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KPMG PLT

PMB Technology Berhad

(Company No. 584257-X)
(Incorporated in Malaysia)

and its subsidiaries

Financial statements for the year ended 31 December 2017

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Ong Beng Seng
Approval Number: 2981/05/18(J)
Chartered Accountant

PMB Technology Berhad
(Company No. 584257-X)
(Incorporated in Malaysia)
and its subsidiaries

Directors' report for the year ended 31 December 2017

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2017.

Principal activities

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

Results

	Group RM'000	Company RM'000
Profit for the year attributable to owners of the Company	10,408	3,289

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review except for the transfer of RM6,941,000 from the share premium account to the share capital account as disclosed in Note 11 to the financial statements.

Dividends

Since the end of the previous financial year, the amount of dividends paid by the Company were as follows:

i) In respect of the financial year ended 31 December 2016 as reported in the Directors' Report of that year:

- a fourth interim ordinary dividend of 1 sen per ordinary share totalling RM774,798 declared on 20 March 2017 and paid on 5 April 2017.

ii) In respect of the financial year ended 31 December 2017:

- a first interim ordinary dividend of 1 sen per ordinary share totalling RM774,798 declared on 9 June 2017 and paid on 23 June 2017;
- a second interim ordinary dividend of 1 sen per ordinary share totalling RM774,798 declared on 6 September 2017 and paid on 20 September 2017; and
- a third interim ordinary dividend of 1 sen per ordinary share totalling RM774,798 declared on 4 December 2017 and paid on 21 December 2017.

Company No. 584257-X

Dividends (continued)

Subsequent to the financial year end, the Directors declared a fourth interim ordinary dividend of 1 sen per ordinary share totalling RM774,798 in respect of the financial year ended 31 December 2017, which is payable on 18 April 2018. The Directors do not recommend any final dividend to be paid for the financial year under review.

Directors of the Company

Directors who served during the financial year until the date of this report are:

Tan Sri Dato' Koon Poh Keong
Koon Poh Ming
Dato' Koon Poh Tat
Koon Poh Weng
Loo Lean Hock
Ernest Bong Miau Fatt
Noor Alina Binti Mohamad Faiz
David Tan Hung Hoe (resigned on 30 June 2017)

The Directors who held office in the subsidiaries of the Company during the financial year and up to the date of this report are:

Tan Sri Dato' Koon Poh Keong
Dato' Koon Poh Tat
Koon Poh Ming
Koon Poh Weng
Koon Poh Kong
David Tan Hung Hoe (resigned on 30 June 2017)

The information required to be disclosed pursuant to Section 253 of the Companies Act 2016 is deemed incorporated herein by such reference to the financial statements of the respective subsidiaries and made a part hereof.

Company No. 584257-X

Directors' interests in shares

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.1.2017	Bought	Sold	At 31.12.2017
Interest in the Company:				
Tan Sri Dato' Koon Poh Keong	1,091,000	-	-	1,091,000
Koon Poh Ming				
– own	30,000	-	-	30,000
– spouse *	5,906,115	-	-	5,906,115
– child *	7,500,000	-	-	7,500,000
Dato' Koon Poh Tat	3,455,000	-	-	3,455,000
Koon Poh Weng	-	10,000	-	10,000
Ernest Bong Miau Fatt	48,000	-	-	48,000
Deemed interest in the Company:				
Tan Sri Dato' Koon Poh Keong ^	21,475,958	-	-	21,475,958
Koon Poh Ming # ^	28,273,246	-	(21,475,958)	6,797,288
Dato' Koon Poh Tat #	6,797,288	-	-	6,797,288
Koon Poh Weng #	6,802,288	-	-	6,802,288

* In accordance with the Companies Act, the interests of the spouse and the children of Koon Poh Ming in the shares of the Company shall be treated as the interest of Koon Poh Ming.

Deemed interested by virtue of their interests in Weng Fatt Stainless Steel Sdn. Bhd.

^ Deemed interested by virtue of their interests in Alpha Milestone Sdn. Bhd. which holds shares in Press Metal Berhad, which in turn holds shares in PMB Technology Berhad.

By virtue of their interests in the shares of the Company, Tan Sri Dato' Koon Poh Keong and Koon Poh Ming are also deemed interested in the shares of the subsidiaries during the financial year to the extent that PMB Technology Berhad has an interest.

None of the other Directors holding office at 31 December 2017 had any interest in the shares of the Company and of its related corporations during the financial year.

Company No. 584257-X

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than as disclosed in Note 29 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares and debentures

There were no changes in the issued and paid-up capital of the Company during the financial year except for the transfer of RM6,941,000 from the share premium account to the share capital account as disclosed in Note 11 to the financial statements. There were no debentures issued during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Indemnity and insurance costs

During the financial year, the total amount of indemnity sum insured and premium paid for Directors and officers of the Group are RM3,000,000 and RM8,500 respectively.

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) there are no bad debts to be written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

Other statutory information (continued)

At the date of this report, the Directors are not aware of any circumstances:

i) that would render it necessary to write off any bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group 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 as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2017 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Significant event

The significant event is disclosed in Note 30 to the financial statements.

Subsequent event

The subsequent event is disclosed in Note 31 to the financial statements.

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Auditors

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 20 to the financial statements.

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

....

Koon Poh Ming
Director

....

Koon Poh Weng
Director

Petaling Jaya, Selangor

Date: 17 April 2018

PMB Technology Berhad
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Statements of financial position as at 31 December 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Assets					
Property, plant and equipment	3	121,424	88,042	1	1
Goodwill	4	792	792	-	-
Investment properties	5	1,216	1,246	-	-
Investments in subsidiaries	6	-	-	42,990	42,990
Investment in associate	7	-	-	-	-
Total non-current assets		123,432	90,080	42,991	42,991
Inventories	8	45,060	40,941	-	-
Current tax assets		2,892	2,080	54	40
Trade and other receivables	9	206,567	184,713	13,233	5,212
Cash and cash equivalents	10	53,196	42,238	175	229
Total current assets		307,715	269,972	13,462	5,481
Total assets		431,147	360,052	56,453	48,472
Equity					
Share capital		46,941	40,000	46,941	40,000
Share premium		-	6,941	-	6,941
Translation reserve		3,327	7,540	-	-
Treasury shares		(2,220)	(2,220)	(2,220)	(2,220)
Retained earnings		108,744	101,435	329	139
Equity attributable to owners of the Company	11	156,792	153,696	45,050	44,860
Non-controlling interests		-	-	-	-
Total equity		156,792	153,696	45,050	44,860
Liabilities					
Loans and borrowings	12	29,683	7,435	-	-
Deferred tax liabilities	13	6,466	7,102	-	-
Total non-current liabilities		36,149	14,537	-	-
Loans and borrowings	12	123,287	89,324	-	-
Trade and other payables	14	113,549	101,603	11,403	3,612
Current tax liabilities		1,370	892	-	-
Total current liabilities		238,206	191,819	11,403	3,612
Total liabilities		274,355	206,356	11,403	3,612
Total equity and liabilities		431,147	360,052	56,453	48,472

The notes on pages 16 to 79 are an integral part of these financial statements.

PMB Technology Berhad
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Statements of profit or loss and other comprehensive income for the year ended 31 December 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Revenue	15	497,467	371,030	5,139	3,980
Cost of sales	16	(420,329)	(302,707)	-	-
Gross profit		77,138	68,323	5,139	3,980
Other income		898	1,811	-	-
Distribution expenses		(5,438)	(5,573)	-	-
Administrative expenses		(31,731)	(27,478)	(1,430)	(789)
Other expenses		(20,407)	(19,488)	(420)	(389)
Results from operating activities		20,460	17,595	3,289	2,802
Finance income	17	14	9	-	-
Finance costs	18	(6,051)	(4,311)	-	-
Net finance costs		(6,037)	(4,302)	-	-
Profit before tax		14,423	13,293	3,289	2,802
Tax expense	19	(4,015)	(2,578)	-	-
Profit for the year	20	10,408	10,715	3,289	2,802
Other comprehensive (expense)/ income, net of tax					
Item that is or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		(4,213)	1,768	-	-
Other comprehensive (expense)/ income for the year, net of tax		(4,213)	1,768	-	-
Total comprehensive income for the year		6,195	12,483	3,289	2,802

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Statements of profit or loss and other comprehensive income for the year ended 31 December 2017 (continued)

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Profit attributable to:					
Owners of the Company		10,408	10,715	3,289	2,802
Non-controlling interests		-	-	-	-
Profit for the year		10,408	10,715	3,289	2,802
Total comprehensive income attributable to:					
Owners of the Company		6,195	12,483	3,289	2,802
Non-controlling interests		-	-	-	-
Total comprehensive income for the year		6,195	12,483	3,289	2,802
Basic earnings per ordinary share (sen)	21	13.43	13.83		

The notes on pages 16 to 79 are an integral part of these financial statements.

PMB Technology Berhad
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Consolidated statement of changes in equity for the year ended 31 December 2017

		/---Attributable to owners of the Company---/							
		/---Non-distributable---/				*Distributable*			
Group	**Note**	**Share capital RM'000**	**Share premium RM'000**	**Translation reserve RM'000**	**Treasury shares RM'000**	**Retained earnings RM'000**	**Total RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
At 1 January 2016		40,000	6,941	5,772	(2,220)	93,819	144,312	-	144,312
Foreign currency translation differences for foreign operations		-	-	1,768	-	-	1,768	-	1,768
Total other comprehensive income for the year		-	-	1,768	-	-	1,768	-	1,768
Profit for the year		-	-	-	-	10,715	10,715	-	10,715
Total comprehensive income for the year		-	-	1,768	-	10,715	12,483	-	12,483
Dividends to owners of the Company	22	-	-	-	-	(3,099)	(3,099)	-	(3,099)
At 31 December 2016		40,000	6,941	7,540	(2,220)	101,435	153,696	-	153,696
		Note 11	Note 11	Note 11	Note 11				

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Consolidated statement of changes in equity for the year ended 31 December 2017 (continued)

		/---Attributable to owners of the Company---/							
		/---Non-distributable---/				*Distributable*		Non-	
		Share	Share	Translation	Treasury	Retained		controlling	Total
	Note	capital	premium	reserve	shares	earnings	Total	interests	equity
Group		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2017		40,000	6,941	7,540	(2,220)	101,435	153,696	-	153,696
Foreign currency translation differences for foreign operations		-	-	(4,213)	-	-	(4,213)	-	(4,213)
Total other comprehensive income for the year		-	-	(4,213)	-	-	(4,213)	-	(4,213)
Profit for the year		-	-	-	-	10,408	10,408	-	10,408
Total comprehensive income for the year		-	-	(4,213)	-	10,408	6,195	-	6,195
Dividends to owners of the Company	22	-	-	-	-	(3,099)	(3,099)	-	(3,099)
Transfer in accordance with Section 618(2) of the Companies Act 2016		6,941	(6,941)	-	-	-	-	-	-
At 31 December 2017		46,941	-	3,327	(2,220)	108,744	156,792	-	156,792
		Note 11	Note 11	Note 11	Note 11				

The notes on pages 16 to 79 are an integral part of these financial statements.

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Statement of changes in equity for the year ended 31 December 2017

		/----------Attributable to owners of the Company-----------/				
		/-------Non-distributable--------/			*Distributable*	
Company	**Note**	**Share capital RM'000**	**Share premium RM'000**	**Treasury shares RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
At 1 January 2016		40,000	6,941	(2,220)	436	45,157
Profit and total comprehensive income for the year		-	-	-	2,802	2,802
Dividends to owners of the Company	22	-	-	-	(3,099)	(3,099)
At 31 December 2016/ 1 January 2017		40,000	6,941	(2,220)	139	44,860
Profit and total comprehensive income for the year		-	-	-	3,289	3,289
Dividends to owners of the Company	22	-	-	-	(3,099)	(3,099)
Transfer in accordance with Section 618(2) of the Companies Act 2016		6,941	(6,941)	-	-	-
At 31 December 2017		46,941	-	(2,220)	329	45,050
		Note 11	Note 11	Note 11		

The notes on pages 16 to 79 are an integral part of these financial statements.

PMB Technology Berhad
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Statements of cash flows for the year ended 31 December 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Cash flows from operating activities					
Profit before tax		14,423	13,293	3,289	2,802
Adjustments for:					
Depreciation of investment properties	5	30	30	-	-
Depreciation of property, plant and equipment	3	11,536	9,188	-	-
Dividend income		-	-	(4,349)	(3,550)
Finance costs	18	6,051	4,311	-	-
Finance income	17	(14)	(9)	-	-
Net loss/(gain) on disposal of property, plant and equipment		59	(114)	-	-
Property, plant and equipment written off		-	539	-	-
Impairment loss on trade receivables		-	325	-	-
Reversal of impairment loss on trade receivables		(340)	(478)	-	-
Unrealised foreign exchange gain		(115)	(183)	-	-
Operating profit/(loss) before changes in working capital		31,630	26,902	(1,060)	(748)
Change in inventories		(4,119)	1,570	-	-
Change in trade and other payables		11,956	9,607	95	59
Change in trade and other receivables		(21,399)	(18,706)	4	-
Cash generated from/(used in) operations		18,068	19,373	(961)	(689)
Tax paid		(5,143)	(3,461)	(49)	(51)
Tax refunded		158	312	35	50
Net cash from/(used in) operating activities		13,083	16,224	(975)	(690)

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Statements of cash flows for the year ended 31 December 2017 (continued)

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Cash flows from investing activities					
Acquisition of property, plant and equipment	(i)	(35,029)	(2,888)	-	-
Dividends received from subsidiaries		-	-	4,349	3,550
Increase in investment in a subsidiary		-	-	-	(3,000)
Interest received		14	9	-	-
Proceeds from disposal of property, plant and equipment		895	130	-	-
Net cash (used in)/from investing activities		(34,120)	(2,749)	4,349	550
Cash flows from financing activities					
Change in pledged deposits		-	219	-	-
Decrease in amount due to affiliated companies		(10)	(13)	-	-
(Increase)/Decrease in amount due from subsidiaries		-	-	(8,025)	763
Dividends paid to owners of the Company	22	(3,099)	(3,873)	(3,099)	(3,873)
Drawdown of bankers' acceptances and trust receipts		32,421	1,997	-	-
Increase in amount due to subsidiaries		-	-	7,696	3,328
Interest paid on loans and borrowings		(6,051)	(4,522)	-	-
Repayment of finance lease liabilities		(2,674)	(2,546)	-	-
Repayment of revolving credits		(1,452)	(2,195)	-	-
Drawdown/(Repayment) of bank loans		17,264	(3,490)	-	-
Net cash from/(used in) financing activities		36,399	(14,423)	(3,428)	218

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Statements of cash flows for the year ended 31 December 2017 (continued)

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Net increase/(decrease) in cash and cash equivalents	15,362	(948)	(54)	78
Effect of foreign currency exchange rate fluctuations	(4,153)	1,766	-	-
Cash and cash equivalents at 1 January	41,216	40,398	229	151
Cash and cash equivalents at 31 December	52,425	41,216	175	229

Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Cash and bank balances	10	53,196	42,238	175	229
Bank overdrafts	12	(771)	(1,022)	-	-
		52,425	41,216	175	229

(i) Acquisition of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM45,932,000 (2016: RM4,510,000), of which RM10,903,000 (2016: RM1,622,000) were acquired by means of finance leases.

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Notes to the financial statements

PMB Technology Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business
Lot 1797, Jalan Balakong
Bukit Belimbing
43300 Seri Kembangan
Selangor Darul Ehsan

Registered office
Lot 6.05, Level 6
KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2017 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in associates. The financial statements of the Company as at and for the financial year ended 31 December 2017 do not include other entities.

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 6.

These financial statements were authorised for issue by the Board of Directors on 17 April 2018.

1. Basis of preparation

(a) Statement of compliance

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

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

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

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

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

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

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

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

- MFRS 17, *Insurance Contracts*

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1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 January 2018 for those accounting standards, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2018, except for those marked with "*" which are not applicable to the Group and the Company.

- from the annual period beginning on 1 January 2019 for those accounting standard, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2019, except for those marked with "**" which are not applicable to the Group and the Company.

The Group and the Company do not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on 1 January 2021 as it is not applicable to the Group and the Company.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and of the Company except as mentioned below:

(i) MFRS 15, *Revenue from Contracts with Customers*

MFRS 15 sets a new guidance for revenue accounting. It supersedes MFRS 111, *Construction Contracts,* MFRS 118 and all revenue-related interpretations: *Revenue,* IC Interpretation 13, *Customer Loyalty Programmes,* IC Interpretation 15, *Agreements for Construction of Real Estate,* IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue – Barter Transactions Involving Advertising Services.*

The Group and Company assessed that the initial application of MFRS 15 on its financial statements for the year ended 31 December 2017 will have no material impact on the financial statements.

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1. Basis of preparation (continued)

(a) Statement of compliance (continued)

(ii) MFRS 9, *Financial instruments*

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. The new standard contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVTPL), and eliminates the existing MFRS 139 categories of held to maturity, loans and receivables and available for sale.

MFRS 9 also replaces the incurred loss model in MFRS 139 with a forward-looking expected credit loss (ECL) model. Under MFRS 9, loss allowances will be measured on either 12-month ECLs or lifetime ECLs.

The Group and Company do not expect that the application of the above will have a material impact on accounting for its financial assets.

(iii) MFRS 16, *Leases*

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.*

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 16.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

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1. Basis of preparation (continued)

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 4 - measurement of the recoverable amounts of cash-generating units
- Note 9 and 14 - amount due from/to contract customers
- Note 15 - revenue from construction contracts

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by the Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

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

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. 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.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(i) Subsidiaries (continued)

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

(ii) Business combinations

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

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

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

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

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

(iii) Loss of control

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

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2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iv) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

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

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2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(v) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vi) Transactions eliminated on consolidation

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

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

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date.

Foreign currency differences arising on retranslation are recognised in profit or loss.

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2. Significant accounting policies (continued)

(b) Foreign currency (continued)

(i) Foreign currency transactions (continued)

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2011 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(c) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method and are subject to review for impairment (see Note 2(l)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost.

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Fair value arising from financial guarantee contracts are classified as deferred income and is amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

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2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(iv) 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 control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, 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.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The costs of self-constructed assets also include the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

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

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

• leasehold land	17 - 80 years
• buildings	17 - 50 years
• motor vehicles	5 - 10 years
• office renovation	5 - 10 years
• furniture and fittings	5 - 10 years
• office equipment	5 - 10 years
• plant and equipment/machinery	3 - 10 years

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

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2. Significant accounting policies (continued)

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. 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.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and the leased assets are not recognised on the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

(f) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses.

Amortisation

Goodwill is not amortised but is tested for impairment annually and whenever there is an indication that it may be impaired.

2. Significant accounting policies (continued)

(g) Affiliated companies

An affiliated company is a company which holds a long-term equity interest of between 20% to 50% of the issued equity capital of the company, and exercises significant influence over the financial and operating policies of the company. In the context of these financial statements, affiliated companies also include the subsidiaries of the affiliated company.

(h) Investment properties

Investment properties carried at cost

Investment properties are properties which are owned 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. These include freehold land and buildings held for a currently undetermined future use or leased out. Investment properties initially and subsequently measured at cost are accounted for similarly to property, plant and equipment.

(i) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the first-in-first-out method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

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

(j) Construction work-in-progress

Construction work-in-progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Construction work-in-progress is presented as part of trade and other receivables as amounts due from contract customers in the statement of financial position for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, then the difference is presented as amounts due to contract customers which is part of trade and other payables in the statement of financial position.

Company No. 584257-X

2. Significant accounting policies (continued)

(k) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances and deposits with banks. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

(l) Impairment

(i) Financial assets

All financial assets (except for investments in subsidiaries and investment in associate) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets (except for inventories and amount due from contract customers) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

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2. Significant accounting policies (continued)

(l) Impairment (continued)

(ii) Other assets (continued)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(m) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Ordinary shares

Ordinary shares are classified as equity.

(ii) Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

Where treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

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2. Significant accounting policies (continued)

(n) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(o) Revenue and other income

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

2. Significant accounting policies (continued)

(o) Revenue and other income (continued)

(ii) Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and contract cost are recognised in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by reference to the proportion that contract costs incurred for work performed to-date bear to the estimated total contract costs.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

(iii) Rental income

Rental income from property and motor vehicle are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from sub-leased property is recognised as other income.

(iv) Management fee income

Management fee income is recognised in profit or loss when the services are provided.

(v) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(vi) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

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2. Significant accounting policies (continued)

(p) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying assets for its intended use or sale are interrupted or completed.

(q) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

2. Significant accounting policies (continued)

(q) Income tax (continued)

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance, being a tax incentive that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

(r) Earnings per ordinary share

The Group presents basic earnings per share data for its ordinary shares ("EPS").

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

Diluted EPS is not presented as the Group has no shares or other instruments with potential dilutive effects.

(s) 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. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(t) Contingencies

Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

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2. Significant accounting policies (continued)

(u) Fair value measurements

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

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

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

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

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3. Property, plant and equipment

Group	Land RM'000	Buildings RM'000	Motor vehicles RM'000	Office renovation RM'000	Furniture and fittings RM'000	Office equipment RM'000	Plant and equipment/ machinery RM'000	Capital work-in-progress RM'000	Total RM'000
Cost									
At 1 January 2016	34,723	15,675	11,658	574	3,986	5,619	93,671	180	166,086
Additions	688	215	1,015	-	26	311	2,255	-	4,510
Borrowing costs capitalised	211	-	-	-	-	-	-	-	211
Disposals	-	-	(620)	-	(18)	(2)	(140)	-	(780)
Write-off	-	-	(932)	-	-	-	-	-	(932)
Effect of movements in exchange rates	-	-	3	22	5	46	5	-	81
At 31 December 2016/1 January 2017	35,622	15,890	11,124	596	3,999	5,974	95,791	180	169,176
Additions	16,972	7,968	358	1,092	250	1,005	18,287	-	45,932
Borrowing costs capitalised	-	90	-	-	-	-	33	-	123
Disposals	-	(182)	(963)	(21)	(102)	-	(778)	-	(2,046)
Transfer to trading stock (Note 8)	-	-	-	-	-	-	(188)	-	(188)
Reclassification	-	-	-	81	(76)	9	(14)	-	-
Effect of movements in exchange rates	-	-	(21)	(51)	(13)	(128)	(7)	-	(220)
At 31 December 2017	52,594	23,766	10,498	1,697	4,058	6,860	113,124	180	212,777

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3. Property, plant and equipment (continued)

Group	Land RM'000	Buildings RM'000	Motor vehicles RM'000	Office renovation RM'000	Furniture and fittings RM'000	Office equipment RM'000	Plant and equipment/ machinery RM'000	Capital work-in-progress RM'000	Total RM'000
Depreciation									
At 1 January 2016	1,896	3,796	7,531	501	2,863	4,005	52,432	-	73,024
Depreciation for the year	387	340	880	29	231	339	6,982	-	9,188
Disposals	-	-	(620)	-	(5)	-	(139)	-	(764)
Write-off	-	-	(393)	-	-	-	-	-	(393)
Effect of movements in exchange rates	-	-	3	20	5	46	5	-	79
At 31 December 2016/1 January 2017	2,283	4,136	7,401	550	3,094	4,390	59,280	-	81,134
Depreciation for the year	696	267	899	110	204	395	8,965	-	11,536
Disposals	-	(55)	(921)	(18)	(98)	-	-	-	(1,092)
Transfer to trading stock (Note 8)	-	-	-	-	-	-	(41)	-	(41)
Reclassification	-	-	-	31	(10)	(13)	(8)	-	-
Effect of movements in exchange rates	-	-	(6)	(50)	(12)	(109)	(7)	-	(184)
At 31 December 2017	2,979	4,348	7,373	623	3,178	4,663	68,189	-	91,353
Carrying amount									
At 1 January 2016	32,827	11,879	4,127	73	1,123	1,614	41,239	180	93,062
At 31 December 2016/1 January 2017	33,339	11,754	3,723	46	905	1,584	36,511	180	88,042
At 31 December 2017	49,615	19,418	3,125	1,074	880	2,197	44,935	180	121,424

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3. Property, plant and equipment (continued)

Company	Furniture and fittings RM'000
Cost	
At 1 January 2016/31 December 2016/1 January 2017/ 31 December 2017	13
Depreciation	
At 1 January 2016/31 December 2016/1 January 2017/ 31 December 2017	12
Carrying amount	
At 1 January 2016/31 December 2016/1 January 2017/ 31 December 2017	1

3.1 Leased plant and equipment/machinery and motor vehicles

At 31 December, the net carrying amount of leased plant and equipment/ machinery and motor vehicles are as follows:

	Group 2017 RM'000	Group 2016 RM'000
Plant and equipment/machinery	10,410	2,158
Motor vehicles	4,170	2,854
	14,580	5,012

3.2 Security

Properties with a carrying amount of RM46,036,000 (2016: RM30,395,000) are pledged as security to secure bank loans granted to the Group (see Note 12).

4. Goodwill

	Group 2017 RM'000	Group 2016 RM'000
Cost		
At 1 January/31 December	792	792

Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The aggregate carrying amounts of goodwill allocated to each unit are as follows:

	Group 2017 RM'000	Group 2016 RM'000
PMB Quick Access Sdn. Bhd.	2	2
PMB-Cyberwall Limited	790	790
	792	792

The Directors are of the opinion that the goodwill allocated to PMB Quick Access Sdn. Bhd. is not material. Hence, the disclosures below do not cover the impairment testing performed for PMB Quick Access Sdn. Bhd..

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4. Goodwill (continued)

PMB-Cyberwall Limited ("PMB-Cyberwall")

The recoverable amount of PMB-Cyberwall was based on its value in use, determined by discounting future cash flows to be generated by PMB-Cyberwall.

Value in use was determined by discounting the future cash flows expected to be generated from the continuing use of the unit and was based on the following key assumptions:

- Cash flows were projected based on past experience, actual operating results and 5 years business plan. A terminal growth rate of 2% (2016: 2%) was then applied. Management believes that this terminal growth rate was justified due to the long-term nature of the construction business.
- The anticipated growth rate for revenue, based on past experience, was estimated to be 5% (2016: 5%).
- The anticipated incremental rate for cost, based on past experience, was estimated to be 5% (2016: 5%).
- A pre-tax discount rate of 8% (2016: 8%) was applied in determining the recoverable amount of the unit. The discount rate was estimated based on the industry weighted average cost of capital.

The values assigned to the key assumptions represent management's assessment of future trends in the construction industry and are based on both external sources and internal sources of historical data.

The above estimates are not particularly sensitive in any areas.

5. Investment properties

Group	Freehold land RM'000	Freehold buildings RM'000	Total RM'000
Cost			
At 1 January 2016/31 December 2016/ 1 January 2017/31 December 2017	42	1,486	1,528
Depreciation			
At 1 January 2016	-	252	252
Depreciation for the year	-	30	30
At 31 December 2016/1 January 2017	-	282	282
Depreciation for the year	-	30	30
At 31 December 2017	-	312	312
Carrying amounts			
At 1 January 2016	42	1,234	1,276
At 31 December 2016/1 January 2017	42	1,204	1,246
At 31 December 2017	42	1,174	1,216

Investment properties comprise freehold land, residential properties and commercial properties that are leased to third parties or vacant.

The following are recognised in profit or loss in respect of investment properties:

	Group 2017 RM'000	Group 2016 RM'000
Rental income	7	18
Direct operating expenses:		
- income generating investment properties	(12)	(12)
- non-income generating investment properties	(17)	(7)

Fair value information

Fair value of investment properties are categorised as follows:

	Group 2017 RM'000	Group 2016 RM'000
Level 3		
Freehold land	117	113
Freehold buildings	1,940	1,893
	2,057	2,006

5. Investment properties (continued)

Fair value information (continued)

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Description of valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Comparison method of valuation which entails comparing the property with similar properties that were sold recently and those that are currently offered for sale in the vicinity.	Recent transactions of similar properties at or near reporting period with similar land usage, land size and location.	The estimated fair value would increase/(decrease) if recent transactions of similar properties at or near reporting period with similar land usage, land size and location were higher/(lower).

Valuation process applied by the Group for Level 3 fair value

The fair value of investment properties is estimated by the Directors using the comparison method. The comparison method entails critical analyses of recent evidences of values of comparable properties in the neighbourhood and making adjustment for differences such as differences in location, size and shape of land, age and condition of building, tenure, title restrictions if any and other relevant characteristics.

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6. Investments in subsidiaries

	Company 2017 RM'000	Company 2016 RM'000
Unquoted shares, at cost	42,990	42,990

Details of the subsidiaries are as follows:

Name of entity	Country of incorporation	Principal activities	Effective ownership interest and voting interest 2017 %	Effective ownership interest and voting interest 2016 %
PMB Façade Technology Sdn. Bhd. and its subsidiaries:-	Malaysia	Design, fabrication and installation of aluminium curtain wall and cladding systems, as well as manufacturing and trading of aluminium related products	100	100
PMB Facade Technology (H.K.) Limited *	Hong Kong	Design, fabrication and installation of aluminium curtain wall and cladding systems and other related products	100	100
PMB-Cyberwall Limited *	Hong Kong	Design, fabrication and installation of aluminium curtain wall and cladding systems and other related products	100	100
Kai PMB Façade Technology Limited *, #, *i*	Bangladesh	Dormant	51	51
PMB Aluminium Sabah Sdn. Bhd. and its subsidiary:-	Malaysia	Marketing of gypsum board, aluminium extrusion and other related products	100	100
PMB.POIC Bulking Sdn. Bhd.	Malaysia	Dormant	100	100

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6. Investments in subsidiaries (continued)

Name of entity	Country of incorporation	Principal activities	Effective ownership interest and voting interest 2017 %	2016 %
PMB Carbon Sdn. Bhd. *ii*	Malaysia	Investment holding company, manufacturing and marketing of carbon based products as well as trading, distribution and fabrication of aluminium related products	100	100
PMB Silicon Sdn. Bhd. *ii*	Malaysia	Production and distribution of metallic silicon products as well as trading, distribution and fabrication of aluminium related products	100	100
Sun Power Generation Sdn. Bhd. ^	Malaysia	Dormant	-	100
Solar Power Generation (Sabah) Sdn. Bhd. @	Malaysia	Dormant	-	100
Everlast Aluminium (M) Sdn. Bhd. and its subsidiaries:-	Malaysia	Marketing of aluminium and other related products	100	100
Everlast Environmental Management Sdn. Bhd.	Malaysia	Dormant	100	100
Everlast Access Technologies Sdn. Bhd.	Malaysia	Manufacturing and marketing of aluminium and other related products	100	100
PMB Northern Sdn. Bhd.	Malaysia	Marketing of aluminium and other related products	100	100

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6. Investments in subsidiaries (continued)

Name of entity	Country of incorporation	Principal activities	Effective ownership interest and voting interest 2017 %	2016 %
PMB Central Sdn. Bhd.	Malaysia	Marketing of gypsum board, aluminium extrusion and other related products	100	100
PMB Eastern Sdn. Bhd. *	Malaysia	Marketing of gypsum board and other related products	100	100
PMB Quick Access Sdn. Bhd. *	Malaysia	Manufacturing and marketing of scaffolding tower, rental of machinery and scaffolding tower and trading of other related products	100	100

* Not audited by member firms of KPMG International.

\# Consolidated based on management accounts.

i The non-controlling interests in this subsidiary are not material to the Group.

ii PMB Carbon Sdn. Bhd. and PMB Silicon Sdn. Bhd. have commenced operations during the financial year.

^ On 3 October 2017, Sun Power Generation Sdn. Bhd. ("SPG") received a notice pursuant to Section 308(4) of the Companies Act 2016 from the Companies Commission of Malaysia ("CCM") that its name had been struck-off from the registrar of companies of CCM. The deregistration of SPG did not result in any material impact on the net assets and earnings per share of the Group.

@ On 4 November 2017, Solar Power Generation (Sabah) Sdn. Bhd. ("SPGS") received a notice pursuant to Section 308(4) of the Companies Act 2016 from the Companies Commission of Malaysia ("CCM") that its name had been struck-off from the registrar of companies of CCM. The deregistration of SPGS did not result in any material impact on the net assets and earnings per share of the Group.

7. Investment in associate

	Group 2017 RM'000	Group 2016 RM'000
At cost		
Unquoted shares	100	100
Share of post-acquisition reserves	(100)	(100)
Group's share of net assets	-	-

The Group has an associate, PMB-Qatar W.L.L which is incorporated in Qatar. The Group has a 49% (2016: 49%) effective ownership interest and voting interest in the associate.

The associate is not material to the Group as it is dormant and hence, no further disclosures are provided.

8. Inventories

	Group 2017 RM'000	Group 2016 RM'000
Raw materials	14,742	12,542
Work-in-progress	2,290	3,239
Trading inventories and finished goods	27,881	25,160
Transfer from property, plant and equipment (Note 3)	147	-
	45,060	40,941
Recognised in profit or loss:		
Inventories recognised as cost of sales	180,243	191,078

9. Trade and other receivables

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Current					
Trade					
Trade receivables		60,830	60,353	-	-
Progress billings receivable	9.1	56,872	56,365	-	-
Less: Allowance for impairment losses		(4,278)	(4,618)	-	-
		113,424	112,100	-	-
Amount due from contract customers	9.2	39,698	48,627	-	-
Amount due from associate	9.3	-	440	-	-
Amount due from affiliated companies	9.3	21,329	17,593	-	-
		174,451	178,760	-	-
Non-trade					
Amount due from subsidiaries	9.3	-	-	13,231	5,206
Other receivables		3,282	1,153	-	4
Deposits		3,108	2,548	2	2
Prepayments		25,726	2,252	-	-
		32,116	5,953	13,233	5,212
		206,567	184,713	13,233	5,212

9.1 Progress billings receivable

Included in progress billings receivable at 31 December 2017 are retentions of RM29,312,000 (2016: RM21,858,000) relating to construction work-in-progress. Retentions are unsecured, interest free and are expected to be collected as follows:

	Group 2017 RM'000	Group 2016 RM'000
Within 1 year	1,027	2,158
1 - 2 years	28,285	19,700
	29,312	21,858

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9. Trade and other receivables (continued)

9.2 Construction work-in-progress

	Group 2017 RM'000	Group 2016 RM'000
Aggregate costs incurred to date	661,074	512,891
Add: Attributable profits	95,899	83,907
	756,973	596,798
Less: Progress billings	(732,553)	(555,249)
	24,420	41,549
Represented by:		
Amount due from contract customers	39,698	48,627
Amount due to contract customers (Note 14)	(15,278)	(7,078)
	24,420	41,549

9.3 Amounts due from related parties

The trade amounts due from associate and affiliated companies are subject to normal trade terms.

The non-trade amount due from subsidiaries is unsecured, interest free and repayable on demand.

10. Cash and cash equivalents

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Cash and bank balances	53,196	42,238	175	229

11. Capital and reserves

Share capital

	Group and Company			
	Amount 2017 RM'000	**Number of shares 2017 '000**	**Amount 2016 RM'000**	**Number of shares 2016 '000**
Authorised:				
Ordinary shares	-	-	80,000	100,000
Issued and fully paid:				
Ordinary shares				
At 1 January	40,000	80,000	40,000	80,000
Transfer from share premium in accordance with Section 618(2) of the Companies Act 2016	6,941	-	-	-
At 31 December	46,941	80,000	40,000	80,000

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. In respect of the Company's treasury shares that are held by the Group, all rights are suspended until those shares are reissued.

Pursuant to the Companies Act 2016 in Malaysia which came into effect on 31 January 2017, the concept of authorised share capital no longer exists.

In accordance with section 74 of the Companies Act 2016, the Company's ordinary shares no longer have a par or nominal value with effect from 31 January 2017. There is no impact on the number of shares in issue or the relative entitlement of any of the members as a result of this transition.

Included in share capital is share premium amounting to RM6,941,000 that is available to be utilised in accordance with Section 618(3) of Companies Act 2016 on or before 30 January 2019 (24 months from commencement of section 74).

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11. Capital and reserves (continued)

Share premium

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares. In accordance with Section 618 of Companies Act 2016, any amount standing to the credit of the share premium account has become part of the Company's share capital. Accordingly, the share premium has been transferred and become part of the Company's share capital.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Treasury shares

The shareholders of the Company, by a special resolution passed in an extraordinary general meeting held on 28 April 2006, approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

There was no repurchase of issued share capital in the current financial year. During the financial year ended 31 December 2007, the Company repurchased 2,520,200 of its issued share capital from the open market. The average price paid for the shares repurchased was RM0.88 per share including transaction costs, and the repurchase transactions were financed by internally generated funds. The shares repurchased are held as treasury shares.

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12. Loans and borrowings

	Note	Group 2017 RM'000	2016 RM'000
Non-current			
Bank loans - secured	12.3	22,729	5,519
Finance lease liabilities	12.4	6,954	1,916
		29,683	7,435
Current			
Bank loans - secured	12.3	3,809	3,755
Bankers' acceptances, trust receipts and revolving credits - unsecured	12.1	114,204	83,235
Bank overdrafts - unsecured	12.2	771	1,022
Finance lease liabilities	12.4	4,503	1,312
		123,287	89,324
		152,970	96,759

12.1 Bankers' acceptances, trust receipts and revolving credits

The bankers' acceptances, trust receipts and revolving credits of the Group are subject to fixed interest rates ranging from 2.17% to 5.71% (2016: 2.55% to 6.22%) per annum and are guaranteed by the Company.

12.2 Bank overdrafts - unsecured

The bank overdrafts of the Group are subject to floating interest rates of 1.0% (2016: 1.0%) per annum above the bank's base lending rate or Hong Kong Interbank Offered Rate ("HIBOR") and are guaranteed by the Company.

12. Loans and borrowings (continued)

12.3 Bank loans - secured

	Group 2017 RM'000	Group 2016 RM'000
Loan 1	883	1,092
Loan 2	2,349	3,928
Loan 3	1,730	3,540
Loan 4	557	714
Loan 5	12,800	-
Loan 6	8,219	-
	26,538	9,274

Loan 1 is subject to a fixed interest rate of 7.25% (2016: 7.25%) per annum. Loan 2, Loan 3 and Loan 4 are subject to a floating interest rate of 0.25% (2016: 0.25%) per annum above the bank's base lending rate. Loan 5 is subject to a floating interest rate of 1.40% (2016: Nil) per annum above the bank's cost of fund while Loan 6 is subject to a floating interest rate of 1.50% (2016: Nil) per annum above the bank's cost of fund. All the bank loans are secured over the Group's freehold land, leasehold land and buildings (see Note 3) and are guaranteed by the Company.

12.4 Finance lease liabilities

Finance lease liabilities are payable as follows:

	Future minimum lease payments RM'000 2017	Interest RM'000 2017	Present value of minimum lease payments RM'000 2017	Future minimum lease payments RM'000 2016	Interest RM'000 2016	Present value of minimum lease payments RM'000 2016
Group						
Less than one year	5,025	(522)	4,503	1,453	(141)	1,312
Between one and five years	7,272	(318)	6,954	2,038	(122)	1,916
	12,297	(840)	11,457	3,491	(263)	3,228

The finance lease liabilities are subject to fixed interest rates ranging from 1.98% to 4.08% (2016: 1.98% to 4.08%) per annum, of which RM10,272,000 (2016: RM2,681,000) are guaranteed by the Company.

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12. Loans and borrowings (continued)

12.5 Reconciliation of movement of liabilities to cash flows arising from financing activities

	At 1 January 2017 RM'000	Net changes from financing cash flows RM'000	Acquisition of new lease RM'000	At 31 December 2017 RM'000
Group				
Bank loans	9,274	17,264	-	26,538
Bankers' acceptances	48,534	31,352	-	79,886
Trust receipts	20,384	1,069	-	21,453
Revolving credits	14,317	(1,452)	-	12,865
Bank overdrafts	1,022	(251)	-	771
Finance lease liabilities	3,228	(2,674)	10,903	11,457
	96,759	45,308	10,903	152,970

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13. Deferred tax liabilities

Recognised deferred tax (assets)/liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
Group	**2017 RM'000**	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Property, plant and equipment	-	-	6,386	7,153	6,386	7,153
Provisions	(178)	(288)	-	-	(178)	(288)
Other items	-	-	258	237	258	237
Tax (assets)/liabilities	(178)	(288)	6,644	7,390	6,466	7,102
Set off of tax	178	288	(178)	(288)	-	-
Net tax liabilities	-	-	6,466	7,102	6,466	7,102

Movement in temporary differences during the year

Group	**At 1.1.2016 RM'000**	**Recognised in profit or loss (Note 19) RM'000**	**At 31.12.2016 /1.1.2017 RM'000**	**Recognised in profit or loss (Note 19) RM'000**	**At 31.12.2017 RM'000**
Property, plant and equipment	7,895	(742)	7,153	(767)	6,386
Provisions	(282)	(6)	(288)	110	(178)
Other items	69	168	237	21	258
	7,682	(580)	7,102	(636)	6,466

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14. Trade and other payables

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Trade					
Trade payables		40,248	36,044	-	-
Amount due to contract customers	9.2	15,278	7,078	-	-
Amount due to affiliated companies	14.1	39,266	47,500	-	-
		94,792	90,622	-	-
Non-trade					
Amount due to affiliated companies	14.1	84	94	-	-
Amount due to subsidiaries	14.1	-	-	11,024	3,328
Advances		4,039	-	-	-
Other payables and accrued expenses	14.2	14,634	10,887	379	284
		18,757	10,981	11,403	3,612
		113,549	101,603	11,403	3,612

14.1 Amounts due to affiliated parties

The trade amount due to affiliated companies is subject to normal trade terms.

The non-trade amounts due to affiliated companies and subsidiaries are unsecured, interest free and repayable on demand.

14.2 Other payables and accrued expenses

Included in other payables and accrued expenses of the Group are accruals for project costs amounting to RM3,849,000 (2016: RM1,200,000).

15. Revenue

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Sale of goods	243,992	254,551	-	-
Construction contracts	253,475	116,479	-	-
Management fees	-	-	790	430
Dividends	-	-	4,349	3,550
	497,467	371,030	5,139	3,980

16. Cost of sales

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Sale of goods	196,796	213,789	-	-
Construction contracts	223,533	88,918	-	-
	420,329	302,707	-	-

17. Finance income

	Group 2017 RM'000	Group 2016 RM'000
Interest income of financial assets that are not at fair value through profit or loss	14	9

18. Finance costs

	Group 2017 RM'000	Group 2016 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss	6,032	4,426
Other finance costs	142	96
	6,174	4,522
Recognised in profit or loss	6,051	4,311
Capitalised as qualifying asset:		
- property, plant and equipment	123	211
	6,174	4,522

19. Tax expense

Recognised in profit or loss

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Current tax expense				
- current year	4,564	3,630	-	-
- prior year	87	(472)	-	-
Total current tax recognised in profit or loss	4,651	3,158	-	-
Deferred tax expense				
Reversal of temporary differences	(700)	(57)	-	-
Under/(Over) provision in prior year	64	(523)	-	-
Total deferred tax recognised in profit or loss	(636)	(580)	-	-
Total income tax expense	4,015	2,578	-	-

Reconciliation of tax expense

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Profit before tax	14,423	13,293	3,289	2,802
Income tax calculated using Malaysian tax rate of 24% (2016: 24%)	3,461	3,190	789	672
Effect of tax rates in foreign jurisdictions	(251)	(99)	-	-
Non-deductible expenses	927	954	255	180
Tax-exempt income	-	-	(1,044)	(852)
Tax incentives	(273)	(472)	-	-
Under/(Over) provision in prior year	151	(995)	-	-
	4,015	2,578	-	-

20. Profit for the year

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Profit for the year is arrived at after charging:				
Auditors' remuneration:				
- Audit fees				
KPMG PLT Malaysia	210	195	65	55
Other auditors	62	62	-	-
- Non-audit fees				
KPMG PLT Malaysia	25	35	25	35
Affiliate of KPMG PLT Malaysia	6	6	6	6
Affiliates of other auditors	7	7	-	-
Depreciation of investment properties	30	30	-	-

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20. Profit for the year (continued)

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Profit for the year is arrived at after charging (continued):				
Depreciation of property, plant and equipment	11,536	9,188	-	-
Finance costs	6,051	4,311	-	-
Impairment loss on trade receivables	-	325	-	-
Loss on disposal of property, plant and equipment	357	1	-	-
Net realised foreign exchange loss	151	8	-	-
Property, plant and equipment written off	-	539	-	-
Personnel expenses (including key management personnel):				
- Contributions to Employees' Provident Fund	2,180	1,935	122	84
- Wages, salaries and others	38,453	35,636	1,247	691
Rental expense of property, plant and equipment	4,239	4,012	-	-
and after crediting:				
Finance income	14	9	-	-
Gain on disposal of property, plant and equipment	298	115	-	-
Insurance claimed	-	620	-	-
Management fees from subsidiaries	-	-	790	430
Net unrealised foreign exchange gain	115	183	-	-
Rental income from:				
- Investment property	12	23	-	-
- Properties	4	72	-	-
- Motor vehicle	36	36	-	-
Reversal of impairment loss on trade receivables	340	478	-	-

21. Earnings per ordinary share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2017 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2017	2016
	RM'000	RM'000
Profit attributable to ordinary shareholders	10,408	10,715

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21. Earnings per ordinary share (continued)

Basic earnings per ordinary share (continued)

	Group 2017 '000	Group 2016 '000
Weighted average number of ordinary shares at 31 December	77,480	77,480

	Group 2017 sen	Group 2016 sen
Basic earnings per ordinary share	13.43	13.83

Diluted earnings per ordinary share

Diluted EPS is not presented as the Group has no shares or other instruments with potential dilutive effects.

22. Dividends

Dividends recognised by the Company:

	Sen per share	Total amount RM'000	Date of payment
2017			
Fourth interim 2016 ordinary	1.00	775	5 April 2017
First interim 2017 ordinary	1.00	775	23 June 2017
Second interim 2017 ordinary	1.00	775	20 September 2017
Third interim 2017 ordinary	1.00	774	21 December 2017
Total amount		3,099	
2016			
Fourth interim 2015 ordinary	1.00	775	5 April 2016
First interim 2016 ordinary	1.00	775	9 June 2016
Second interim 2016 ordinary	1.00	775	20 September 2016
Third interim 2016 ordinary	1.00	774	8 December 2016
Total amount		3,099	

Subsequent to the financial year end, the Directors declared a fourth interim ordinary dividend of 1 sen per ordinary share totalling RM774,798 in respect of the financial year ended 31 December 2017, which is payable on 18 April 2018. The Directors do not recommend any final dividend to be paid for the financial year under review.

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23. Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group 2017 RM'000	Group 2016 RM'000
Less than one year	1,891	1,319
Between one and five years	1,469	145
	3,360	1,464

The Group leases a number of office premises, apartments, warehouses and factory facilities under operating leases, with an option to renew the leases after their expiration. None of the leases include contingent rentals.

24. Operating segments

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Chief Operating Decision Maker ("CODM") (i.e. the Group's Chief Executive Officer) reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- *Manufacturing and trading*. Includes manufacturing and marketing of aluminium products and other related products.

- *Construction and fabrication*. Includes contracting, designing and fabrication of aluminium and stainless steel products.

Other non-reportable segments comprise operations related to investment holding and dormant companies. None of these segments met the quantitative threshold for reporting segments in 2017 and 2016.

There are varying levels of integration between the Manufacturing and Trading, and the Construction and Fabrication reportable segments. This integration includes transfers of raw materials and shared distribution services, respectively. Inter-segment pricing is determined on a negotiated basis.

Performance is measured based on segment profit before tax and interest as included in the internal management reports that are reviewed by the CODM. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

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24. Operating segments (continued)

Segment assets

The total of segment assets is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the CODM. Segment total asset is used to measure the return on assets of each segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the CODM. Hence, no disclosure is made on segment liability.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment and investment properties.

	Manufacturing and trading		Construction and fabrication		Total	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Segment profit	9,791	10,534	11,486	9,431	21,277	19,965
Included in the measure of segment profit are:						
Revenue from external customers	192,662	195,947	304,805	175,083	497,467	371,030
Inter-segment revenue	18,739	12,926	5,788	559	24,527	13,485
Depreciation	4,304	2,961	7,262	5,935	11,566	8,896
Segment assets	280,560	187,039	220,908	194,425	501,468	381,464
Included in the measure of segment assets are:						
Additions to non-current assets other than financial instruments and deferred tax assets	41,263	2,797	4,792	1,025	46,055	3,822

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24. Operating segments (continued)

Reconciliations of reportable profit or loss, assets and other material items

	2017 RM'000	2016 RM'000
Profit or loss		
Total profit for reportable segments	21,277	19,965
Other non-reportable segments	3,313	1,267
Elimination of inter-segment profits	(4,130)	(3,637)
Finance income	14	9
Finance costs	(6,051)	(4,311)
Tax expense	(4,015)	(2,578)
Consolidated profit for the year	10,408	10,715
Total assets		
Total assets for reportable segments	501,468	381,464
Other non-reportable segments	59,911	82,167
Elimination of inter-segment balances	(130,232)	(103,579)
Consolidated total	431,147	360,052
Depreciation		
Total depreciation for reportable segments	11,566	8,896
Other non-reportable segments	-	322
Consolidated total	11,566	9,218
Additions to non-current assets		
Total additions to non-current assets for reportable segments	46,055	3,822
Other non-reportable segments	-	899
Consolidated total	46,055	4,721

Geographical segments

The Manufacturing and Trading, and the Construction and Fabrication segments are managed mainly in two principal geographical areas, Malaysia (country of domicile) and Hong Kong.

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets.

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24. Operating segments (continued)

Geographical segments (continued)

	Revenue RM'000	Non-current assets RM'000
Geographical information		
2017		
Malaysia	245,107	121,595
Hong Kong	237,497	1,837
Other countries	14,863	-
	497,467	123,432
2016		
Malaysia	254,431	89,574
Hong Kong	99,366	506
Other countries	17,233	-
	371,030	90,080

Major customers

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

	Revenue 2017 RM'000	Revenue 2016 RM'000	Segment
Customer A	72,011	2,365	Construction and fabrication
Customer B	50,397	370	Construction and fabrication
Customer C	50,148	3,446	Construction and fabrication

25. Capital Commitments

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Capital expenditure commitments				
Plant and equipment				
Contracted but not provided for	12,845	14,400	-	-

26. Contingencies

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Guarantees given to contract customers	22,452	17,017	-	-
Guarantees given to financial institutions for facilities granted to subsidiaries	-	-	174,277	104,654

27. Financial instruments

27.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Loans and receivables ("L&R");
(b) Financial liabilities measured at amortised cost ("FL").

	Carrying amount RM'000	L&R/ (FL) RM'000
Group		
2017		
Financial assets		
Trade and other receivables	180,841	180,841
Cash and cash equivalents	53,196	53,196
	234,037	234,037
Financial liabilities		
Loans and borrowings	(152,970)	(152,970)
Trade and other payables	(109,510)	(109,510)
	(262,480)	(262,480)
2016		
Financial assets		
Trade and other receivables	182,461	182,461
Cash and cash equivalents	42,238	42,238
	224,699	224,699
Financial liabilities		
Loans and borrowings	(96,759)	(96,759)
Trade and other payables	(101,603)	(101,603)
	(198,362)	(198,362)

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27. Financial instruments (continued)

27.1 Categories of financial instruments (continued)

	Carrying amount RM'000	L&R/ (FL) RM'000
Company		
2017		
Financial assets		
Trade and other receivables	13,233	13,233
Cash and cash equivalents	175	175
	13,408	13,408
Financial liabilities		
Trade and other payables	(11,403)	(11,403)
2016		
Financial assets		
Trade and other receivables	5,212	5,212
Cash and cash equivalents	229	229
	5,441	5,441
Financial liabilities		
Trade and other payables	(3,612)	(3,612)

27.2 Net gain and losses arising from financial instruments

	Group	
	2017 RM'000	**2016 RM'000**
Net gain and losses on:		
Loans and receivables	(318)	(290)
Financial liabilities measured at amortised cost	6,051	4,264
	5,733	3,974

27.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

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27. Financial instruments (continued)

27.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers, financial guarantees given to contract customers and amount due from associate. The Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 180 days, which are deemed to have higher credit risk, are monitored individually.

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region was:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Domestic	68,078	65,568
Asia	45,057	45,905
Others	289	627
	113,424	112,100

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27. Financial instruments (continued)

27.4 Credit risk (continued)

Receivables (continued)

Impairment losses

The Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was:

Group	Gross RM'000	Individual impairment RM'000	Net RM'000
2017			
Not past due	99,380	-	99,380
Past due 1 - 30 days	2,751	-	2,751
Past due 31 - 180 days	2,700	-	2,700
Past due more than 180 days	12,871	(4,278)	8,593
	117,702	(4,278)	113,424
2016			
Not past due	72,194	-	72,194
Past due 1 - 30 days	30,904	-	30,904
Past due 31 - 180 days	5,743	-	5,743
Past due more than 180 days	7,877	(4,618)	3,259
	116,718	(4,618)	112,100

No allowance for impairment losses has been made for the remaining past due receivables as the Group monitors the results and repayments of these customers regularly and is confident of the ability of the customers to repay the balances owing.

The movements in the allowance for impairment losses of trade receivables during the financial year were:

	Group 2017 RM'000	2016 RM'000
At 1 January	4,618	4,777
Impairment loss recognised	-	325
Impairment loss reversed	(340)	(478)
Effect of movements in exchange rates	-	(6)
At 31 December	4,278	4,618

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

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27. Financial instruments (continued)

27.4 Credit risk (continued)

Other financial assets

Risk management objectives, policies and processes for managing the risk

The Group is exposed to counterparty credit risk from financial institutions through fund placement activities. These exposures are managed in accordance with the existing guidelines and procedures that define the parameters within which the investment activities shall be undertaken in order to achieve the Group's investment objective of preserving capital and generating additional returns above appropriate benchmarks within allowable risk parameters. Fund placements are only made with reputable licensed financial institutions with high creditworthiness.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Group provides unsecured financial guarantees to contract customers in respect of construction contracts granted to the Group while the Company provides unsecured financial guarantees to financial institutions for facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk of the Group and of the Company amounts to RM22,452,000 (2016: RM17,017,000) and RM174,277,000 (2016: RM104,654,000) respectively, representing the outstanding financial guarantees as at the end of the reporting period.

As at the end of the reporting period, there was no indication any contract customer or any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

27. Financial instruments (continued)

27.4 Credit risk (continued)

Inter-company balances

Risk management objectives, policies and processes for managing the risk

The Group provides credit terms to affiliated companies and associate. The Company provides unsecured advances to subsidiaries. The Group and the Company monitor their results regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

Impairment losses

As at the end of the reporting period, there was no indication that the inter-company balances are not recoverable.

27.5 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings while the Company's exposure arises from its various payables (which are predominantly its subsidiaries).

The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that they will have sufficient liquidity to meet their liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

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27. Financial instruments (continued)

27.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

2017	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
Group							
Non-derivative financial liabilities							
Trade and other payables	109,510	-	109,510	109,510	-	-	-
Bank loans	26,538	*	33,590	5,244	3,245	11,906	13,195
Bankers' acceptances, trust receipts, and revolving credits	114,204	2.17% - 5.71%	114,204	114,204	-	-	-
Bank overdrafts	771	3.11% - 8.25%	771	771	-	-	-
Finance lease liabilities	11,457	1.98% - 4.08%	12,297	5,026	4,591	2,680	-
Financial guarantees	-	-	22,452	22,452	-	-	-
	262,480		292,824	257,207	7,836	14,586	13,195
Company							
Non-derivative financial liabilities							
Trade and other payables	11,403	-	11,403	11,403	-	-	-
Financial guarantees	-	-	174,277	174,277	-	-	-
	11,403		185,680	185,680	-	-	-

* Loan 1 is subject to a fixed interest rate of 7.25% per annum. Loan 2, Loan 3 and Loan 4 are subject to a floating interest rate of 0.25% per annum above the bank's base lending rate. Loan 5 is subject to a floating interest rate of 1.40% (2016: Nil) per annum above the bank's cost of fund while Loan 6 is subject to a floating interest rate of 1.50% (2016: Nil) per annum above the bank's cost of fund.

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27. Financial instruments (continued)

27.5 Liquidity risk (continued)

Maturity analysis (continued)

2016	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
Group							
Non-derivative financial liabilities							
Trade and other payables	101,603	-	101,603	101,603	-	-	-
Bank loans	9,274	*	10,154	4,285	4,073	1,796	-
Bankers' acceptances, trust receipts, and revolving credits	83,235	2.55% - 6.22%	83,235	83,235	-	-	-
Bank overdrafts	1,022	3.82% - 7.80%	1,022	1,022	-	-	-
Finance lease liabilities	3,228	1.98% - 4.08%	3,491	1,453	983	1,055	-
Financial guarantees	-	-	17,017	17,017	-	-	-
	198,362		216,522	208,615	5,056	2,851	-
Company							
Non-derivative financial liabilities							
Trade and other payables	3,612	-	3,612	3,612	-	-	-
Financial guarantees	-	-	104,654	104,654	-	-	-
	3,612		108,266	108,266	-	-	-

* Loan 1 was subjected to a fixed interest rate of 7.25% per annum while Loan 2, Loan 3 and Loan 4 were subjected to a floating interest rate of 0.25% per annum above the bank's base lending rate.

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27. Financial instruments (continued)

27.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

27.6.1 Foreign currency risk

The Group is exposed to foreign currency risk on sales, purchases and cash and cash equivalents that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily U.S. Dollar ("USD"), Great Britain Pound ("GBP"), Australian Dollar ("AUD"), Singapore Dollar ("SGD"), Qatari Rial ("QAR") and UAE Dirham ("AED").

Risk management objectives, policies and processes for managing the risk

The Group actively monitors its exposure to foreign currency risk. The Group does not hedge this risk but keeps the policy under review.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in					
	USD	**GBP**	**AUD**	**SGD**	**QAR**	**AED**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
2017						
Balances recognised in the statement of financial position						
Trade and other receivables	1,066	-	1,793	449	-	-
Trade and other payables	(2,869)	-	-	(1)	-	-
Cash and cash equivalents	271	-	2	249	-	-
Net exposure	(1,532)	-	1,795	697	-	-
2016						
Balances recognised in the statement of financial position						
Trade and other receivables	912	344	1,936	386	440	954
Trade and other payables	(605)	-	-	(31)	-	-
Cash and cash equivalents	1,324	3	8	2,344	-	434
Net exposure	1,631	347	1,944	2,699	440	1,388

27. Financial instruments (continued)

27.6 Market risk (continued)

27.6.1 Foreign currency risk (continued)

Currency risk sensitivity analysis

A 10% (2016: 10%) strengthening of Ringgit Malaysia against the following currencies at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Profit or loss	
	2017	**2016**
	RM'000	**RM'000**
USD	(116)	124
GBP	-	26
AUD	136	148
SGD	53	205
QAR	-	33
AED	-	105

A 10% (2016: 10%) weakening of Ringgit Malaysia against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

27.6.2 Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

Interest rate exposure arising from the Group's borrowings is managed through the use of fixed and floating rate debts. The Group does not use derivative financial instruments to hedge its debt obligations but keeps the policy under review.

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27. Financial instruments (continued)

27.6 Market risk (continued)

27.6.2 Interest rate risk (continued)

Exposure to interest rate risk

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group 2017 RM'000	Group 2016 RM'000
Fixed rate instruments		
Financial liabilities	(126,544)	(87,555)
Floating rate instruments		
Financial liabilities	(26,426)	(9,204)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 30 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Profit or loss		Profit or loss	
Group	**30 bp increase 2017 RM'000**	**30 bp decrease 2017 RM'000**	**30 bp increase 2016 RM'000**	**30 bp decrease 2016 RM'000**
Floating rate instruments	(60)	60	(21)	21

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27. Financial instruments (continued)

27.6 Market risk (continued)

27.6.3 Other price risk

Other price risk arises from price fluctuation risk mainly on aluminium related products. The Group mitigates its risk to the price volatility through establishing a fixed price level that the Group considers acceptable and where deemed prudent, entering into commodity fixed price contracts.

27.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The table below analyses financial instruments not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position:

	2017		2016	
	Carrying amount RM'000	Fair value Level 3 RM'000	Carrying amount RM'000	Fair value Level 3 RM'000
Group				
Financial liabilities				
Bank loans - secured	26,538	26,888	9,274	8,983
Finance lease liabilities	11,457	11,416	3,228	3,219

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities. For financial instruments not carried at fair value, the Group has applied discounted cash flows valuation technique in the determination of fair values within Level 3. The Group Finance Controller has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

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28. Capital management

The Group's objectives when managing capital are to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The debt-to-equity ratios at 31 December 2017 and 31 December 2016 were as follows:

	Note	Group 2017 RM'000	Group 2016 RM'000
Total loans and borrowings	12	152,970	96,759
Less: Cash and cash equivalents	10	(53,196)	(42,238)
Net debt		99,774	54,521
Total equity		156,792	153,696
Debt-to-equity ratio		0.6	0.4

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

29. Related parties

Identity of related parties

For the purposes of these financial statements, 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. Related parties may be individuals or other entities.

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

The Group has related party relationship with its significant investors, subsidiaries, affiliated companies, associate and key management personnel.

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29. Related parties (continued)

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company are shown below. The balances related to the below transactions are shown in Notes 9 and 14.

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
A. Affiliated companies				
Sale of goods	(30,827)	(25,521)	-	-
Purchase of goods	151,858	151,399	-	-
Rental income on properties	(4)	(8)	-	-
B. Subsidiaries				
Dividend income	-	-	(4,349)	(3,550)
Management fee income	-	-	(790)	(430)
C. Key management personnel				
Directors				
- Fees	109	95	109	95
- Remuneration	1,365	1,314	254	230
- Other short-term employee benefits	403	372	93	83
Total short-term employee benefits	1,877	1,781	456	408
Other key management personnel				
Short-term employee benefits	1,703	1,794	-	-
	3,580	3,575	456	408

Other key management personnel comprise persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

Company No. 584257-X

30. Significant event

In November 2017, PMB Silicon Sdn. Bhd. ("PMB Silicon"), a wholly-owned subsidiary of the Company has executed a 25-years Power Purchase Agreement with Syarikat Sesco Berhad, a wholly owned subsidiary of Sarawak Energy Berhad, for the supply of 52 megawatts electricity for PMB Silicon's metallic silicon facility located in Samalaju Industrial Park, Sarawak with an expected annual production capacity of 36,000 metric tonnes.

31. Subsequent event

In November 2017, the principal advisor on behalf of the Board, announced that the Company proposes to undertake the following proposals:-

(i) proposed share split involving the subdivision of every one (1) PMBT Share into two (2) Subdivided Shares;

(ii) proposed renounceable rights issue of 5-year 3.00% ICULS together with free detachable Warrants to raise the intended gross proceeds of approximately RM200 million to part finance the facility construction of its wholly owned subsidiary, PMB Silicon Sdn. Bhd. ("PMB Silicon") and purchase equipment for the PMB Silicon's facility; and

(iii) proposed diversification of the principal activities of the PMBT Group to include manufacturing of metallic silicon.

On 17 April 2018, shareholders of the Company approved the resolution for the proposals.

PMB Technology Berhad
(Company No. 584257-X)
(Incorporated in Malaysia)
and its subsidiaries

Statement by Directors pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 7 to 79 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 2017 and of their financial performance and cash flows for the financial year then ended.

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

....
Koon Poh Ming
Director

....
Koon Poh Weng
Director

Petaling Jaya, Selangor

Date: 17 April 2018

PMB Technology Berhad
(Company No. 584257-X)
(Incorporated in Malaysia)
and its subsidiaries

Statutory declaration pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Wan Shuw Yee**, the officer primarily responsible for the financial management of PMB Technology Berhad, do solemnly and sincerely declare that the financial statements set out on pages 7 to 79 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 abovenamed, MIA CA28899 at Kuala Lumpur in the Federal Territory on 17 April 2018.

……………………………………
Wan Shuw Yee

Before me:

PESURUHJAYA SUMPAH
No : W 538
Nama: Woon Mee Chin
MALAYSIA

42A, PERSIARAN ARA KIRI,
LUCKY GARDEN, BANGSAR,
59100, KUALA LUMPUR.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan, Malaysia

Telephone +60 (3) 7721 3388
Fax +60 (3) 7721 3399
Website www.kpmg.com.my

Independent auditors' report to the members of PMB Technology Berhad

(Company No. 584257-X)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of PMB Technology Berhad, which comprise the statements of financial position as at 31 December 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements of the Group and of the Company, including a summary of significant accounting policies, as set out on pages 7 to 79.

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 2017 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' 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.

KPMG PLT, a limited liability partnership established under Malaysian law and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current 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.

(i) Revenue recognition on construction contracts

Refer to Note 2(o)(ii) and 15 to the financial statements.

The key audit matter

The Group's revenue for the year ended 31 December 2017 is significantly influenced by the results of large construction projects. Due to the contracting nature of the business, revenue recognition involves a significant degree of judgement, with estimates being made to assess the total contract costs, stage of completion of the contract and adequately provide for loss making contract. Changes of these estimates could lead to different profit and revenue being reported in the financial statements.

How the matter was addressed in our audit

Our audit procedures included, among others, reading the key contracts and discussed each with management to obtain a full understanding of the terms and risks of the contracts. We evaluated the controls of the Group over the accuracy and timing of revenue recognised in the financial statements including the estimation of contract cost to complete and calculation of the stage of completion.

We assessed the appropriateness of assumptions used in determining the budgeted costs of the projects based on historical performance of the Group and industry knowledge and agreed the contract costs to supporting documentation and recalculated the percentage of completion of the contract. We tested the contract revenue through the inspection of contracts, variation orders and claims. We also considered if provision for liquidated damages and foreseeable losses is required.

Key Audit Matters (continued)

(ii) Recoverability of trade receivables

Refer to Note 9 to the financial statements.

The key audit matter

The Group has significant trade receivables balance as at 31 December 2017 of RM113,424,000. Trade receivables include amounts due from customers within the construction industry. As the construction industry faces a number of challenges including but not limited to instabilities of supplies and prices of construction materials and components, there is a risk over the recoverability of these balances.

How the matter was addressed in our audit

Our audit procedures included, among others, evaluating the controls of the Group over monitoring of debts. We tested the accuracy of trade receivables ageing and assessed the adequacy of the impairment loss on trade receivables by considering the ageing analysis, past payments trend and payments subsequent to year end. We also checked the historical accuracy of impairment loss on trade receivables made in prior year against the level of bad debt written off during the year.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

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 annual report 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 annual report and, in doing so, consider whether the annual report 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 the annual report, we are required to report that fact. We have nothing to report in this regard.

Company No. 584257-X

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

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company 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 conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment 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 internal control of the Group and of the Company.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- 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 ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 gives a true and fair view.

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

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

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

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

Company No. 584257-X

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 6 to the financial statements.

Other Matter

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.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Ong Beng Seng
Approval Number: 2981/05/18(J)
Chartered Accountant

Petaling Jaya, Malaysia

Date: 17 April 2018

Original Sighted

TE HOCK WEE
Company Secretary
MAICSA 7054787
Date: 08 JUN 2018

PMB Technology Berhad
(Company No.584257-X)

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
		UNAUDITED CURRENT YEAR QUARTER 31 MAR 2018 RM'000	UNAUDITED PRECEDING YEAR QUARTER 31 MAR 2017 RM'000	Changes %	UNAUDITED CURRENT YEAR TO DATE 31 MAR 2018 RM'000	UNAUDITED PRECEDING YEAR TO DATE 31 MAR 2017 RM'000	Changes %
Revenue		114,146	100,832	13%	114,146	100,832	13%
Operating expenses		(109,626)	(96,988)	13%	(109,626)	(96,988)	13%
Other operating income		68	216	-69%	68	216	-69%
Profit from operations		4,588	4,060	13%	4,588	4,060	13%
Finance costs		(1,922)	(988)	95%	(1,922)	(988)	95%
Profit before tax		2,666	3,072	-13%	2,666	3,072	-13%
Taxation	B5	(662)	(726)	-9%	(662)	(726)	-9%
Profit for the period		2,004	2,346	-15%	2,004	2,346	-15%
Profit attributable to :							
Owners of the Company		2,004	2,346	-15%	2,004	2,346	-15%
Non-controlling Interest		-	-		-	-	
Profit for the period		2,004	2,346	-15%	2,004	2,346	-15%
Basic earning per share attributable to owners of the company (sen) (based on 77,479,800 ordinary shares *)	B11	2.59	3.03	-15%	2.59	3.03	-15%

* Before the completion of the Share Split involving the subdivision of every one (1) existing ordinary share into two (2) ordinary shares.

(The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2017)

PMB Technology Berhad
(Company No.584257-X)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	UNAUDITED CURRENT YEAR QUARTER 31 MAR 2018 RM'000	UNAUDITED PRECEDING YEAR QUARTER 31 MAR 2017 RM'000	Changes %	UNAUDITED CURRENT YEAR TO DATE 31 MAR 2018 RM'000	UNAUDITED PRECEDING YEAR TO DATE 31 MAR 2017 RM'000	Changes %
Profit for the period	2,004	2,346	-15%	2,004	2,346	-15%
Other comprehensive income, net of tax						
Foreign currency translation differences for foreign operations	(1,852)	(617)	200%	(1,852)	(617)	200%
Total comprehensive income for the period	152	1,729	-91%	152	1,729	-91%
Total comprehensive income attributable to :						
Owners of the Company	152	1,729	-91%	152	1,729	-91%
Non-controlling interest	-	-		-	-	
Total comprehensive income for the period	152	1,729	-91%	152	1,729	-91%

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2017)

PMB Technology Berhad
(Company No.584257-X)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT CURRENT FINANCIAL QUARTER END 31-MAR-18 RM'000 UNAUDITED	31-DEC-17 RM'000 AUDITED
ASSETS		
Non-current assets		
Property, plant and equipment	121,062	121,424
Investment properties	1,209	1,216
Investment in associates	-	-
Goodwill	792	792
	123,063	123,432
Current assets		
Inventories and amount due from contract customers	100,642	84,758
Trade receivables	104,025	113,424
Other receivables, deposits and prepayments	51,369	32,116
Amount due from related companies	15,445	21,329
Tax recoverable	2,573	2,892
Cash and bank balances	43,741	53,196
	317,795	307,715
TOTAL ASSETS	440,858	431,147
EQUITY AND LIABILITIES		
Equity attributable to Owners of the Company		
Share capital	46,941	46,941
Foreign currency traslation reserve	1,475	3,327
Retained profit	109,973	108,744
Treasury shares, at cost	(2,220)	(2,220)
	156,169	156,792
Non-controlling interest	-	-
Total equity	156,169	156,792
Non-current liabilities		
Hire purchase & finance lease liabilities	6,045	6,954
Term loan	22,946	22,729
Deferred taxation	6,463	6,466
	35,454	36,149
Current Liabilities		
Trade payables	35,615	40,248
Amount due to contract customers	13,772	15,278
Other payables and accruals	8,740	18,757
Hire purchase & finance lease liabilities	4,631	4,503
Overdraft & short term borrowings	124,340	118,784
Amount due to related companies	60,371	39,266
Dividend payable	775	-
Taxations	991	1,370
	249,235	238,206
Total liabilities	284,689	274,355
TOTAL EQUITY AND LIABILITIES	440,858	431,147
Net assets per share attributable to the owners of the company (RM) (based on 77,479,800 ordinary shares *)	2.02	2.02

* Before the completion of the Share Split involving the subdivision of every one (1) existing ordinary share into two (2) ordinary shares.

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2017)

PMB Technology Berhad
(Company No.584257-X)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<---- Attributable to Owners of the Company				---->			
	<---- *Non-distributable*			---->	*Distributable*			
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Foreign currency traslation reserve RM'000	Retained Profits RM'000	Total RM'000	Non-controlling Interest RM'000	Total Equity RM'000
At 1 January 2018	46,941	-	(2,220)	3,327	108,744	156,792	-	156,792
Total comprehensive income for the period	-	-	-	(1,852)	2,004	152	-	152
Dividend - Fourth Interim dividend for the financial year ended 31 Dec 2017	-	-	-	-	(775)	(775)	-	(775)
At 31 March 2018	46,941	-	(2,220)	1,475	109,973	156,169	-	156,169
At 1 January 2017	40,000	6,941	(2,220)	7,540	101,435	153,696	-	153,696
Adjustment for effects of Companies Act 2016 **	6,941	(6,941)	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(617)	2,346	1,729	-	1,729
Dividend - Fourth Interim dividend for the financial year ended 31 Dec 2016	-	-	-	-	(775)	(775)	-	(775)
At 31 March 2017	46,941	-	(2,220)	6,923	103,006	154,650	-	154,650

** With the Companies Act 2016 ("New Act") effective on 31 January 2017, the credit standing in the share premium account of RM 6,941,000 has been transferred to the share capital account. Pursuant to section 618(3) of the New Act, the Group may exercise its right to use the credit amount being transferred from share premium account within 24 months upon the commencement of the New Act i.e. by 31 January 2019.

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2017)

PMB Technology Berhad
(Company No.584257-X)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	UNAUDITED FOR THE 3 MONTHS ENDED 31-MAR-18 RM'000	UNAUDITED FOR THE 3 MONTHS ENDED 31-MAR-17 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,666	3,072
Adjustments for:		
Depreciation	3,234	2,683
Net gain on disposal of property, plant and equipment and investment properties	(23)	(180)
Interest income	(2)	(1)
Interest expense	1,922	988
Operating profit before working capital changes	7,797	6,562
Changes in working capital:		
Inventories & amount due from contract customers	(15,884)	(19,602)
Trade and other receivables	(3,970)	11,865
Trade and other payables	4,949	(2,768)
Cash used in operations	(7,108)	(3,943)
Income taxes paid	(725)	(1,266)
Interest expenses paid	(1,922)	(988)
Interest received	2	1
Net cash used in operating activities	**(9,753)**	**(6,196)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment and investment properties	(2,865)	(7,426)
Proceeds from disposal of property, plant and equipment, investment properties and assets classified as held for sale	23	180
Net cash used in investing activities	**(2,842)**	**(7,246)**
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of hire purchase	(781)	(351)
Proceeds from bank borrowings	-	17,465
Repayment of bank borrowings	(8,235)	-
Proceeds from term loan	9,132	-
Repayment of term loan	-	(916)
Dividend paid	-	(775)
Net cash from financing activities	**116**	**15,423**
Exchange differences on translation of the financial statements of foreign operations	**(1,852)**	**(617)**
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(14,331)	1,364
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	52,425	41,216
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**38,094**	**42,580**
The cash & cash equivalents comprise:		
Cash & bank balances	43,741	45,378
Bank overdraft	(5,647)	(2,798)
	38,094	42,580

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2017)

PMB TECHNOLOGY BERHAD

PMB TECHNOLOGY BERHAD (584257-X)
Lot 1797, Jalan Balakong, Bukit Belimbing,
43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia.
Tel. : 603-89615205 Fax : 603-89611904

EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2018

PART A :EXPLANATORY NOTES

A1. Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting, paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the requirements of the Companies Act 2016 in Malaysia.

The condensed consolidated interim financial statements should be read in conjunction with the audited annual financial statements of the Group for the financial year ended 31 December 2017. The explanatory notes attached to the condensed consolidated financial statements provide an explanation of events and transactions that are significant to understand the changes in the financial position and performance of the Group since the year ended 31 December 2017.

A2. Significant Accounting Policies

The accounting policies adopted in these condensed consolidated interim financial statements are consistent with those adopted for the financial year ended 31 December 2017, except for the adoption of the following Amendments and Annual Improvements to Standards effective for the annual periods beginning on or after 1 January 2018.

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

The adoption of the above standards, amendments and annual improvement did not have any material financial impacts to the Group.

PMB TECHNOLOGY BERHAD

PMB TECHNOLOGY BERHAD (584257-X)
Lot 1797, Jalan Balakong, Bukit Belimbing,
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Tel. : 603-89615205 Fax : 603-89611904

EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2018

A2. Significant Accounting Policies (Cont'd)

Standards issued but not yet effective

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

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

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

- MFRS 17, *Insurance Contracts*

iii) MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group plans to adopt the above when they become effective in the respective financial periods. The adoption of the above is not expected to have any material impacts to the financial statements of the Group upon their initial adoption.

PMB TECHNOLOGY BERHAD

PMB TECHNOLOGY BERHAD (584257-X)
Lot 1797, Jalan Balakong, Bukit Belimbing,
43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia.
Tel. : 603-89615205 Fax : 603-89611904

EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2018

A3. Seasonal or cyclical of operations

The business of the Group was not significantly affected by any seasonal or cyclical factors.

A4. Unusual items due to their nature, size and incidence

There were no unusual items affecting the assets, liabilities, equity, net income and cash flows during the current quarter under review.

A5. Changes in estimates

There were no material changes in estimated amount reported in prior period which have a material effect on the current financial year-to-date.

A6. Debt and equity securities

There were no issuance and repayment of debt and share buy-backs for the financial year-to-date.

As at 31 March 2018, a total of 2,520,200 shares (before the completion of the Share Split involving the subdivision of every one (1) existing ordinary share into two (2) ordinary shares) were held as treasury shares at cost in accordance with the requirements of Section 127 of the Companies Act, 2016. None of the treasury shares repurchased has been sold or cancelled.

A7. Dividend paid

The fourth interim single tier dividend of 1 sen per share totaling RM774,798.00 for the financial year ended 31 December 2017 was paid to shareholders on 18 April 2018.

A8. Segmental information

Segmental information is presented in respect of the Group's business segments.

The Group comprises the following main business segments:

Manufacturing & trading	:	Manufacture of aluminium access equipment and other related products, marketing and trading of aluminium products and other products.
Construction & fabrication	:	Contracting, designing and fabrication of aluminium curtain wall, cladding system and system formwork

PMB TECHNOLOGY BERHAD

PMB TECHNOLOGY BERHAD (584257-X)
Lot 1797, Jalan Balakong, Bukit Belimbing,
43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia.
Tel. : 603-89615205 Fax : 603-89611904

EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2018

A8. Segmental information (cont'd)

	Manufacturing & trading RM'000	Construction & fabrication RM'000	Elimination RM'000	Total RM'000
3 months ended 31 March 2018				
Revenue from external customers	53,708	60,438		114,146
Inter-segment revenue	6,549	7,441	(13,990)	-
Total revenue	**60,257**	**67,879**	**(13,990)**	**114,146**
Segment result	**1,902**	**2,686**		**4,588**
Finance cost				(1,922)
Tax expense				(662)
Profit for the period				**2,004**
Segment assets	**392,893**	**213,613**	**(165,648)**	**440,858**
Segment liabilities	**260,993**	**146,273**	**(122,577)**	**284,689**

A9. Valuation of property, plant and equipment

Property, plant and equipment of the Group were not revalued during the current quarter under review. All the property, plant and equipment were stated at costs less accumulated depreciation.

A10. Material events subsequent to the balance sheet date

There were no material subsequent events since the end of the current quarter to the date of issue of this report that have not been reflected in the financial statements for the current financial year-to-date.

A11. Changes in the composition of the Group

There were no changes in the composition of the Group for the current quarter under review.

A12. Contingent liabilities

There were no material changes in contingent liability as at the date of this quarterly report.

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EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2018

A13. Capital commitments

As at 31 March 2018, the Group has the following known capital commitments:

	RM'000
Authorised property, plant and equipment expenditure not provided for in the financial statements	48,721

A14. Related Party Transactions

The Group
With the affiliated companies - Press Metal Aluminium Holding Berhad Group

	Current year to-date RM'000
Purchase of aluminium products	44,096
Sale of fabricated aluminium products and building materials	10,956

PART B : EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Operating Segments Review

(a) Q1/18 vs Q1/17

The Group's revenue was higher at RM114.1 million, representing an increase of 13% from RM100.8 million recorded in Q1/17. The increase was mainly due to higher revenue contribution from both segments.

However, the Group's profit before tax ("PBT") decreased from RM3.1 million to RM2.7 million, mainly attributed to higher finance cost incurred in Q1/18 resulted from higher interest rates and the term loan drawdown for the acquisition of the plant and machineries in Prai, Penang.

Manufacturing and Trading segment
The revenue from Manufacturing and Trading segment increased by 14% from RM47.0 million to RM53.7 million, mainly due to the increase in aluminium price. Accordingly, the segment profit increased from RM1.5 million to RM1.9 million.

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EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2018

B1. Operating Segments Review (Cont'd)

Construction and Fabrication segment
Revenue from Construction and Fabrication segment was higher at RM60.4 million, representing an increase of 12% from RM53.9 million. It was mainly due to the acceleration progress of certain on-going projects during the current quarter under review.

In line with higher revenue, the segment profit increased by 5% from RM2.6 million to RM2.7 million.

B2. Material Change in Performance of Current Quarter compared with Preceding Quarter (Q1/18 vs Q4/17)

Compared with the preceding quarter, the Group's revenue decreased by 22% from RM145.7 million to RM114.1 million, mainly contributed by lower work progress from Construction and Fabrication segment. In tandem with lower revenue, the Group's PBT decreased by 37% from RM4.2 million to RM2.7 million.

B3. Current year prospects

The global economy is projected to continue with its growth momentum particularly in the Asia Pacific and the emerging Asia economies. However, the ongoing economic sanctions between China and the USA is seen as a major contribution to the volatility of the metal commodity market.

On the domestic front, the recent announcement by the government to cancel or delay the implementation of some mega projects will have some dampening effect on the growth of the local construction and fabrication industries. Taking this into consideration, the Group is focussing its growth in the overseas market such as Hong Kong, Australia, Philippines, Bangladesh and the United Kingdom while we currently have a relatively strong book order.

The Group's diversification into the metallic silicon market, targeted to start operation by the end of the year would provide a positive platform into the commodity market in the near future.

Barring any unforeseen circumstances, the Group will endeavour to strengthen its management team in order to achieve a satisfactory result.

B4. Profit forecast

Not applicable as no profit forecast was published.

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EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2018

B5. Taxation

	Quarter Ended 31/03/18	Current Year To-date
	RM'000	RM'000
Current income tax	662	662

The Group's effective tax rate for the financial year-to-date under review was 24.8%, which is slightly higher than the prima facie tax rate.

B6. Status of Corporate Proposals Announced

No	Dated	Description
1.	10 November 2017	The Company had announced the following Corporate Exercises (Defined herein) in relation to the fund raising scheme for PMB Silicon Sdn Bhd, a wholly-owned subsidiary of the Company for the proposed metallic silicon facility located in Samalaju Industrial Park, Sarawak : (i) Share Split involving the subdivision of each of the existing ordinary shares in PMBT ("**PMBT Shares** " or "**Shares**") into Two (2) ordinary shares in PMBT ("**Subdivided Shares**") held on an entitlement date to be determined later ("**Share Split**"); (ii) Renounceable Rights Issue of 5-Year 3.00% Irredeemable Convertible Unsecured Loan Stocks ("**ICULS**") together with free Detachable Warrants ("**Warrants**") to raise gross proceeds of approximately RM200 Million ("**Rights Issue of ICULS with Warrants**"); and (ii) Diversification of the principal activities of the Company and its subsidiaries ("**PMBT Group**" or The "**Group**") to include the manufacturing of Metallic Silicon ("**Diversification**") (Collectively referred to as the "**Corporate Exercises**")
2.	11 December 2017	The Company had submitted the application for the issuance of ICULS pursuant to the Rights Issue of ICULS with Warrants under the Guidelines on Issuance of Corporate Bonds and Sukuk to Retail Investors to the Securities Commission Malaysia ("**SC**").

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EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2018

B6. Status of Corporate Proposals Announced (Cont'd)

No	Dated	Description
3.	21 February 2018	The SC had, vide its letter granted its approval under Section 214(1) of the Capital Market & Services Act 2007 for the issuance of the ICULS pursuant to the Rights Issue of ICULS with Warrants, subject to the following conditions: (1) The Company and AmInvestment Bank Berhad ("**AmInvestment Bank**") making clear disclosure in the relevant circular to shareholders and abridged prospectus on the following: a) Inter-conditionality of the following proposals: (i) Share Split; (ii) Rights Issue of ICULS with Warrants; and (iii) Diversification; and b) The Rights Issue of ICULS with Warrants will be aborted in the event that shareholders' approval is not obtained for the Diversification and if so, how the PMBT Group will deal with its interest in the PMB Silicon Facility; and (2) The Company and AmInvestment Bank complying with the standard conditions and continuing obligations as stipulated in SC's Guidelines on Issuance of Corporate Bonds and Sukuk to Retail Investors.
4.	1 March 2018	The Company had submitted the listing application to Bursa Malaysia Securities Berhad ("Bursa Securities") to seek its approval.

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EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2018

B6. Status of Corporate Proposals Announced (Cont'd)

No	Dated	Description
5.	26 March 2018	The Bursa Securities had, vide its letter granted its approval for the Share Split and Proposed Rights issue of ICULS with Warrants, subject to the following conditions: (1) PMBT and AmInvestment Bank, being the principal adviser, must fully comply with the relevant provisions under the Listing Requirements at all times pertaining to the implementation of the Share Split and Rights Issue of ICULS with Warrants; (2) PMBT and AmInvestment Bank to inform Bursa Securities upon the completion of the Share Split and Rights Issue of ICULS with Warrants; (3) PMBT to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Share Split and Rights Issue of ICULS with Warrants are completed; (4) PMBT and AmInvestment Bank are required to make the relevant announcements pursuant to Paragraph 13.10(2) of the Listing Requirements pertaining to the Share Split; (5) Shareholders' approval be obtained for the Share Split. In this respect, PMBT is required to furnish Bursa Securities with a certified true copy of the resolution passed by the shareholders approving the Share Split prior to the listing of and quotation for the PMBT Shares; and (6) Payment of additional listing fees pertaining to the conversion of ICULS and exercise of Warrants, if relevant. In this respect, PMBT to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the conversion of ICULS and exercise of Warrants at the end of each quarter together with a details computation of listing fees payable.

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EXPLANATORY NOTES TO THE QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2018

B6. Status of Corporate Proposals Announced (Cont'd)

No	Dated	Description
6.	17 April 2018	The Corporate Exercises stated in Section A above (i) to (iii) were approved by shareholders of the Company via an Extraordinary General Meeting held on the same day.
7.	18 April 2018	The Company announced the ex-date and the entitlement date for the Share Split, being 30 April 2018 and 3 May 2018 respectively.
8.	4 May 2018	The Share Split has been completed following the listing of and quotation for 160,000,000 Subdivided Shares (including 5,040,400 treasury shares) on the Main Market of Bursa Securities.

Save as disclosed above, there were no other corporate proposals announced but pending completion during the financial quarter.

B7. Group borrowings and debt securities

	Secured (RM'000)	Unsecured (RM'000)	Total (RM'000)
As at 31 March 2018			
(a) (i) **Short term**			
Overdraft	-	5,647	5,647
Revolving credit	-	17,319	17,319
Trade facilities	-	88,650	88,650
Term loan	12,724	-	12,724
	12,724	111,616	124,340
(ii) **Long term**			
Term loan	22,946	-	22,946
Total	35,670	111,616	147,286

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FOR THE FIRST QUARTER ENDED 31 MARCH 2018

B7. Group borrowings and debt securities (Cont'd)

	Secured (RM'000)	Unsecured (RM'000)	Total (RM'000)
As at 31 March 2017			
(a) (i) Short term			
Overdraft	-	2,798	2,798
Revolving credit	-	19,240	19,240
Trade facilities	-	81,460	81,460
Term loan	3,762	-	3,762
	3,762	103,498	107,260
(ii) Long term			
Term loan	4,596	-	4,596
Total	8,358	103,498	111,856

(b) Foreign currency bank borrowings

Foreign currency bank borrowings that denominated in Hong Kong Dollar ("HKD") included in the above borrowings are as follows:

	As at 31/03/2018		As at 31/03/2017	
	HK'000	RM'000 Equivalent	HK'000	RM'000 Equivalent
Overdraft	1,587	781	1,505	858
Revolving credit	33,170	16,319	32,000	18,240
Trade facilities	20,611	10,141	52,942	30,177
	55,368	27,241	86,447	49,275

The Group borrowings has increased by RM35.40 million from RM111.9 million to RM147.3 million mainly due to the term loan drawdown for the acquisition of the plant and machineries in Prai, Penang.

B8. Material Litigation

There was no material litigation against the Group as at the reporting date.

B9. Proposed Dividend

There was no dividend proposed during the current financial year-to-date.

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EXPLANATORY NOTES TO THE QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2018

B10. Earnings Per Share

	Current quarter	Year to-date
Basic earnings per share		
Net profit attributable to the Owners of the Company (RM'000)	2,004	2,004
Weighted average number of ordinary shares in issue - net of treasury shares held ('000)	77,480	77,480
Basic earnings per share (sen)	2.59	2.59

Diluted EPS is not presented as the Group has no shares or other instruments with potential dilutive effects.

B11. Auditors' report

The annual auditors' report of the audited financial statements for the year ended 31 December 2017 was not subject to any qualification.

B12. Notes to the Condensed Consolidated Income Statement

PBT is arrived at after charging and (crediting) the following items:

		Current Quarter RM'000	Current Financial To-date RM'000
a)	Interest income	(2)	(2)
b)	Other income including investment income	(20)	(20)
c)	Interest expense	1,922	1,922
d)	Depreciation and amortization	3,234	3,234
e)	(Reversal)/Provision for and write off of receivables	-	-
f)	Provision for and write off of inventories	-	-
g)	(Gain) and loss on disposal of quoted or unquoted Investments or properties	-	-
h)	Impairment of assets	-	-
i)	Foreign exchange (gain) or loss	(48)	(48)
j)	(Gain) or loss on derivatives	-	-
k)	Exceptional items	-	-

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FOR THE FIRST QUARTER ENDED 31 MARCH 2018

B13. Derivative Financial Instruments

The Group did not enter into any derivatives and accordingly there was no outstanding derivatives as at the end of the financial period.

B14. Fair Value Changes of Financial Liabilities

There were no fair value changes of financial liabilities during the current quarter ended 31 March 2018.

On behalf of the Board

Koon Poh Ming
Chief Executive Officer
30 May 2018

PMB TECHNOLOGY BERHAD (584257-X)
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47800 Petaling Jaya
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Malaysia

Date: 04 JUN 2018

To: The Shareholders of PMB Technology Berhad ("PMBT")

Dear Sir/Madam,

On behalf of the Board of Directors of PMBT ("**Board**"), I wish to report, after making due enquiries in relation to the period between 31 December 2017 (being the date on which the latest audited consolidated financial statements of PMBT and its subsidiaries ("**PMBT Group**") have been made up) and the date hereof (being a date not earlier than fourteen (14) days before the date of issuance of the Abridged Prospectus), that:-

(i) in the opinion of the Board, the business of the PMBT Group has been satisfactorily maintained;

(ii) in the opinion of the Board, no circumstance has arisen since the last audited consolidated financial statements of the PMBT Group which has adversely affected the trading or the value of the assets of the PMBT Group;

(iii) the current assets of the PMBT Group appear in the books at values which are believed to be realisable in the ordinary course of business;

(iv) save as disclosed in Section 9.3 of the Abridged Prospectus, there are no contingent liabilities which have arisen by reason of any guarantee or indemnity given by the PMBT Group;

(v) there has been, since the last audited consolidated financial statements of the PMBT Group, no default or any known event that could give rise to a default situation, on payments of either interest and/or principal sums for any borrowing of the PMBT Group; and

(vi) there has been no material change in the published reserves or any unusual factor affecting the profits of the PMBT Group since the last audited consolidated financial statements of the PMBT Group.

Yours faithfully,
for and on behalf of the Board of
PMB TECHNOLOGY BERHAD

KOON POH MING
Non-Independent Chief Executive Officer

1. SHARE CAPITAL

Save for the ICULS with Warrants, no securities will be allotted or issued on the basis of this Abridged Prospectus later than twelve (12) months after the date of this Abridged Prospectus.

As at the LPD, there is only one (1) class of shares in our Company, namely ordinary shares in the share capital in our Company, all of which rank *pari passu* with one another.

As at the date of the Abridged Prospectus, save for our Entitled Shareholders who will be provisionally allotted the ICULS under the Rights Issue of ICULS with Warrants, no person has been or is entitled to be granted an option to subscribe for any securities in our Company and no capital in our Group is under any option or agreed conditionally or unconditionally to be put under any condition.

2. REMUNERATION OF DIRECTORS

The provisions in our Company's Constitution in relation to the remuneration of our Directors are as follows:

Clause 104

The fees and any benefits payable to the Directors of the Company and its subsidiaries including any compensation for loss of employment of Director or former Director shall from time to time be determined by an ordinary resolution of the Company in general meeting and such remuneration shall be divided among the Directors in such proportions and manner as the Directors may determine PROVIDED ALWAYS that:

(a) fee payable to Non-Executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover and which shall not exceed the amount approved by the shareholders in general meeting;

(b) salaries and other emoluments (including bonus, benefits or any other emoluments) payable to Executive Directors who hold an executive office in the Company pursuant to a contract of service need not be determined by the Company in general meeting but such salaries and emoluments may not include a commission on or percentage of turnover. Nothing herein shall prejudice the powers of the Directors to appoint any of their members to be the employee or agent of the Company at such remuneration and upon such terms as they think fit provided that such remuneration shall not include commission on or percentage of turnover;

(c) fees of Directors and any benefits payable to Directors shall be subject to annual shareholders' approval at a general meeting;

(d) any fee paid to an alternate Director shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter; and

(e) the fees and / or benefits payable to non-executive Directors who is also Director of the subsidiaries includes fees, meeting allowances, travelling allowances, benefits, gratuity and compensation for loss of employment of Director or former Director of the Company provided by the Company and subsidiaries, but does not include insurance premium or any issue of securities.

Clause 105

(1) The Directors shall be paid for all their travelling, hotel and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending meetings of the Directors or any committee of the Directors or general meetings or otherwise.

(2) If any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Company may remunerate the Director so doing either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of turnover) as may be determined by the Board provided that in the case of non-executive Directors, the said remuneration shall not include a commission on or percentage of profits or turnover. In the case of an executive Director, such fee may be either in addition to or in substitution for his share in the fee from time to time provided for the Directors.

(3) In case the Company be wound up for any reason or purpose whatsoever, a Director shall not be entitled to any compensation in respect of the period which elapses between the date of the said winding up and the date at which, if the Company has not been wound up, he would have retired under this Constitution.

3. CONSENTS

Our Principal Adviser, Company Secretaries, Principal Bankers, Share Registrar, Solicitors and Trustee for the Rights Issue of ICULS with Warrants have given and have not subsequently withdrawn their consents for the inclusion of their names and all references thereto in the form and context in which they appear in this Abridged Prospectus.

Messrs KPMG PLT, being our Auditors and Reporting Accountants has not subsequently withdrawn its consent to the inclusion of its name, the pro forma consolidated statements of financial position of PMBT Group as at 31 December 2017 together with the notes and Reporting Accountants' letter thereon, the audited consolidated financial statements of PMBT and its subsidiaries for the financial year ended 31 December 2017 together with the auditors' report thereon and all references thereto in the form and context in which they appear in this Abridged Prospectus.

Bloomberg Finance L.P. has given and has not subsequently withdrawn its consent for the inclusion of its name and citation of the market data of PMBT Shares and all references thereto, in the form and context in which it appears in this Abridged Prospectus.

4. MATERIAL CONTRACTS

Save as disclosed below, neither our Company nor our subsidiaries have entered into any material contracts (not being contracts entered into in the ordinary course of business) within the past two (2) years immediately preceding the date of this Abridged Prospectus:

(i) Sale and purchase agreement dated 25 October 2016 entered into between the Fujisash (Malaysia) Sdn Bhd ("**Fujisash**") and Everlast Access Technologies Sdn Bhd ("**East**") in relation to the sale and purchase of a piece of leasehold land held under HS(D) 38463, Lot 2826, Mukim 01, Daerah Seberang Perai Tengah, Negeri Pulau Pinang, Malaysia measuring approximately 41,799.17 square meters in area together with buildings erected thereon bearing assessment address, PMBT 2025, Lorong Perusahaan Perai, 13600 Perai, Penang, Malaysia ("**Land**") for the purchase price of RM13.5 million. As at the LPD, the purchase of the Land by East has been completed on 7 June 2017.

(ii) Assets sale agreement dated 25 October 2016 entered into between the Fujisash and East ("**ASA**") for the sale and purchase of the major machineries and equipment as set out in Schedule 1 of the ASA ("**Assets**") for the purchase price of RM2.5 million. As at the LPD, the purchase of the Assets by East has been completed on 7 June 2017.

5. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, neither we nor our subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and after making due enquiries, there are no proceedings, pending or threatened, against our Group, or of any facts likely to give rise to any proceedings which may materially affect the business or financial position of our Group.

6. GENERAL

(i) There are no existing or proposed service contracts entered or to be entered into by our Company with any Director, other than those which are expiring or determinable by the employing company without payment of compensation (other than statutory compensation) within one (1) year from the date of issuance of this Abridged Prospectus; and

(ii) Save as disclosed in Sections 6, 7 and 9 of this Abridged Prospectus and after making due enquiries, to the best of our Board's knowledge, there are no:

   (a) material information including special trade factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of our Group;

   (b) known trends, demands, commitments, events or uncertainties that will result in or are likely to materially increase or decrease our Group's liquidity;

   (c) material commitments for capital expenditure;

   (d) unusual, infrequent events or transactions or significant economic changes that materially affect the amount of reported income from our operations; and

   (e) known trends or uncertainties that have had, or that our Group reasonably expects to have, a material favourable or unfavourable impact on our Group's revenues or operating income.

7. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at our Registered Office at during normal office hours from Mondays to Fridays (except public holidays) for a period of twelve (12) months from the date of issuance of this Abridged Prospectus:

(i) Constitution of our Company;

(ii) Audited consolidated financial statements of our Group for the FYE 31 December 2016 and FYE 31 December 2017 and the latest unaudited condensed consolidated interim financial statements for the FPE 31 March 2018;

(iii) The pro forma consolidated statements of financial position of our Group as at 31 December 2017 together with the reporting accountants' letter thereon;

(iv) The letters of consent referred to in Section 3 of this Appendix;

(v) The Directors' Report referred to in Appendix VI;

(vi) The irrevocable and unconditional undertaking letter dated 21 February 2018 and 28 February 2018 in relation to the Undertakings as referred to in Section 3 of this Abridged Prospectus;

(vii) Trust Deed;

(viii) Deed Poll; and

(ix) The material contracts referred to in Section 4 of this Appendix.

8. RESPONSIBILITY STATEMENT

Our Board has seen and approved the Abridged Prospectus and all the documentation relating to the Rights Issue of ICULS with Warrants. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted would make any statement in the Documents false or misleading.

AmInvestment Bank, being our Principal Adviser for the Rights Issue of ICULS with Warrants, acknowledges that, based on all available information, and to the best of their knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue of ICULS with Warrants.

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NOTICE OF PROVISIONAL ALLOTMENT

Terms defined in the abridged prospectus dated 19 June 2018 ("Abridged Prospectus") issued by PMB Technology Berhad ("PMBT" or "Company") shall have the same meanings when used in this Notice of Provisional Allotment ("NPA") unless stated otherwise. The Provisional ICULS with Warrants (as defined herein) as contained in this NPA are prescribed securities pursuant to Section 14(5) of the Securities Industry (Central Depositories) Act, 1991 ("SICDA") as amended from time to time and therefore, the SICDA and the Rules of Bursa Malaysia Depository Sdn Bhd ("Bursa Depository") shall apply in respect of dealings in the Provisional ICULS with Warrants.

PMB TECHNOLOGY BERHAD

(Company No.: 584257-X)

(Incorporated in Malaysia under the Companies Act, 1965 and deemed registered under the Companies Act, 2016)

RENOUNCEABLE RIGHTS ISSUE OF RM212,294,652 NOMINAL VALUE OF 5-YEAR 3.00% IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("ICULS") IN PMBT AT 100% OF ITS NOMINAL VALUE OF RM2.74 EACH ON THE BASIS OF ONE (1) ICULS FOR EVERY TWO (2) EXISTING ORDINARY SHARES IN PMBT HELD AS AT 5.00 P.M. ON 19 JUNE 2018, TOGETHER WITH 38,739,900 FREE DETACHABLE WARRANTS ("WARRANT(S)") ON THE BASIS OF ONE (1) WARRANT FOR EVERY TWO (2) ICULS SUBSCRIBED ("RIGHTS ISSUE OF ICULS WITH WARRANTS")

Principal Adviser

AmInvestment Bank

AmInvestment Bank Berhad

(Company No.: 23742-V)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

To: Entitled Shareholders

Dear Sir / Madam,

Our Board of Directors ("**Board**") has provisionally allotted to you, in accordance with the resolution passed at the Extraordinary General Meeting of our Company held on 17 April 2018, the approval of Securities Commission Malaysia ("**SC**") via its letter dated 21 February 2018 and the approval of Bursa Malaysia Securities Berhad ("**Bursa Securities**") via its letter dated 26 March 2018, the number of ICULS and Warrants as indicated below ("**Provisional ICULS with Warrants**").

We wish to advise you that the following Provisional ICULS with Warrants to you has been confirmed by Bursa Depository and upon acceptance will be credited into your Central Depository System ("**CDS**") account(s), subject to the terms and conditions stated in the Abridged Prospectus and the Rights Subscription Form ("**RSF**") issued by our Company.

Bursa Securities has already prescribed our Company's securities listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the ICULS and Warrants are prescribed securities and as such, all dealings in the Provisional ICULS with Warrants will be by book entry through CDS accounts and will be governed by the SICDA and the Rules of Bursa Depository.

ALL ICULS AND WARRANTS TO BE ISSUED PURSUANT TO THE RIGHTS ISSUE OF ICULS WITH WARRANTS WILL BE ALLOTTED BY WAY OF CREDITING THE ICULS AND WARRANTS INTO THE CDS ACCOUNTS OF THE ENTITLED SHAREHOLDERS AND/OR THEIR RENOUNCEE(S) (IF APPLICABLE). NO PHYSICAL LOAN STOCK CERTIFICATES OR WARRANT CERTIFICATES WILL BE ISSUED.

It is the intention of our Board to allot the excess ICULS with Warrants, if any, in a fair and equitable manner to the Entitled Shareholders and/or their renouncee(s) and/or transferee(s) who have applied for the excess ICULS with Warrants in the following priority:

(i) firstly, to minimise the incidence of odd lots;

(ii) secondly, for allocation to Entitled Shareholders who have applied for excess ICULS with Warrants on a pro-rata basis and in board lot, calculated based on their respective shareholdings as per their CDS Account as at the Entitlement Date;

(iii) thirdly, for allocation to Entitled Shareholders who have applied for excess ICULS with Warrants on a pro-rata basis and in board lot, calculated based on the quantum of excess ICULS with Warrants applied for; and

(iv) fourthly, for allocation to renouncee(s) and/or transferee(s) who have applied for excess ICULS with Warrants on a pro-rata basis and in board lot, calculated based on the quantum of excess ICULS with Warrants applied for.

In the event there is any excess balance ICULS with Warrants after steps (i) to (iv) are carried out, steps (ii) to (iv) will be repeated to allocate the balance excess ICULS with Warrants.

Nevertheless, our Board reserves the right to allot the excess ICULS with Warrants applied for under Part I(B) of the RSF in such manner as our Board deems fit and expedient in the best interest of our Company subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board set out in (i) to (iv) above is achieved.

In the event that there is under-subscription of ICULS with Warrants where Entitled Shareholders do not subscribe in full for their respective entitlements and after allocation to those Entitled Shareholders and/or their renouncee(s) who have applied for excess ICULS with Warrants in the manner as set above, the Undertaking Shareholders will subscribe to all remaining ICULS with Warrants not taken up in proportion to the allocation set out in the Additional Undertakings.

NAME, ADDRESS AND CDS ACCOUNT NUMBER OF ENTITLED SHAREHOLDER

NUMBER OF ORDINARY SHARES HELD AT 5.00 P.M. ON 19 JUNE 2018	NUMBER OF ICULS PROVISIONALLY ALLOTTED TO YOU	NUMBER OF WARRANTS ATTACHED TO ICULS PROVISIONALLY ALLOTTED TO YOU	AMOUNT PAYABLE IN FULL UPON ACCEPTANCE AT RM2.74 PER ICULS (RM)

IMPORTANT RELEVANT DATES AND TIMES

Entitlement date	:	Tuesday, 19 June 2018 at 5.00 p.m.
Last date and time for:		
Sale of Provisional Allotments	:	Tuesday, 26 June 2018 at 5.00 p.m.
Transfer of Provisional Allotments	:	Friday, 29 June 2018 at 4.00 p.m.
Acceptance and payment for the Provisional Allotments	:	Wednesday, 4 July 2018 at 5.00 p.m.
Application and payment for the excess ICULS with Warrants	:	Wednesday, 4 July 2018 at 5.00 p.m.

By Order of the Board

TAN AI NING (MAICSA NO. 7015852)
TE HOCK WEE (MAICSA NO. 7054787)
Company Secretaries

Share Registrar
Tricor Investor & Issuing House Services Sdn Bhd (11324-H)
Unit 32-01, Level 32
Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel: 603 - 2783 9299
Fax: 603 - 2783 9222

THIS NOTICE OF PROVISIONAL ICULS WITH WARRANTS IS DATED 19 JUNE 2018

RIGHTS SUBSCRIPTION FORM

TERMS DEFINED IN THE ABRIDGED PROSPECTUS DATED 19 JUNE 2018 ("ABRIDGED PROSPECTUS") SHALL HAVE THE SAME MEANINGS WHEN USED IN THIS RIGHTS SUBSCRIPTION FORM ("RSF") AND THE NOTES AND INSTRUCTIONS FOR COMPLETING THIS RSF UNLESS STATED OTHERWISE. THIS RSF IS ISSUED FOR THE PURPOSE OF ACCEPTING THE ICULS WITH WARRANTS (AS DEFINED HEREIN) AND APPLYING FOR EXCESS ICULS WITH WARRANTS PURSUANT TO THE RIGHTS ISSUE OF ICULS WITH WARRANTS (AS DEFINED HEREIN) OF PMB TECHNOLOGY BERHAD ("PMBT" OR "COMPANY"). THIS RSF IS ONLY APPLICABLE TO PERSONS WHO HAVE PROVISIONAL ICULS WITH WARRANTS STANDING TO THE CREDIT OF HIS / HER / THEIR CENTRAL DEPOSITORY SYSTEM ("CDS") ACCOUNT.

PMB TECHNOLOGY BERHAD

(Company No.: 584257-X)
(Incorporated in Malaysia under the Companies Act, 1965 and deemed registered under the Companies Act, 2016)

RENOUNCEABLE RIGHTS ISSUE OF RM212,294,652 NOMINAL VALUE OF 5-YEAR 3.00% IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("ICULS") IN PMBT AT 100% OF ITS NOMINAL VALUE OF RM2.74 EACH ON THE BASIS OF ONE (1) ICULS FOR EVERY TWO (2) EXISTING ORDINARY SHARES IN PMBT HELD AS AT 5.00 P.M. ON 19 JUNE 2018, TOGETHER WITH 38,739,900 FREE DETACHABLE WARRANTS ("WARRANT(S)") ON THE BASIS OF ONE (1) WARRANT FOR EVERY TWO (2) ICULS SUBSCRIBED ("RIGHTS ISSUE OF ICULS WITH WARRANTS")

NAME AND ADDRESS (in block letters as per the record of Bursa Malaysia Depository Sdn Bhd ("**Bursa Depository**"))

NRIC NO./ PASSPORT NO. (state country)**/ COMPANY NO.***

CDS ACCOUNT NO. [ ][ ][ ] - [ ][ ][ ] - [ ][ ][ ][ ][ ][ ][ ][ ][ ]

NUMBER OF ORDINARY SHARES HELD AT 5.00 P.M. ON 19 JUNE 2018	NUMBER OF ICULS PROVISIONALLY ALLOTTED TO YOU	NUMBER OF WARRANTS ATTACHED TO ICULS PROVISIONALLY ALLOTTED TO YOU	AMOUNT PAYABLE IN FULL UPON ACCEPTANCE AT RM2.74 PER ICULS (RM)

To: The Board of Directors of PMBT ("Board")

PART I - ACCEPTANCE OF ICULS WITH WARRANTS AND APPLICATION FOR EXCESS ICULS WITH WARRANTS

In accordance with the terms of this RSF and the Abridged Prospectus, I / we* hereby irrevocably:

(a) *accept the number of ICULS with Warrants as stated below, which were provisionally allotted / transferred / renounced to me / us*;
(b) *apply for the number of excess ICULS with Warrants as stated below in addition to the above;

in accordance with and subject to the Constitution of PMBT.

I / We* enclose herewith the appropriate remittance(s) for the payment stated below, in favour of the respective account stated below and crossed "**ACCOUNT PAYEE ONLY**", being the full amount payable for the said number of ICULS with Warrants accepted / applied for, and hereby request for the said ICULS with Warrants and excess ICULS with Warrants to be credited into my / our* valid and subsisting CDS account as stated below:-

NUMBER OF ICULS ACCEPTED / EXCESS ICULS APPLIED FOR		AMOUNT PAYABLE BASED ON RM2.74 PER ICULS (RM)	BANKER'S DRAFT / CASHIER'S ORDER / MONEY ORDER / POSTAL ORDER NO.	PAYABLE TO
(A) ACCEPTANCE				PMBT RIGHTS ICULS ACCOUNT
(B) EXCESS				PMBT RIGHTS EXCESS ICULS ACCOUNT

Note: If you have subsequently purchased additional provisional ICULS with Warrants from the open market, you should indicate your acceptance of the total provisional ICULS with Warrants that you have standing to the credit in your CDS account under Part I(A).

I / We* authorise you to refund without interest, the full or the balance (as the case may be) amount of my / our* application money for the Provisional Allotments and/or the excess ICULS with Warrants if such application is unsuccessful or late or partially successful (as the case may be) to me / us* at my / our* address in Malaysia as shown in the Record of Depositors by ordinary post at my / our* own risk.

PART II – DECLARATION

I / We* hereby confirm and declare that:-

(i) All information provided by me / us* is true and correct;
(ii) All information is identical with the information in the records of Bursa Malaysia Depository Sdn Bhd ("**Bursa Depository**") and further agree and confirm that in the event the said information differs from Bursa Depository's record as mentioned earlier, the exercise of my / our* rights may be rejected; and

- * I am 18 years of age or over.
- * I am / We are* resident(s) of Malaysia.
- * I am / We are* resident(s) of …………………..……. (country) and having ……………………………. citizenship.
- * I am / We are* nominee(s) of a person who is a *Bumiputera / *Non-Bumiputera / *Non Citizen resident in ….……………….…..(country) and having ….……………..……… citizenship.

I / We* consent to the Company and the Share Registrar collecting the information and personal data (collectively, "**Data**") required herein, to process and disclose such Data to any person for the purposes of implementing the Rights Issue of ICULS with Warrants and storing such Data in any servers located in Malaysia or outside Malaysia in accordance with the relevant laws and regulations.

I / We* have read and understood and hereby accept all the terms and conditions set out in this RSF and the Abridged Prospectus and further confirm compliance with all requirements for acceptance and payment as set out therein.

AFFIX MALAYSIAN REVENUE STAMP OF RM10.00 HERE

Date

Signature/Authorised Signatory(ies)
(Corporate bodies must affix their Common Seal)

Contact telephone number during office hours

LAST DATE AND TIME FOR:

Acceptance and payment for the Provisional Allotments	:	Wednesday, 4 July 2018 at 5.00 p.m.
Application and payment for the excess ICULS with Warrants	:	Wednesday, 4 July 2018 at 5.00 p.m.

* *Please delete whichever is not applicable.*

NOTES AND INSTRUCTIONS FOR COMPLETION OF THIS RSF

THIS RSF IS NOT A TRANSFERABLE OR NEGOTIABLE INSTRUMENT.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY. ALL ENQUIRIES CONCERNING THE RIGHTS ISSUE OF ICULS WITH WARRANTS SHOULD BE ADDRESSED TO OUR 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, MALAYSIA OR ALTERNATIVELY, AT TRICOR CUSTOMER SERVICE CENTRE AT UNIT G-3, GROUND FLOOR, VERTICAL PODIUM, AVENUE 3, BANGSAR SOUTH, NO. 8, JALAN KERINCHI, 59200 KUALA LUMPUR, MALAYSIA. YOU SHOULD READ AND UNDERSTAND THE CONTENTS OF THE ABRIDGED PROSPECTUS TO WHICH THIS RSF RELATES BEFORE COMPLETING THIS RSF. IN ACCORDANCE WITH THE CAPITAL MARKETS AND SERVICES ACT 2007, THIS RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THE ABRIDGED PROSPECTUS.

The Abridged Prospectus, together with the NPA and RSF (collectively, the "**Documents**"), are despatched only to our Entitled Shareholders whose names appear in our Record of Depositors as at 5.00 p.m. on 19 June 2018 ("**Entitled Shareholders**") at their registered address in Malaysia or who have provided our Share Registrar with a registered address in Malaysia in writing by 5.00 p.m. on 19 June 2018. The Documents are not intended to (and will not be made to) comply with the laws of any country or jurisdiction other than Malaysia, are not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue of ICULS with Warrants complies with the laws of any country or jurisdiction other than the laws of Malaysia. Entitled Shareholders and/or their renouncee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal adviser and other professional advisers as to whether the acceptance or renunciation (as the case may be) of their entitlements to ICULS with Warrants, application for excess ICULS with Warrants, or the subscription, offer, sale, resale, pledge or other transfer of the new securities arising from the Rights Issue of ICULS with Warrants would result in the contravention of any law of such countries or jurisdictions. We, AmInvestment Bank Berhad and/or the advisers named herein shall not accept any responsibility or liability in the event that any acceptance and/or renunciation (as the case may be) of entitlements, application for excess ICULS with Warrants or the subscription, offer, sale, resale, pledge or other transfer of the new securities arising from the Rights Issue of ICULS with Warrants made by any Entitled Shareholders and/or their renouncee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions in which Entitled Shareholders and/or their renouncee(s) (if applicable) are residents.

The Abridged Prospectus has been registered by the Securities Commission Malaysia ("**SC**"). The registration of the Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue of ICULS with Warrants or assumes responsibility for the correctness of any statement made or opinion or report expressed in the Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of the Documents has also been lodged with the Companies Commission of Malaysia who takes no responsibility for the contents of the Documents.

The approval from our shareholders for the Rights Issue of ICULS with Warrants was obtained at our EGM held on 17 April 2018. The approval has been obtained from the SC via its letter dated 21 February 2018 for the issuance of ICULS pursuant to the Rights Issue of ICULS with Warrants and the approval from Bursa Securities for the admission of ICULS and Warrants to the Official List and the listing of and quotation for all the ICULS and Warrants as well as new Shares to be issued arising from the conversion of the ICULS and the exercise of Warrants on Bursa Securities was obtained via its letter dated 26 March 2018. The approval from the SC for the issuance of ICULS and the approval from Bursa Securities for the admission of the ICULS and Warrants to the Official List and the listing of and quotation for the said new securities on the Main Market of Bursa Securities are in no way reflective of the merits of the Rights Issue of ICULS with Warrants.

Our Board has seen and approved the Documents and they, collectively and individually, accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement in the Documents false or misleading.

Unless otherwise stated, the unit of currency used in this RSF is RM and sen.

INSTRUCTIONS:-

(I) LAST DATE AND TIME FOR ACCEPTANCE AND PAYMENT

This RSF is valid for acceptance until **5.00 p.m. on Wednesday, 4 July 2018.** ("**Closing Date**")

If acceptance of and payment for the Provisional ICULS with Warrants (whether in full or in part, as the case may be) are not received by PMBT's Share Registrar as detailed below by 5.00 p.m. on the Closing Date, your and/or your renounce(s) and/or transferee(s), if applicable, the provisional entitlement to you or remainder thereof (as the case may be) will be deemed to have been declined and will be cancelled. Our Board will then have the right to allot such ICULS with Warrants not taken up to applicants applying for excess ICULS with Warrants in the manner as set out in item (iii) below.

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

or alternatively at

Tricor Customer Service Centre
Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South
No. 8, Jalan Kerinchi, 59200 Kuala Lumpur

(II) FULL OR PART ACCEPTANCE OF THE ICULS WITH WARRANTS

The Rights Issue of ICULS with Warrants is renounceable in full or in part. If you wish to accept all or part of your entitlement to the Provisional ICULS with Warrants, please complete Parts I(A) and II of this RSF in accordance with the notes and instructions contained herein and submit this RSF together with the appropriate remittance made in RM for the full amount payable for the Rights Issue of ICULS with Warrants accepted in the form of Banker's Draft or Cashier's Order or Money Order or Postal Order drawn on a bank or post office in Malaysia, must be made payable to "**PMBT RIGHTS ICULS ACCOUNT**", crossed "**ACCOUNT PAYEE ONLY**" and <u>endorsed on the reverse side with your name in block letters and your CDS account number</u>, and must be received by PMBT's Share Registrar at the address set out above, on or above before the Closing Date. Cheques or other mode(s) of payment not prescribed herein are not acceptable.

The payment must be made for the exact amount payable for the ICULS with Warrants accepted. Any excess or insufficient payment may be rejected at the absolute discretion of our Board. No acknowledgment will be issued for the receipt of this RSF or application monies in respect of the Rights Issue of ICULS with Warrants. However, if your application is successful, a notice of allotment will be despatched to you and/or your renouncee(s) by ordinary post to the address as shown on Bursa Depository's record at your own risk within eight (8) market days from the closing date of acceptance and payment for the Provisional ICULS with Warrants or such other period as may be prescribed by Bursa Securities.

In respect of unsuccessful or partially accepted applications, the full amount or the surplus application monies, as the case may be, will be refunded without interest by ordinary post to the address as shown on Bursa Depository's record at your own risk within fifteen (15) market days from the closing date of acceptance and payment for the ICULS with Warrants.

(III) EXCESS ICULS WITH WARRANTS APPLICATION

If you wish to apply for additional ICULS with Warrants in excess of your entitlement, you may do so by completing Part I(B) of this RSF (in addition to Parts I(A) and II) and forwarding it with a separate remittance made in RM for the full amount payable for the excess ICULS with Warrants with applied for in the form of Banker's Draft or Cashier's Order or Money Order or Postal Order drawn on a bank or post office in Malaysia must be made payable to "**PMBT RIGHTS EXCESS ICULS ACCOUNT**", crossed "**ACCOUNT PAYEE ONLY**" and <u>endorsed on the reverse side with your name in block letters and your CDS account number</u>, and must be received by PMBT's Share Registrar at the address set out above, on or above before the Closing Date. Cheques or other mode(s) of payment not prescribed herein are not acceptable.

The payment must be made for the exact amount payable for the excess ICULS with Warrants applied for. Any excess or insufficient payment may be rejected at the absolute discretion of our Board. No acknowledgment will be issued for the receipt of the excess ICULS with Warrants application or application monies in respect thereof. However, if your application is successful, a notice of allotment will be despatched to you and/or your transferee(s) and/or your renouncee(s) by ordinary post to the address as shown on Bursa Depository's record at your own risk within eight (8) market days from the last date of application and payment of the excess ICULS with Warrants or such other period as may be prescribed by Bursa Securities.

In respect of unsuccessful or partially successful excess ICULS with Warrants applications, the full amount or the surplus application monies, as the case may be, will be refunded without interest by ordinary post to the address as shown on Bursa Depository's record at your own risk within fifteen (15) market days from the last date of application and payment of the excess ICULS with Warrants.

It is the intention of our Board to allot the excess ICULS with Warrants, if any, in a fair and equitable manner to the Entitled Shareholders and/or their renouncee(s) and/or transferee(s) who have applied for the excess ICULS with Warrants in the following priority:

(i) firstly, to minimise the incidence of odd lots;
(ii) secondly, for allocation to Entitled Shareholders who have applied for excess ICULS with Warrants on a pro-rata basis and in board lot, calculated based on their respective shareholdings as per their CDS Account as at the Entitlement Date;
(iii) thirdly, for allocation to Entitled Shareholders who have applied for excess ICULS with Warrants on a pro-rata basis and in board lot, calculated based on the quantum of excess ICULS with Warrants applied for; and
(iv) fourthly, for allocation to renouncee(s) and/or transferee(s) who have applied for Excess ICULS with Warrants on a pro-rata basis and in board lot, calculated based on the quantum of excess ICULS with Warrants applied for.

In the event there is any excess balance ICULS with Warrants after steps (i) to (iv) are carried out, steps (ii) to (iv) will be repeated to allocate the balance excess ICULS with Warrants.

Nevertheless, our Board reserves the right to allot the excess ICULS with Warrants applied for under Part I(B) of the RSF in such manner as our Board deems fit and expedient in the best interest of our Company subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board set out in (i) to (iv) above is achieved.

In the event that there is under-subscription of ICULS with Warrants where Entitled Shareholders do not subscribe in full for their respective entitlements and after allocation to those Entitled Shareholders and/or their renouncee(s) who have applied for excess ICULS with Warrants in the manner as set above, the Undertaking Shareholders will subscribe to all remaining ICULS with Warrants not taken up in proportion to the allocation set out in the Additional Undertakings.

(IV) SALE OR TRANSFER OF PROVISIONAL ICULS WITH WARRANTS

Should you wish to sell or transfer all or part of your entitlement to the Provisional ICULS with Warrants to one (1) or more persons, you may do so through your stockbroker for the period up to the last date and time for sale or transfer of the Provisional ICULS with Warrants (in accordance with the Rules of Bursa Depository) without first having to request the Company for a split of the Provisional ICULS with Warrants standing to the credit of your CDS account. To sell or transfer all or part of your entitlement to the Provisional ICULS with Warrants, you may sell such entitlement on the open market for the period up to the last date and time for sale of the Provisional ICULS with Warrants (in accordance with the Rules of Bursa Depository) or transfer such entitlement to such persons as may be allowed under the Rules of Bursa Depository for the period up to the last date and time for transfer of the Provisional ICULS with Warrants (in accordance with the Rules of Bursa Depository).

In selling or transferring all or part of your Provisional ICULS with Warrants, you are not required to deliver any document, including this RSF to your stockbroker in respect of the portion of the Provisional ICULS with Warrants sold or transferred. You are however advised to ensure that you have sufficient number of Provisional ICULS with Warrants standing to the credit of your CDS account before selling or transferring.

Transferee(s) and/or renouncee(s) may obtain a copy of the Abridged Prospectus and this RSF from his/her/their stockbroker, PMBT's registered office in Malaysia, PMBT's Share Registrar or Bursa Securities' website at www.bursamalaysia.com.

If you have sold or transferred only part of the Provisional ICULS with Warrants, you may still accept the balance of the Provisional ICULS with Warrants by completing Parts I(A) and II of this RSF.

(V) GENERAL INSTRUCTIONS

(a) All applicants must sign on the front page of this RSF. All corporate bodies must affix their Common Seals.
(b) A Malaysian Revenue Stamp (NOT POSTAGE STAMP) of RM10.00 must be affixed on the RSF.
(c) The ICULS with Warrants subscribed by the Entitled Shareholders and/or their renouncee(s) (if applicable) will be credited into their respective CDS accounts as stated in this RSF or the exact account(s) appearing in Bursa Depository's record of depositors.
(d) Any interest or other benefit accruing on or arising from or in connection with any application monies shall be for the benefit of the Company and the Company shall not be under any obligation to account for such interest or other benefit to you.
(e) The contract arising from the acceptance of the Provisional ICULS with Warrants by you shall be governed by and construed in accordance with the laws of Malaysia, and you shall be deemed to have irrevocably and unconditionally submitted to the exclusive jurisdiction of the courts of Malaysia in respect of any matter in connection with this RSF and the contract arising therefrom.
(f) The Company reserves the right to accept or reject any acceptance and/or application if the instructions above are not strictly adhered to or which are illegible.
(g) Entitled Shareholders and/or their renouncee(s) should note that any RSF and remittances lodged with PMBT's Share Registrar shall be irrevocable and shall not be subsequently withdrawn.