruals	-	7,264,214	7,264,214	7,264,214
Financial guarantee contracts in relation to corporate guarantees extended to subsidiaries	-	-	18,979,482	18,979,482
		7,264,214	26,243,696	26,243,696

42.2 CAPITAL RISK MANAGEMENT

The Group manages its capital by maintaining an optimal capital structure so as to support its 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 the debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total equity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

42. FINANCIAL INSTRUMENTS (CONT'D)

42.2 CAPITAL RISK MANAGEMENT (CONT'D)

The Group includes within net debt, payables and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the Group. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	The Group	
	2018	**2017**
	RM	**RM**
Hire purchase payables	802,593	1,198,227
Trade payables	38,631,608	41,446,207
Other payables and accruals	6,551,886	12,618,249
Amount owing to directors	492,200	492,200
Amount owing to shareholders	2,938,300	2,938,300
Bankers' acceptances	6,402,000	3,787,000
Term loan	11,616,564	12,887,696
Revolving credits	3,000,000	3,000,000
Bank overdrafts	19,075,144	4,989,887
	89,510,295	83,357,766
Less: Deposits with financial institutions	(8,799,881)	(21,447,617)
Less: Cash and bank balances	(7,120,521)	(2,330,812)
Net debt	73,589,893	59,579,337
Total equity	79,438,154	88,167,678
Debt-to-equity ratio	0.93	0.67

There was no change in the Group's approach to capital management during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

42. FINANCIAL INSTRUMENTS (CONT'D)

42.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2018	
	The Group RM	The Company RM
Financial Assets		
Designated at Fair Value Through Other Comprehensive Income Upon Initial Recognition		
Other investments (Note 11)	104,250	-
Amortised Cost		
Trade receivables (Note 14)	30,234,441	-
Other receivables (Note 15)	23,522,288	-
Amount owing by subsidiaries (Note 16)	-	60,103,976
Deposits with financial institutions (Note 17)	8,799,881	-
Cash and bank balances	7,120,521	247,376
	69,677,131	60,351,352
Financial Liability		
Amortised Cost		
Hire purchase payables (Note 23)	802,593	-
Term loan (Note 24)	11,616,564	-
Trade payables (Note 25)	38,631,608	-
Other payables and accruals (Note 26)	6,551,886	212,981
Amount owing to a subsidiary (Note 16)	-	7,524,726
Amount owing to directors (Note 27)	492,200	-
Amount owing to shareholders (Note 28)	2,938,300	-
Bankers' acceptances (Note 29)	6,402,000	-
Revolving credits (Note 29)	3,000,000	-
Bank overdrafts (Note 30)	19,075,144	-
	89,510,295	7,737,707

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

42. FINANCIAL INSTRUMENTS (CONT'D)

42.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

	2017	
	The Group RM	**The Company RM**
Financial Assets		
Available-for-sale Financial Asset		
Other investments (Note 11)	104,250	-
Loan and Receivables Financial Assets		
Trade receivables (Note 14)	30,391,231	-
Other receivables (Note 15)	5,949,089	-
Amount owing by subsidiaries (Note 16)	-	41,850,763
Deposits with financial institutions (Note 17)	21,447,617	12,058,340
Cash and bank balances	2,330,812	734,350
	60,118,749	54,644,453
Financial Liability		
Other Financial Liabilities		
Hire purchase payables (Note 23)	1,198,227	-
Term loan (Note 24)	12,887,696	-
Trade payables (Note 25)	41,446,207	-
Other payables and accruals (Note 26)	12,618,249	7,264,214
Amount owing to directors (Note 27)	492,200	-
Amount owing to shareholders (Note 28)	2,938,300	-
Bankers' acceptances (Note 29)	3,787,000	-
Revolving credits (Note 29)	3,000,000	-
Bank overdrafts (Note 30)	4,989,887	-
	83,357,766	7,264,214

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

42. FINANCIAL INSTRUMENTS (CONT'D)

42.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	2018 The Group RM	2018 The Company RM
Financial Asset		
Amortised Cost		
Net (losses)/gains recognised in profit or loss	(1,223,664)	466,438
Financial Liability		
Amortised Cost		
Net losses recognised in profit or loss	(2,566,186)	-

	2017 The Group RM	2017 The Company RM
Financial Asset		
Loan and Receivables Financial Assets		
Net gains recognised in profit or loss	2,865,194	608,537
Financial Liability		
Other Financial Liabilities		
Net losses recognised in profit or loss	(1,100,419)	-

42. FINANCIAL INSTRUMENTS (CONT'D)

42.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments.

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	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM	RM	RM
2018								
Financial Assets								
Other investments:								
- quoted shares	4,250	-	-	-	-	-	4,250	4,250
- transferable club membership	-	100,000	-	-	-	-	100,000	100,000
Financial Liabilities								
Hire purchase payables	-	-	-	-	802,593	-	802,593	802,593
Term loan	-	-	-	-	11,616,564	-	11,616,564	11,616,564
2017								
Financial Assets								
Other investments:								
- quoted shares	4,250	-	-	-	-	-	4,250	4,250
- transferable club membership	-	100,000	-	-	-	-	100,000	100,000
Financial Liabilities								
Hire purchase payables	-	-	-	-	1,198,227	-	1,198,227	1,198,227
Term loan	-	-	-	-	12,887,696	-	12,887,696	12,887,696

(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 quoted equity investment is estimated at its quoted closing bid price at the end of the reporting period.

(ii) There were no transfer between level 1 and level 2 during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

42. FINANCIAL INSTRUMENTS (CONT'D)

42.5 FAIR VALUE INFORMATION (CONT'D)

(b) Fair Value of Financial Instruments Not Carried at Fair Value

The fair values, which are for disclosure purposes, have been determined using the following basis:-

(i) The fair values of the hire purchase payables that carry fixed interest rates are determined by discounting the relevant cash flows using interest rates for similar instruments at the end of the reporting period.

(ii) The fair value of the term loan that carry floating interest rate approximated its carrying amount as it is repriced to market interest rates on or near the reporting date.

43. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 19 January 2018, PPSB entered into a Sale and Purchase Contract with a Taiwan Company for the sale and delivery of one vessel of steam coal for USD6.35 million on a Free on Board ("FOB") basis at Anchorage point of South Kalimantan, Indonesia.

(b) On 2 February 2018, the Company acquired one ordinary share representing 100% of the share capital of Pasukhas Properties Sdn. Bhd. for a total cash consideration of RM1. Upon the acquisition, Pasukhas Properties Sdn. Bhd. became a wholly-owned subsidiary of the Company.

(c) On 5 February 2018, PPSB entered into a Sale and Purchase Contract with a Taiwan Company for the sale and delivery of two vessels of steam coal for USD8.74 million on a FOB basis at anchorage point of South Kalimantan, Indonesia.

(d) On 27 February 2018, Pasukhas Properties Sdn. Bhd. acquired one ordinary share representing 100% of the share capital of Midtown Pearl Sdn. Bhd. ("MPSB") for a total cash consideration of RM1. Upon the acquisition, MPSB became a wholly-owned subsidiary of Pasukhas Properties Sdn. Bhd..

(e) On 1 March 2018, PPSB entered into a Conditional Sale and Purchase of Shares Agreement ("CSPA") with the vendors of PT BBL in relation to the acquisition of 1,650 shares, representing 60% of the issued and paid-up share capital of PT BBL for a total cash consideration of IDR3.3 billion or equivalent to approximately RM1 million, upon the terms and conditions as stipulated in the CSPA.

(f) On 20 March 2018, PCSB accepted the Letter of Award with total sub-project sum amounting to RM41.3 million issued by Paramount Property Construction Sdn. Bhd. (Main Contractor) in relation to sub-contract of the superstructure works.

(g) On 27 March 2018, the Company proposed to vary the utilisation of proceeds from Rights Issue of approximately RM7.87 million earmarked for the payment of the remaining PCSB cash consideration to fund its working capital requirements for its existing construction projects and joint ventures which include the payment of contractors, suppliers of goods and services, and sourcing of manpower such as construction workers. This would enable the PGB to optimise the returns on these funds. The variation is not subjected to any regulatory authorities or shareholders' approval.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

43. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

(h) On 27 March 2018, PDSB entered into a supplement JV Agreement with Yayasan to clarify certain entitlements of PDSB ("the developer") under the Development Project, which shall also include the following:-

(i) fifty car parking bays;

(ii) one retail unit; and

(iii) cafeteria and "surau" shall belong and managed entirely by the developer.

(i) On 2 April 2018, the Company intends to undertake the following proposals:-

(i) proposed special issue of up to 116,055,000 new ordinary shares in the Company, representing approximately 12.5% of the Company's enlarged issued share capital to Bumiputera investors to be identified and/or approved by the Ministry of International Trade and Industry, Malaysia ("Proposed Special Issue"); and

(ii) proposed diversification of the Company and its subsidiaries' existing business into the property development and coal trading business segments ("Proposed Diversification")

(j) On 2 May 2018, the additional listing application for the Proposed Special Issue and draft circular in relation to the Proposals have been submitted to Bursa Malaysia Securities Berhad ("Bursa Securities").

(k) On 12 June 2018, PESB accepted an Al-Kafalah Facility ("the Facility") from Danajamin Nasional Berhad ("Danajamin") be granted to a special purpose vehicle to be wholly-owned by PESB (Obligor) to guarantee the Obligor's payment obligations under Tranche 1 of the Proposed Islamic Medium Term Notes Programme of up to a nominal amount of RM17,000,000.

(l) On 6 July 2018, Bursa Securities has resolved to approve the listing of up to 116,055,000 new ordinary shares in the Company to be issued pursuant to the Proposed Special Issue.

The approval granted by Bursa Securities for the Proposed Special Issue is subject to the following conditions:-

(i) PGB and M&A Securities must fully comply with the relevant provisions under the Bursa Securities ACE Market Listing ("ACE LR") pertaining to the implementation of the Proposed Special Issue;

(ii) PGB and M&A Securities to inform Bursa Securities upon the completion of the Proposed Special Issue; and

(iii) PGB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Special Issue is completed.

In relation to the circular to the shareholders on the Proposals, the Company is required to incorporate the comments of Bursa Securities made on the circular to shareholders.

(m) On 12 September 2018, PPSB entered into a Sale and Purchase Contract with a Singapore Company for the sale and delivery of one vessel of steam coal for USD4.93 million on a Freight on Board ("FOB") basis at Anchorage point of South Kalimantan, Indonesia.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

43. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

(n) On 13 September 2018, PDSB entered into a 2nd supplemental JV Agreement with Yayasan to amend/vary the entitlement of Yayasan under the 1st supplemental JV Agreement, as follows:-

(i) only twenty-five (25) car parking bays shall be allocated to Yayasan.

Save as disclosed above, other terms and conditions of the JV Agreements remain unchanged and effective.

(o) On 21 September 2018, PESB acquired one ordinary share representing 100% of the share capital of PGASB for a total cash consideration of RM1. Upon the acquisition, PGASB became a wholly-owned subsidiary of PESB.

(p) On 28 September 2018, PSB entered into a Sale and Purchase Agreement with MTM Millennium Holdings Sdn. Bhd. (In-liquidation) to acquire a piece of freehold land held under individual title No. GM 823, Lot 1594, Tempat Gebeng, Mukim Sungai Karang, Daerah Kuantan, Negeri Pahang measuring approximately 10,193.9994 square meter (1.0194 hectares) for a cash consideration of RM4,700,000.

(q) On 3 October 2018, PSB acquired one ordinary share representing 100% of share capital of Pasukhas Cherating Sdn. Bhd. for a total cash consideration of RM1. Upon the acquisition, Pasukhas Cherating Sdn. Bhd. became a wholly-owned subsidiary of PSB.

(r) On 29 October 2018, the application with regard to the allocation of Bumiputera investors in relation to the Proposed Special Issue has been submitted to the Ministry of International Trade and Industry.

(s) On 13 December 2018, PGASB proposes to establish an Islamic Medium Term Note ("ASEAN Green SRI Sukuk") programme of RM200.0 million in nominal value under the Shariah principle of Wakalah Bi Al-Istithmar together with Murabahah (via Tawarruq arrangement) ("ASEAN Green SRI Sukuk Programme").

The ASEAN Green SRI Sukuk Programme shall have a tenure of twenty (20) years from the date of first issue from the ASEAN Green SRI Sukuk Programme.

The proceeds raised from the issuance of the ASEAN Green SRI Sukuk shall be utilised by the Issuer to, amongst others:-

(i) fund the acquisitions of Eligible SRI Projects by the Issuer Group which may include an acquisition of a company under which the Eligible SRI Project is being held;

(ii) fund the capital expenditure which includes the construction of Eligible SRI Projects by the Issuer Group;

(iii) finance the Issuer Group's Shariah-compliant working capital; and/or

(iv) pay fees, expenses, costs and all other amounts payable in relation to the ASEAN SRI Sukuk Programme and the Al-Kafalah Facility of the relevant tranche of the ASEAN Green SRI Sukuk.

For the avoidance of doubt, the utilisation of the proceeds of the ASEAN Green SRI Sukuk shall at all times be for Shariah-compliant purposes.

(t) On 21 December 2018, M&A Securities Sdn. Bhd. submitted on behalf of the Company an application to Bursa Securities to seek an extension of time of six months up to 5 July 2019 to complete the implementation of the Proposed Special Issue which was approved by Bursa Securities on 6 July 2018.

(u) On 31 December 2018, Bursa Securities had vide its letter dated 31 December 2018, resolved to grant the Company an extension of time up to 5 July 2019 to complete the implementation of the Proposed Special Issue.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

44. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

(a) On 14 January 2019, the Company undertook an internal restructuring within the Group through a transfer of four million ordinary shares representing the entire share capital of ISE from PESB to PGASB for a total cash consideration of RM1,000,000 ("Internal Restructuring"). Consequent to the internal restructuring, ISE became a 100% direct-owned subsidiary of PGASB and a third-tier subsidiary of the Company.

(b) On 28 February 2019, the Company announced that PESB, PT BDP and the Vendors (the shareholders of PT BDP - PT Persada Capital Investama and PT Saratoga Sentra Business) have mutually agreed to terminate the proposed acquisition of 100% equity interest in PT BDP and thus, PESB had issued a letter to PT BDP and the Vendors to terminate the Approval Letter entered on 12 June 2017 and Letter of Offer accepted on 22 December 2017 for the proposed acquisition. The termination was due to certain issues relating to the due diligence review which cannot be resolved to the satisfaction of the Company, PT BDP and the Vendors.

(c) On 25 March 2019, the Company has fixed the issue price of the Special Issue Shares at RM0.0490 per Special Issue Share to be issued pursuant to the Special Issue. The aforementioned issue price of RM0.0490 per Special Issue Share represents a discount of approximately RM0.0015 or 2.97% from the five (5)-day weighted average market price of PGB from 18 March 2019 to 22 March 2019 (being the preceding market day prior to the date of this announcement) of approximately RM0.0505 per Special Issue Share.

45. MATERIAL LITIGATION

(a) In the matter of Fast Track Arbitration between Townscapes Builder Sdn. Bhd. ("Townscapes") and PSB pursuant to Dispute Resolution Agreement dated 29 November 2016

Townscapes (the Claimant) is claiming against PSB (the Respondent) for a sum of RM3,281,962 being the payment for final account and loss of profit for the project known as Apartment Housing Scheme which includes: 1) Apartment Block A (14-Storey): i) 13-Storey (130 Units) Apartment, ii) 1-Storey Carpark, iii) 1 Unit Electrical Sub-Station; 2) Apartment Block B (14-Storey): i) 13-Storey (130 Units) Apartment, ii) 1-Storey Carpark; 3) 1-Storey Club House and Swimming Pool; 4) Guard House on Lot 208397, 69040, 69041, 69042, 69043, Taman Bintang, Bandaraya Ipoh, Mukim Hulu Kinta, Daerah Kinta, Perak Darul Ridzuan for Messrs Empire Multiple Sdn. Bhd..

PSB disputed the entire claim of Townscapes save for a sum of RM472,042 and has counterclaimed a sum of RM281,003 against Townscapes.

Based on the Arbitration Award dated 19 July 2017, the Arbitrator has awarded and directed that, in full and final settlement of all claims and counter-claims in the arbitration:-

(i) PSB shall pay to Townscapes the sum of RM2,249,541 together with interest on the sum of RM2,238,157 at the rate of 5% per annum;
(ii) PSB shall pay to Townscapes, its costs in the sum of RM117,065; and
(iii) PSB shall pay and bear the fees of the Arbitrator amounting to RM69,223 and Kuala Lumpur Regional Centre Arbitration's ("KLRCA") administrative fees in the sum of RM16,073 and to the extent that Townscapes has paid any part thereof.

PSB has filed an Originating Summons to set aside the Final Award and Townscapes has filed an Originating Summons to enforce the Final Award made on 19 July 2017.

Both Townscapes and PSB have withdrawn the suit with no order as to costs on 14 March 2018.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

45. MATERIAL LITIGATION (CONT'D)

(a) In the matter of Fast Track Arbitration between Townscapes Builder Sdn. Bhd. ("Townscapes") and PSB pursuant to Dispute Resolution Agreement dated 29 November 2016 (Cont'd)

Townscapes has agreed that the total settlement sum of RM1,168,514 as full and final settlement amount for all claims and counterclaims in relation to the projects undertaken between Townscapes and PSB, as described in Note 45(a) and Note 45(b). PSB has paid the said Townscapes Settlement Sum in six (6) instalments of RM194,752 each during the financial year.

(b) In the matter of an intended Fast Track Arbitration between PSB and Townscapes pursuant to Dispute Resolution Agreement dated 29 November 2016

PSB (the Claimant) is claiming against Townscapes (the Respondent) for approximately the sum of RM7,581,232 for payment on behalf, defects and liquidated damages for the project known as "Sub-structure and part of external works" for "Cadangan Mendirikan Skim Pembangunan Bersepadu Pelancongan Dan Wellness Center (Medical Tourism) at Lot 841 and 842, Jalan Teluk Bahang, Mukim 2, Teluk Bahang DBD, Pulau Pinang".

PSB anticipates a counterclaim of RM2,703,482 by Townscapes.

Based on the Arbitration Award dated 23 November 2017, the Arbitrator has awarded the following in accordance to KLRCA Rules for Fast Track Arbitration:-

(i) Townscapes needs to pay PSB the sum of RM1,049,278 as sums found due to the Final Account;
(ii) Townscapes needs to pay PSB costs of RM268,145; and
(iii) all other claims are dismissed.

Both Townscapes and PSB has withdrawn the suit with no order as to costs on 14 March 2018.

(c) Issuance of Payment Claim under Construction Industry Payment and Adjudication Act 2012 ("CIPAA") against Emerald Capital (Ipoh) Sdn. Bhd. ("Emerald")

PSB is claiming against Emerald for a construction contract claim under the CIPPA.

The claim is for payment for work done under the project known as "Phase 2-1 Block Condominium 18-Storey (240 Units) together with the Common Facilities erected on Podium 5-Storey together with the Accessory Parcels and 2-Storey of Shop Lot (9 Units) erected upon Lot 25117 and 25118 (Previous Lot: 206349), Mukim Hulu Kinta, Daerah Kinta, Perak Darul Ridzuan for Emerald for the sum of RM8,293,658.

PSB anticipates a counterclaim for the sum of RM8,491,493 by Emerald ("the Counterclaim anticipated"). A substantial portion of the Counterclaim anticipated which is RM2,135,000 constitutes a claim for alleged delay.

On 28 June 2017, PSB had received the written Adjudication Decision dated 24 June 2017 from the Adjudicator.

Based on the evidence and arguments submitted by both parties, the Adjudicator has made the following decision:-

(i) The adjudicated amount is RM6,452,897 and shall be paid to PSB;
(ii) Emerald shall pay PSB simple interest on the adjudicated amount at the rate of 5% per annum; and
(iii) Emerald shall pay the costs of the adjudication proceedings amounting to RM81,489.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

45. MATERIAL LITIGATION (CONT'D)

(c) Issuance of Payment Claim under Construction Industry Payment and Adjudication Act 2012 ("CIPAA") against Emerald Capital (Ipoh) Sdn. Bhd. ("Emerald") (Cont'd)

On 2 August 2017, PSB has been served with an Originating Summons from Emerald seeking to set aside the Adjudication Decision. PSB is at the same time applying to register the Adjudication Decision in the High Court.

Kuala Lumpur High Court had on 4 October 2017, heard and dismissed the Emerald's application to set aside the Adjudication Decision dated 24 June 2017 and allowed PSB's application to enforce the Adjudication Decision with a revised amount of RM5,769,305 awarded to PSB.

Emerald has filed an appeal to the Court of Appeal against the decision given at the Kuala Lumpur High Court which dismissed Emerald's application to set aside the whole of the Adjudicator's Decision dated 24 June 2017.

Court of Appeal had on 23 May 2018, dismissed Emerald's appeal to set aside the adjudication decision dated 24 June 2017 and allowed PSB's application to enforce the adjudication decision with a revised amount of RM5.77 million awarded to PSB.

On 21 June 2018, Emerald filed a Notice of Motion that it be given leave to appeal to the Federal Court against the decision of the Court of Appeal given against the dismissal in the Court of Appeal on 23 May 2018.

On 3 October 2018, the application for leave to appeal to Federal Court was dismissed. Following the dismissal of the application for leave to appeal by the Federal Court, the adjudication decision is final and there would be no further development on the matter.

(d) In the matter of an arbitration between Samsung C&T Corporation UEM Construction JV Sdn. Bhd. ("Samsung-UEM") (Claimant) and PCSB (Respondent)

On 28 August 2017, the Company announced that PCSB had received a Notice of Arbitration dated 24 August 2017 from Samsung-UEM vide its solicitors, Messrs Wong & Partners to resolve the disputes between Samsung-UEM and PCSB in relation to the sub-contract works amounting to approximately RM14,000,000.

PCSB estimates its counter-claim to be in the region of RM4,000,000.

The case is currently pending the appointment of an Arbitrator. PCSB's solicitor is unable to ascertain the full extent of the claim as this matter has yet to progress beyond initial stages.

(e) In the matter of an adjudication between Bauer (Malaysia) Sdn. Bhd. ("Bauer") (Claimant) and PSB (Respondent)

PSB received one Payment Claim under Section 5 of the CIPAA dated 28 June 2017 from its sub-contractor, Bauer via its solicitor, Messrs Mohanadass Partnership for a total amount of RM8,956,617 ("CIPAA Payment Claim").

The CIPAA Payment Claim is in relation to the disputes over non-payment works done by Bauer for sub-structure and part of external works for "Cadangan Mendirikan Skim Pembangunan Bersepadu Pelancongan dan Wellness Centre (Medical Tourism).

On 21 September 2017, PSB received a notice of Adjudication from Bauer. Bauer is claiming against PSB for the following reliefs:-

(i) the sum of RM2,728,989 for variation; and
(ii) the sum of RM7,038,527 for loss and expense.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

45. MATERIAL LITIGATION (CONT'D)

(e) In the matter of an adjudication between Bauer (Malaysia) Sdn. Bhd. ("Bauer") (Claimant) and PSB (Respondent) (Cont'd)

There is a Liquidated Ascertained Damages claim by PSB for a total sum of RM4,850,000. PSB has also sought a counterclaim and/or set-off of RM142,187.

PSB had on 7 March 2018 received the Adjudication Decision dated 9 February 2018 ("Decision") issued by the sole Adjudicator. Based upon the evidence tendered, the legal authorities submitted and the submissions made by the parties in the adjudication, and the findings of the Adjudicator on the issues submitted for determination, the following award is made by the Adjudicator:-

(i) PSB shall pay Bauer the sum of RM647,086 in relation to the Adjudication Claim;
(ii) PSB shall pay Bauer costs in the sum of RM100,000;
(iii) PSB shall pay Adjudicator's fees and KLRCA fees in a total sum of RM84,840, less the deposit of RM42,420; and
(iv) PSB shall pay Bauer the above mentioned sums within 30 days of the date of this Decision.

PSB has paid the above items (i), (ii), and (iii) during the financial year.

(f) In the matter of an adjudication between PSB (Claimant) and Empire Multiple Sdn. Bhd. ("EMSB") (Respondent)

On 27 April 2018, the Company received an update from its solicitors, Messrs Kheng Hoe that PSB, the wholly-owned subsidiary of PGB had served 1 Payment Claim under Section 5 of the Construction Industry Payment & Adjudication Act 2012 ("CIPAA") against EMSB on 6 February 2018, claiming total amount of RM6,332,276 ("CIPAA Payment Claim") being outstanding sum due and owing by EMSB.

The CIPAA Payment Claim is related to the project known as "Sub-contract for the Supply of Materials, Labour, Machineries, Equipment & Tools for Structural Works Only for Construction & Completion of Apartment Housing Scheme which includes: (1) Apartment Block A (14 Storey) (i) 13 Storey (130 Units) Apartment (ii) 1 Storey Carpark (iii) 1 unit electrical Sub-station (2) Apartment Block B (14 Storey) (i) 13 Storey (130 units) Apartment (ii) 1 Storey Carpark (3) 1 Storey Club House and Swimming Pool (4) Guard House on lot 208397, 69040, 69041, 69042 and 69043, Taman Bintang, Bandaraya Ipoh, Mukim Hulu Kinta, Daerah Kinta, Perak Darul Ridzuan for Messrs Empire Multiple.

On 28 February 2018, PSB had instituted adjudication proceedings under the CIPAA against EMSB and both parties have been unable to agree on an adjudicator to determine the dispute.

PSB had on 26 April 2018 received a letter of acceptance of appointment as adjudicator dated 26 April 2018 from Mr James P Monteiro, the appointed Adjudicator in relation to the Proposed Terms of Appointment to act as Adjudicator under Section 23(1) of the CIPAA.

The parties have filed the respective documents to the Adjudicator.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

45. MATERIAL LITIGATION (CONT'D)

(f) In the matter of an adjudication between PSB (Claimant) and Empire Multiple Sdn. Bhd. ("EMSB") (Respondent) (Cont'd)

On 20 August 2018, PSB received the Adjudicator Decision pursuant to CIPAA dated 17 August 2018.

The Adjudicator's Decisions were as follows:-

(i) For the Adjudicated Sum:-

(aa) EMSB shall pay to PSB the sum of RM4,799,322; and
(bb) interest on the sum of RM4,799,322 commencing from 6 February 2018 until full settlement at a rate of 5% per annum.

(ii) For the Adjudicated Costs:-

(aa) the sum of RM40,000 as party to party costs within 10 working days from the date of release of the Adjudication Decision;
(bb) costs of adjudication which includes Asian International Arbitration Centre's ("AIAC") (previously known as KLRCA) registration of adjudication fee of RM265, appointment of adjudicator RM424 and administrative costs of RM60,000 (and GST if any) within 10 working days; and
(cc) interest of 5% per annum on such costs in the event of default until full settlement.

On 20 September 2018, PSB filed an application to enforce the CIPAA decision dated 17 August 2018 at Kuala Lumpur High Court.

On 28 September 2018, EMSB filed an application to stay the enforcement of the CIPAA decision and set aside the CIPAA decision dated 17 August 2018 in Ipoh High Court.

On 8 October 2018, EMSB filed an application to transfer the enforcement proceeding to Ipoh High Court. EMSB's application was dismissed.

PSB filed application to transfer EMSB's setting aside and stay proceeding to Kuala Lumpur High Court. The case management for the application to transfer EMSB's application was on 22 November 2018.

On 12 February 2019, the High Court allowed PSB's application to enforce the CIPAA decision dated 17 August 2018 and dismissed EMSB's application to set aside and stay the CIPAA decision.

On 5 March 2019, EMSB has filed a Notice of Appeal against High Court's decision dated 12 February 2019.

EMSB has until 2 April 2019, to pay the adjudicated sum before PSB take a further step to file a winding up petition on EMSB.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

45. MATERIAL LITIGATION (CONT'D)

(g) In the matter of Writ of Summons and Statement of Claims by Emerald Capital (Ipoh) Sdn. Bhd. in the Ipoh High Court (Civil Suit No. AA-22NCvC-61-05/2018)

On 23 May 2018, the Company announced that its wholly-owned subsidiary, PSB ("First Defendant") and PSB's 55%-owned subsidiary, Essential Value Sdn. Bhd. ("Second Defendant") (jointly referred to as "the Defendants") had on 21 May 2018 been served with a sealed Writ of Summons with Statement of Claim dated 11 May 2018 filed by Emerald Capital (Ipoh) Sdn. Bhd. ("the Plaintiff") via its solicitors Messrs Y.C. Wong.

Pursuant to the Writ and the Statement of Claim, the Plaintiff is claiming the following:-

(i) the Defendants shall jointly and severally pay to the Plaintiff a sum of RM1 million together with the interest rate of 8% calculated on a daily basis from 29 April 2014 until the date of the full settlement;
(ii) a declaration that the Property Rental Agreement dated 1 November 2014 in respect of the Property Office Store known as Parcel No. Station 63 on Level 1, Festival Walk, Perak Tourism Hub, Ipoh Perak erected on H.S.(D) 175377, PT 225117, Mukim Hulu Kinta which was handled by the Plaintiff and Second Defendant ("Property Rental Agreement 63") is null and void;
(iii) a declaration that the Property Rental Agreement dated 1 November 2014 in respect of the Property Office Store known as Parcel No. Station 63A on Level 2, Festival Walk, Perak Tourism Hub, Ipoh Perak erected on H.S.(D) 175377, PT 225117, Mukim Hulu Kinta which was handled by the Plaintiff and Second Defendant ("Property Rental Agreement 63A") is null and void;
(iv) the Second Defendant is to return all rental payments of RM971,635 received by the Second Defendant pursuant to the Property Rental Agreement 63 and Property Rental Agreement 63A with interest rate at 5% per annum calculated from 31 October 2016 until the date of the full settlement;
(v) interest on all monetary awards ordered by the Court at the rate of 5% per annum from the date of judgment to the date of full settlement;
(vi) cost; and
(vii) other reliefs which are considered reasonable and expedient by the Court.

The Defendants filed for application for stay pending the disposal of the arbitration supported by affidavit on 25 June 2018 and the Plaintiff has replied to the Defendant's affidavit on 26 July 2018 and the Defendants has further replied to the Plaintiff's affidavit on 10 August 2018.

On 14 November 2018, the Ipoh High Court held that the entire dispute pursuant to case No. Civil Suit No. AA-22NCVC-61-05/2018 shall be stayed and be referred to arbitration. The Defendant's application is allowed.

On 27 November 2018, the Plaintiff had filed a Notice of Appeal against the Ipoh High Court's decision. The hearing of the appeal at Court of Appeal has been fixed on 1 April 2019.

46. COMPARATIVE FIGURES AND CHANGES IN ACCOUNTING POLICIES

As mentioned in Note 3.1 to the financial statements, the Group has adopted MFRS 9 and MFRS 15 during the financial year. The financial impacts are summarised below:-

	As Previously Reported RM	Reclassification RM	Amount after Reclassification RM	MFRS 9 Adjustments RM	MFRS 15 Adjustments RM	As Restated after MFRS 9 and MFRS 15 Adjustments RM
At 31 December 2017/1 January 2018						
The Group						
Statements of Financial Position (Extract):-						
Assets						
Trade receivables	45,001,461	(14,610,230)	30,391,231	(439,141)	-	29,952,090
Contract assets	-	-	-	-	40,383,729	40,383,729
Amount owing by contract customers	25,773,499	14,610,230	40,383,729	-	(40,383,729)	-
Liabilities						
Contract liabilities	-	-	-	-	2,015,923	2,015,923
Amount owing to contract customers	2,015,923	-	-	-	(2,015,923)	-
Equity						
Retained profits	2,672,453	-	-	(439,141)	-	2,233,312

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

46. COMPARATIVE FIGURES AND CHANGES IN ACCOUNTING POLICIES (CONT'D)

Initial Application of MFRS 9

The Group has adopted MFRS 9 without restating any comparative information (transitional exemption). Therefore, the financial impacts arising from the new classification and measurement of financial instruments, and the new impairment requirements are not reflected in its consolidated statement of financial position as at 31 December 2017; but are recognised in the opening consolidated statement of financial position on 1 January 2018 (date of initial application of MFRS 9). The main impacts resulting from the changes made are summarised below:-

	< Classification and Carrying Amount >		
	Under MFRS 139	Under MFRS 9	Transition Adjustment
The Group	**RM**	**RM**	**RM**
(a) Reclassification from available-for-sale ("AFS") financial AFS FVOCI assets to fair value through other comprehensive income ("FVOCI").	AFS 104,250	FVOCI 104,250	-

The Group intends to hold the Investments in unquoted shares for long-term strategic purposes. These investments were measured at cost less impairment losses in prior periods. As permitted by MFRS 9, the Group has designated such investments as fair value through other comprehensive income, to be measured at fair value at each reporting date.

(b) The Group has 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 has 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. Also, the Group has applied a simplified approach to measure the loss allowance of its trade receivables and contract assets as permitted by MFRS 9.

The Company

There were no material financial impacts upon the transition to MFRS 9 at the date of initial application.

Initial Application of MFRS 15

The Group has adopted MFRS 15 with modified retrospective application using the following practical expedients of which the cumulative financial impacts are recognised in the opening consolidated statement of financial position on 1 January 2018 (date of initial application of MFRS 15):-

- The Group has chosen to apply MFRS 15 retrospectively only to contracts that were not completed at the date of initial application.

- For completed contracts that have variable consideration, the Group has chosen to use the transaction price at the date the contract was completed rather than estimating variable consideration amounts.

The Group is unable to estimate the effects from the application of the practical expedients above.

The potential impacts to the (a) basic and diluted earnings per share and (b) statements of cash flows for the last financial year are not presented as the Group has adopted the new accounting standards without restating any comparative information.

ANALYSIS OF SHAREHOLDINGS
AS AT 29 MARCH 2019

Issued Share Capital	: 811,573,132 ordinary shares
Class of Shares	: Ordinary shares
Voting Rights	: One vote per ordinary share.
Number of Shareholders	: 1,648

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	1	0.06	21	0.00
100 to 1,000	83	5.04	46,802	0.01
1,001 to 10,000	318	19.30	2,197,600	0.27
10,001 to 100,000	852	51.70	40,327,000	4.97
100,001 to 40,578,655*	391	23.72	453,299,709	55.85
40,578,656 and above**	3	0.18	315,702,000	38.90
Total	**1,648**	**100.00**	**811,573,132**	**100.00**

Remark: * - Less than 5% of Issued Shares
**- 5% and above of Issued Shares

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

	Names	Direct Interest		Indirect Interest	
		No. of Shares	%	No. of Shares	%
1.	Tara Temasek Sdn. Bhd.	202,019,000	24.89	-	-
2.	Wan Thean Hoe	-	-	202,019,000 (1)	24.89
3.	Chan Man Chung	-	-	202,019,000 (1)	24.89
5.	Dato' Sri Teng Ah Kiong	109,887,200	13.54	19,361,100 (2)	2.39
6.	Dato' Teng Yoon Kooi	19,361,100	2.39	109,887,200 (2)	13.54

Note:
(1) Deemed interested under Section 8 of the Companies Act, 2016 by virtue of their shareholdings in Tara Temasek Sdn. Bhd.
(2) Deemed interested by virtue of his brother's shareholdings in Pasukhas Group Berhad.

DIRECTORS' SHAREHOLDINGS

	Names	Direct Interest		Indirect Interest	
		No. of Shares	%	No. of Shares	%
1.	Dato' Sri Teng Ah Kiong	109,887,200	13.54	19,361,100 (2)	2.39
2.	Dato' Teng Yoon Kooi	19,361,100	2.39	109,887,200 (2)	13.54
3.	Wan Thean Hoe	0	0	202,019,000 (1)	24.89
4.	Chan Man Chung	0	0	202,019,000 (1)	24.89
5.	Teoh Kim Hooi	3,000,000	0.37	0	0
6.	Yap Chee Keong	0	0	0	0
7.	Norkamaliah Binti Hashim	0	0	0	0

Note:
(1) Deemed interested under Section 8 of the Companies Act, 2016 by virtue of their shareholdings in Tara Temasek Sdn. Bhd.
(2) Deemed interested by virtue of his brother's shareholdings in Pasukhas Group Berhad.

ANALYSIS OF SHAREHOLDINGS
AS AT 29 MARCH 2019 (cont'd)

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

No.	Names	No. of Shares	%
1.	RHB Nominees (Tempatan) Sdn. Bhd. OSK Capital Sdn. Bhd. for Tara Temasek Sdn. Bhd.	188,509,100	23.23
2.	Dato' Sri Teng Ah Kiong	78,887,200	9.72
3.	RHB Nominees (Asing) Sdn. Bhd. Exempt an (BP) for RHB Securities Hong Kong Limited, A/C Clients (Retail)	48,305,700	5.95
4.	Affin Hwang Nominees (Asing) Sdn. Bhd. Exempt an for Phillip Securities (Hong Kong) Ltd. (Clients' Account)	33,400,900	4.12
5.	Ong Mei Lee	32,244,226	3.97
6.	Dato' Sri Teng Ah Kiong	31,000,000	3.82
7.	Lim Siow Jin	26,667,000	3.29
8.	Dato' Teng Yoon Kooi	19,361,100	2.39
9.	RHB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Redhot Media International Limited	19,000,000	2.34
10.	Yew Ai Boon	18,699,900	2.30
11.	Liew Ngit Siew	15,823,900	1.95
12.	Citigroup Nominees (Asing) Sdn. Bhd. Exempt an for OCBC Securities Private Limited (Client A/C-NR)	15,166,400	1.87
13.	Tara Temasek Sdn. Bhd.	13,509,900	1.66
14.	Liew Sze Fook	10,234,000	1.26
15.	Wee Hiang Chyn	9,594,228	1.18
16.	Goh Kok Chuan	4,210,000	0.52
17.	Bailey Plaster Sdn. Bhd.	4,204,700	0.52
18.	Chia Chee Seng	3,933,800	0.48
19.	Zhong Jialiang	3,768,000	0.46
20.	Low Ah Kou	3,401,500	0.42
21.	UOB Kay Hian Nominees (Tempatan) Sdn. Bhd. Exempt an for UOB Kay Hian Pte. Ltd. (A/C Clients)	3,300,000	0.41
22.	M & A Nominee (Tempatan) Sdn. Bhd. Pledged Securities Account for Lau Joo Liang (M&A)	3,087,500	0.38
23.	Chan Sooi Mun	3,082,455	0.38
24.	Teoh Kim Hooi	3,000,000	0.37
25.	Lim Lip Chai	2,948,000	0.36
26.	Sim Ah Seng	2,700,000	0.33
27.	Lim Kim Cheng	2,600,000	0.32
28.	Hing Wai Keong	2,460,000	0.30
29.	Annie Tan	2,330,500	0.29
30.	Chin Yet Ying	2,319,500	0.29
	Total	607,749,509	74.88

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PROXY FORM

PASUKHAS GROUP BERHAD (Company No. 686389-A)
(Incorporated in Malaysia)

No. of ordinary shares held	CDS Account No.

I/We ______________________________ NRIC No./Co. No. ______________________
(full name in block letters)

of ____
(full address)

Tel No. ______________________ being a member/members of **PASUKHAS GROUP BERHAD** hereby appoint the *THE CHAIRMAN OF THE MEETING or failing him/her

Name	**Address**	**NRIC/Passport No.**	**Proportion of Shareholdings (%)**
1.			
*And/or (delete as appropriate)			
2.			

as my/our proxy/proxies, to vote for me/us on my/our behalf at the Fourteenth Annual General Meeting of Pasukhas Group Berhad to be held at Wisma Modal Khas, Lot 5815-A, Jalan Mawar, Taman Bukit Serdang, Seksyen 9, 43300 Seri Kembangan, Selangor Darul Ehsan on Tuesday, 28 May 2019 at 10.30 a.m., or at any adjournment thereof and to vote as indicated below:

Item	Agenda	Resolution	For	Against
1	To re-elect Wan Thean Hoe as a Director of the Company	Ordinary Resolution 1		
2	To re-elect Chan Man Chung as a Director of the Company	Ordinary Resolution 2		
3	To approve the payment of Directors' Fees	Ordinary Resolution 3		
4	To approve the payment of Directors' Benefits	Ordinary Resolution 4		
5	To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company	Ordinary Resolution 5		
6	Authority to Issue Shares	Ordinary Resolution 6		
7	Proposed Renewal of Existing Shareholders' Mandate	Ordinary Resolution 7		
8	Proposed Adoption of the New Constitution	Special Resolution 1		

Note: Please note that the short descriptions given above of the Resolutions to be passed do not in any way whatsoever reflect the intent and purpose of the Resolutions. The short descriptions have been inserted for convenience only. Shareholders are encouraged to refer to the Notice of Annual General Meeting for the full purpose and intent of the Resolutions to be passed.

Please indicate with a cross (X) in the space provided, how you wish your vote to be cast in respect of the above resolutions. If you do not do so, the proxy may vote or abstain at his/her discretion.)

Signed this ____________ day of __________________ 2019

____
Signature/Common Seal of Shareholder

Notes:

i) A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. A member may appoint any person to be his proxy without restriction. If the proxy is not a member, he need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.

ii) A member shall be entitled to appoint more than one proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportions of his shareholdings to be represented by each proxy.

iii) Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said securities account.

iv) If no name is inserted in the space provided for the name of your proxy, the Chairman of the Meeting will act as your proxy.

v) The instrument appointing a proxy must be deposited at the Registered Office of the Company at 10th Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

vi) If the appointer is a corporation, the instrument appointing a proxy must be executed under its Common Seal or under the hand of its attorney.

vii) Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice shall be put to vote by poll.

viii) For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors ("ROD") as at 21 May 2019 and only a Depositor whose name appears on such ROD shall be entitled to attend this meeting or appoint proxy to attend and/or vote in his/her behalf.

Fold this flap for sealing

Then fold here

Affix stamp

THE COMPANY SECRETARIES
PASUKHAS GROUP BERHAD (686389-A)
10th Floor, Menara Hap Seng
No. 1 & 3, Jalan P. Ramlee
50250 Kuala Lumpur

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www.pasukhasgroup.com

PASUKHAS GROUP BERHAD
(Company No. 686389-A)
(Incorporated in Malaysia)

Wisma Modal Khas, Lot 5815-A, Jalan Mawar,
Taman Bukit Serdang, Seksyen 9,
43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia.
Tel : (603) 8948 3328 Fax : (603) 8943 4328
Email : admin@pasukhas.com.my