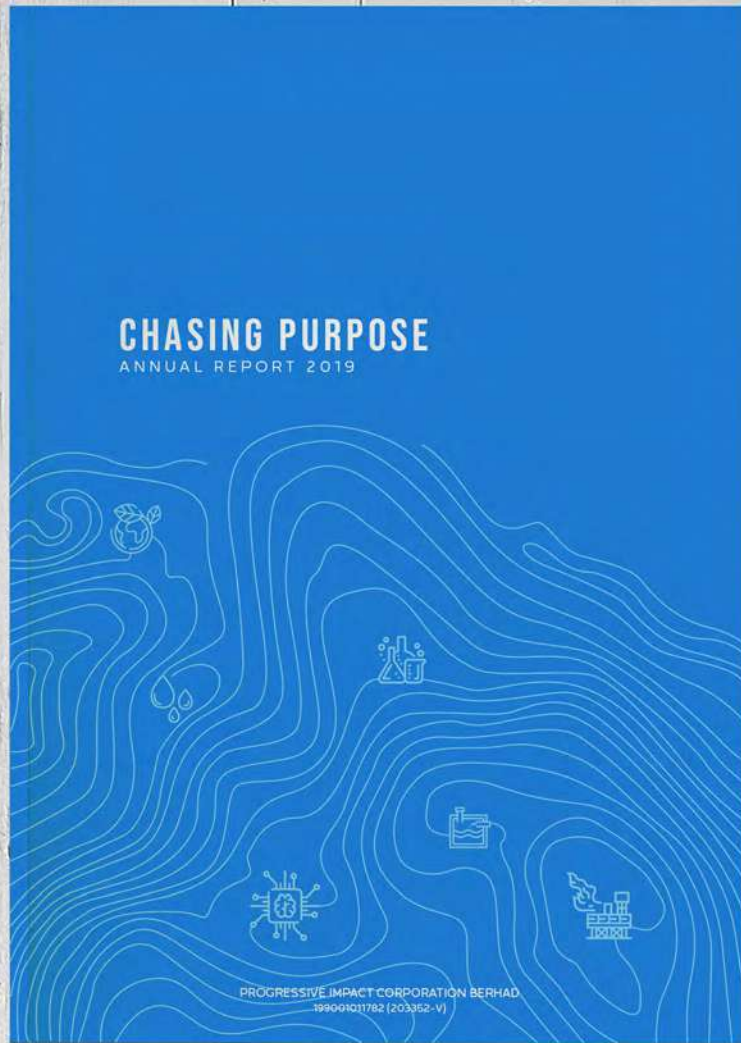


CHASING PURPOSE

ANNUAL REPORT 2019





CHASING PURPOSE

Everything in life has a purpose. Everyone on this planet is born with and for a purpose. Everything that we do, we do it with a purpose. Without purpose, life is subjective, or it may be a trial and error game that is ruled by any possible influences and the circumstances of the moment. Likewise, in the absence of purpose, time has no meaning, energy has no reason and life has no precision. Also, an organisation has no goal.

It is this purpose that guide us to the right path.

By exploring all the possibilities through a spectrum of opportunities with a breakthrough of excellence and do great things together in chasing the purpose, we shall pave the way of a successful future.

Chasing Purpose - Together



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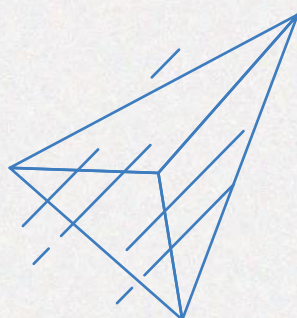
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A SPECTRUM

of

WHAT IS
ONE OPPORTUNITY
THAT COULD CHANGE
YOUR LIFE?



OPPOR

Mark Zuckerberg

"IN A WORLD THAT IS CHANGING REALLY QUICKLY,
THE ONLY STRATEGY THAT IS GUARANTEED
TO FAIL IS NOT TAKING RISKS."



.....

In building PICORP legacy, we realised that the best opportunities are when you can truly help solve another's problem, in our case, helping improve the quality of life. Since 2017 we were put to the test of patience, perseverance and persistence, but we believe that in the middle of difficulty, lies opportunity.

What's more important is seizing the moment for greatness. It's through curiosity and looking at opportunities in new ways that we've always mapped our path. Life is short, youth is finite, and opportunities are endless.

OPPORTUNITIES

Today is an opportunity to get better.
Don't waste it.

.....



EXPLORE THE POSSIBILITIES

Life is full of possibilities. But often, our struggles make it hard for us to see the prize ahead. Due to circumstances we usually can't control, we give up on our dreams or simply ride along the waves. We think that just because we've missed the bus that we can't get to where we want to be.

● ○ ○ ○ ○ ●



AND WHEN THE PRAYER HAS BEEN CONCLUDED,
DISPERSE WITHIN THE LAND AND SEEK FROM THE BOUNTY OF ALLAH,
AND REMEMBER ALLAH OFTEN THAT YOU MAY SUCCEED.

Surah Al-Jumu'ah (62:10)



BREAKTHROUGH TO EXCELLENCE



Excellence is a way of life.

Putting the effort in the daily tasks to achieve more than yesterday, to outgrow the set expectations, having the will to win, the desire to succeed and the urge to reach full potential- these are all the necessities at work. In the noble search for excellence, it requires perfection; though not attainable, but if we aim for perfection, we can catch excellence.



DO GREAT



Great teams work together to accomplish great results. But first we need to believe that we are capable of doing important things as our mindset determines how we experience things, what we work on, and the methods and stratagems we employ to accomplish those goals.

When everyone is equally invested in the overall purpose and goal, we will find ourselves working faster, finding mistakes more easily, and innovating better.

All in all, a sense of accomplishment is the strongest driver of happiness. Devote the best years of our life to our work, have enough love for ourselves and the world around us to work on something that matters to us profoundly so one can seize the opportunity to affect change at an unprecedented scale and rate. No one knows whether we will realise our audacious visions, but in order to do great things, we must attempt great things- together!



THINGS TOGETHER

AND HELP ONE ANOTHER IN GOODNESS AND PIETY, AND DO NOT HELP ONE ANOTHER IN SIN AND AGGRESSION; AND FEAR ALLAH; INDEED, ALLAH IS SEVERE IN PENALTY.

Al-Ma'idah (5:2)

GREAT THINGS IN BUSINESS ARE NEVER DONE BY ONE PERSON. THEY'RE DONE BY A TEAM OF PEOPLE.

Steve Jobs

ALONE WE CAN DO SO LITTLE; TOGETHER WE CAN DO SO MUCH.

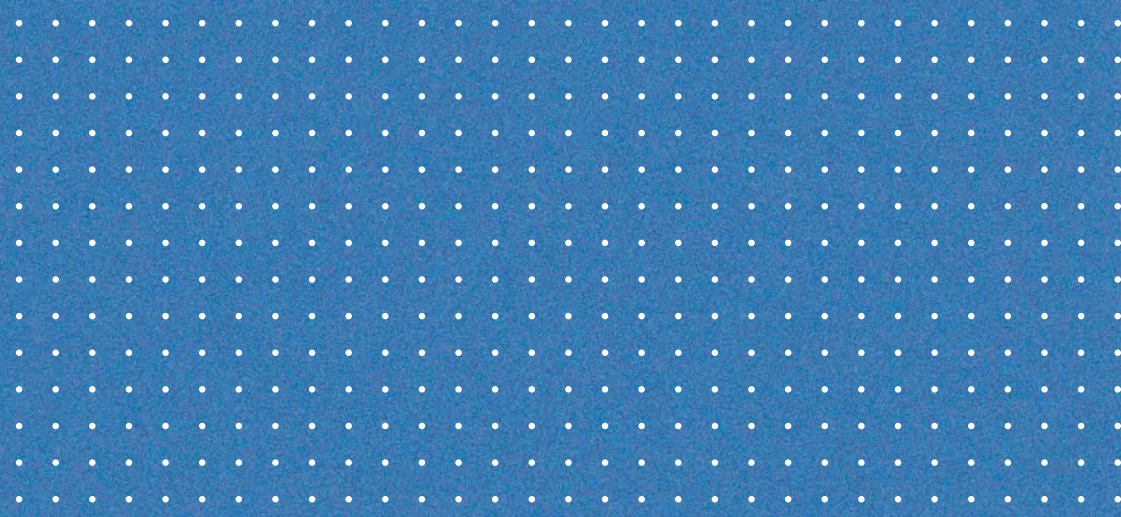
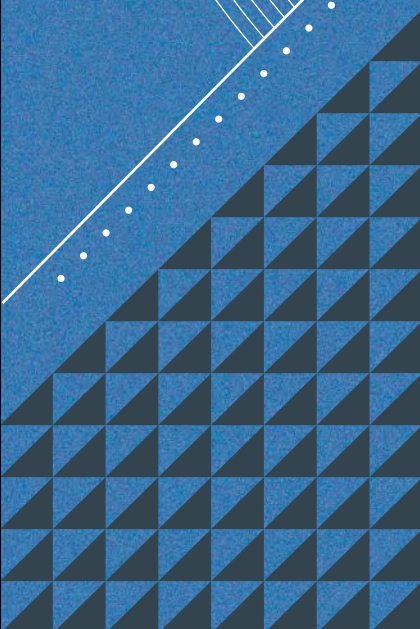
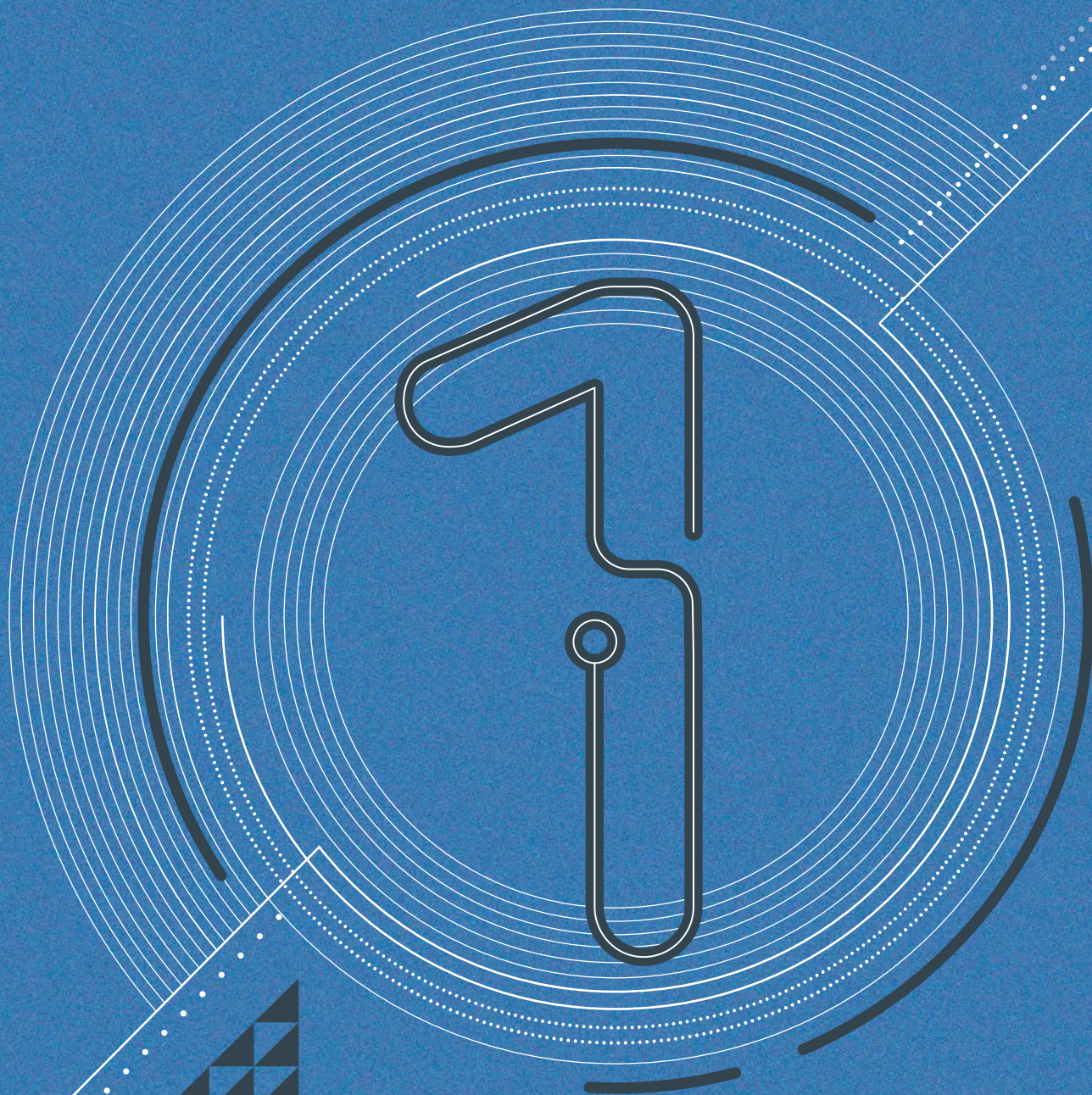
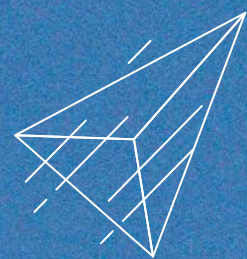
Helen Keller



SUCCESS IS SIMPLE.

**DO WHAT'S RIGHT, THE RIGHT WAY,
AT THE RIGHT TIME**

CORPORATE
DISCLOSURE



BOARD OF DIRECTORS

DATUK ABDUL HAMID BIN SAWAL

Chairman
Senior Independent Non-Executive Director

ZAID BIN ABDULLAH

Executive Deputy Chairman

ZAIDAH BINTI MOHD SALLEH

Non-Independent Non-Executive Director

LEE WENG CHONG

Independent Non-Executive Director

DATO' HAJJAH ROSNANI BINTI IBRAHIM

Independent Non-Executive Director

USAMAH BIN ZAID

Non-Independent Non-Executive Director

DATO' DR. LUKMAN BIN IBRAHIM

Group Executive Director

FATIMAH ZAHRAH BINTI ZAID

Alternate Director to Zaidah binti Mohd Salleh

Audit Committee

Lee Weng Chong

Chairman

- › Datuk Abdul Hamid bin Sawal
- › Zaidah binti Mohd Salleh
- › Dato' Hajjah Rosnani binti Ibrahim

Remuneration Committee

Datuk Abdul Hamid bin Sawal

Chairman

- › Dato' Hajjah Rosnani binti Ibrahim
- › Lee Weng Chong

Nomination Committee

Datuk Abdul Hamid bin Sawal

Chairman

- › Dato' Hajjah Rosnani binti Ibrahim

Board Risk Management Committee

Dato' Hajjah Rosnani binti Ibrahim

Chairman

- › Dato' Dr. Lukman bin Ibrahim

Company Secretaries

Zaidah binti Mohd Salleh

(MIA 3313) ISSM PC NO. 2020080008821

Wong Wai Foong

(MAICSA 7001358) ISSM PC NO. 2020080014721

Kuan Hui Fang

(MIA 16876) ISSM PC NO. 2020080012351

Head Office & Registered Office

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

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

Registrar

Tricor Investor & Issuing House Services Sdn Bhd (11324-H)

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

Auditors

Ernst & Young PLT

202006000003 (LLPO022760-LCA) &
AF No. 0039

Chartered Accountants

Level 23A, Menara Milenium
Jalan Damanlela, Pusat Bandar
Damansara, 50490 Kuala Lumpur
Telephone No. : 03-7495 8000

Principal Banker

AmBank Islamic Berhad

Corporate Structure

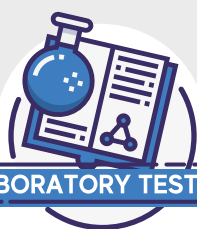


MALAYSIA

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

INTERNATIONAL

- Asma International Sdn Bhd — **100%**
- Saudi Asma Environmental Solutions LLC — **100%**
- Asma Advanced Solutions LLC — **60%**



MALAYSIA

- ALS Technichem (M) Sdn Bhd — **59%**

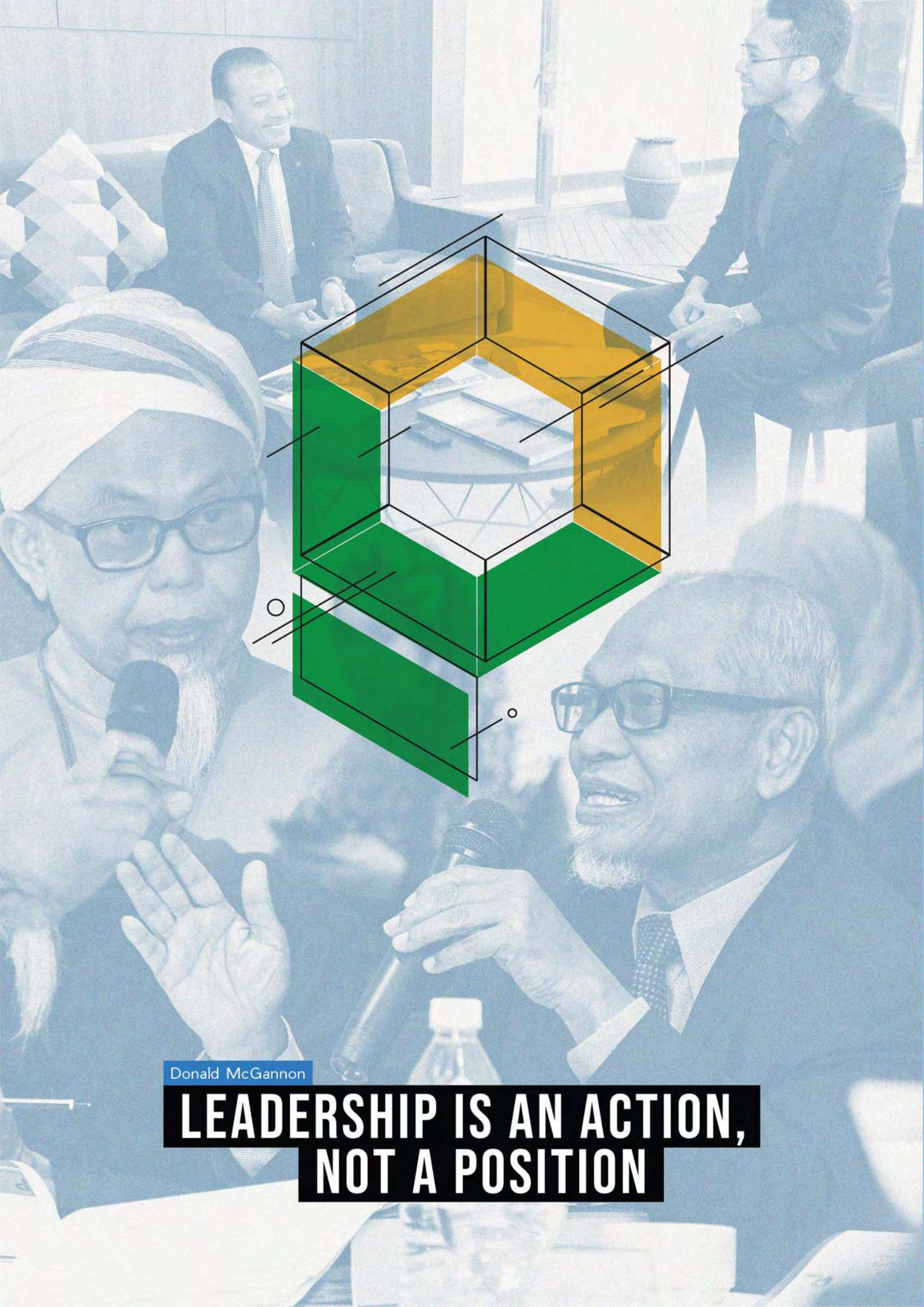
INTERNATIONAL

- PT ALS Indonesia — **80%**



MALAYSIA

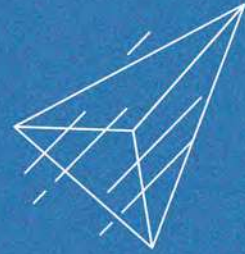
- Quantum Up Returns Sdn Bhd — **100%**
Dormant
- Vertical Plus Sdn Bhd — **100%**
Dormant
- Premiere Leap Sdn Bhd — **100%**
Dormant
- PI Enviro Technologies Sdn Bhd — **100%**
Dormant
- Perunding Good Earth Sdn Bhd — **100%**
Dormant
- Progressive Uni San International Sdn Bhd — **50%**
Dormant



Donald McGannon

**LEADERSHIP IS AN ACTION,
NOT A POSITION**

LEADERSHIP



ADDITIONAL INFORMATION

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

- (i) no family relationship with any Director and/or major shareholder of Progressive Impact Corporation Berhad ("PICORP");
- (ii) no conflict of interest with PICORP;
- (iii) no directorship in public companies and listed issuers;
- (iv) not been convicted of any offences within the past five years; and
- (v) not been imposed any penalty or public sanction by the relevant regulatory bodies during the financial year ended 31 December 2019.

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

ZAID BIN ABDULLAH

DATO' DR. LUKMAN BIN IBRAHIM

ZAIDAH BINTI MOHD SALLEH

DATUK ABDUL HAMID BIN SAWAL

BOARD OF

DIRECTOR

DATO' HAJJAH ROSNANI BINTI IBARAHIM

USAMAH BIN ZAID

LEE WENG CHONG

FATIMAH ZAHRAH BINTI ZAID



STORS



BOARD OF DIRECTORS 2019



DATUK ABDUL HAMID BIN SAWAL

CHAIRMAN, SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

AGE : 71 | GENDER : MALE | 

Date of Appointment : 23 May 2011
Board Meeting Attendance in 2019 : 5/5

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

Academic/professional qualification/membership(s)
> Bachelor of Economics, University of Malaya
> MBA in Agribusiness, University of Santa Clara, California, USA.
> Member of Institute of Corporate Directors Malaysia

Experience:
> Director General, Malaysian Rubber Board (January 2000-2006)
> Deputy Secretary General, Ministry of Primary Industries (June 1999)
> Deputy Director General (Sectoral) in the Economic Planning Unit
> Head of Privatisation Task Force, Economic Planning Unit in the Prime Minister's Department (1989)
> Ministry of Primary Industries (1974)
> Malaysian Civil Service (1971 - 2006)
o Ministry of Finance Division (Treasury)
o Accountant General's Department



ZAID BIN ABDULLAH

EXECUTIVE DEPUTY CHAIRMAN

AGE : 68 | GENDER : MALE | 

Date of Appointment : 1 November 1990
Board Meeting Attendance in 2019 : 5/5

Academic/professional qualification/membership(s)
> Bachelor of Economics (Accounting), University of Malaya
> Advance Diploma in Accounting, University of Malaya
> Member of Malaysian Institute of Accountants (MIA)
> Member of Institute of Corporate Directors Malaysia

Experience:
> The founder of PICORP Group and holds directorships in all the subsidiary companies of the Company
> Group Executive Director of Shapadu Group of Companies (1982-1992)
> Director of Finance in Shapadu Corporation (1978 - 1982)

Award and recognition

> Most Promising Entrepreneurship Award | APEA 2013.

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



DATO' DR. LUKMAN BIN IBRAHIM

GROUP EXECUTIVE DIRECTOR

AGE : 54 | GENDER : MALE | 

Date of Appointment : 9 Jan 2015
Board Meeting Attendance in 2019 : 5/5

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

Academic/professional qualification/membership(s)
> PhD in Accountancy, MARA University of Technology (2014)
> Association of Certified Chartered Accountants ACCA, UK (2001)
> Master of Business Administration, Temple University, Philadelphia, USA (1990)
> Bachelor of Business Administration (BBA) Magna Cum Laude (majoring in Accounting and Finance), Temple University, Philadelphia, USA (1989)
> Immediate Past President of ACCA Malaysia Advisory Committee
> Fellow Member of Association of Chartered Certified Accountants (ACCA), UK
> Member of Malaysian Institute of Certified Public Accountant (CPA)
> Council member of Malaysian Institute of Accountants (MIA)
> Member of Institute of Corporate Directors Malaysia

[read more >](#)

Experience:

- > Deputy Chief Executive Officer of Proton Holdings Berhad (2012-2014)
- > Group Chief Operating Officer (2011-2012)
- > Group Chief Financial Officer, DRB-HICOM Berhad (2008-2011)
- > Proton Berhad (1991 - 2008: 17 years)
- > Proton Part Centre Sdn Bhd
- > PHN Industry Sdn Bhd (with his last position as the Managing Director)
- > Automotive Corporation (Malaysia) Sdn. Bhd. (1990-1991)
- > Sun Refining and Marketing, Philadelphia, U.S.A. (1989-1990)

Award and recognition

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



ZAIDAH BINTI MOHD SALLEH

NON-INDEPENDENT
NON-EXECUTIVE DIRECTOR

AGE : 65 | GENDER : FEMALE | 

Date of Appointment : 1 Nov 1990
Board Meeting Attendance in 2019 : 5/5

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

Academic/professional qualification/membership(s)

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

Experience:

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

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



LEE WENG CHONG

INDEPENDENT
NON-EXECUTIVE DIRECTOR

AGE : 62 | GENDER : MALE | 

Date of Appointment : 2 Sept 2016
Board Meeting Attendance in 2019 : 5/5

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

Academic/professional qualification/membership(s)

- > Bachelor of Science Degree in Chemical Engineering, University of Aston, Birmingham, UK.
- > Fellow of Institute of Chemical Engineers, UK.
- > Member of Singapore Institute of Directors
- > Member of Institute of Corporate Directors Malaysia

Experience:

- > President (Asia Pacific region), Trelleborg Sealing Solutions, Singapore (2004 - present)
- > President, Asia Pacific (based in Singapore), Invensys plc (1996 - 2004)
- > Divisional Manager (based in Singapore & UK), Alfa Laval Pte Ltd (1979 - 1993)



BOARD OF DIRECTORS 2019



DATO' HAJJAH ROSNANI BINTI IBARAHIM

INDEPENDENT
NON-EXECUTIVE DIRECTOR

AGE : 66 | GENDER : FEMALE |

Date of Appointment : 14 May 2012
Board Meeting Attendance in 2019 : 5/5

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

Academic/professional qualification/membership(s)

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

Experience:

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

Award and recognition:

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



USAMAH BIN ZAID

NON-INDEPENDENT
NON-EXECUTIVE DIRECTOR

AGE : 36 | GENDER : MALE |

Date of Appointment : 9 October 2014
Board Meeting Attendance in 2019 : 5/5

Academic/professional qualification/membership(s)

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

Experience:

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

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



FATIMAH ZAHRAH BINTI ZAID

ALTERNATE DIRECTOR TO
ZAIDAH BINTI MOHD SALLEH

AGE : 35 | GENDER : FEMALE |

Date of Appointment : 2 Sept 2016

Academic/professional qualification/membership(s)

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

Experience:

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

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

BOARD..... DIVERSITY

2 Executive Directors

3 Independent Non-Executive Directors

2 Non-Independent Non-Executive Directors

POSITION

RACE / ETHNICITY

Chinese

14%

Malay

86%

GENDER DIVERSITY

5

Male

2

Female

AGE

1

30-39

1

51-60

5

61-70

CHASING OUR PURPOSE WHILE MANOEUVRING THROUGH ADVERSITY



**DATO' DR. LUKMAN
BIN IBRAHIM**
Group Executive Director
Progressive Impact
Corporation Berhad

**SHAMUDDIN
BIN SULAIMAN**
Chief Executive
Officer
Alam Sekitar
Malaysia Sdn Bhd

JOHAR BIN YUSOF
Chief Executive Officer
> Asma International
Sdn Bhd
> Saudi Asma Environmental
Solutions LLC
> Asma Advanced Solutions
LLC

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

EXECUTIVE LEADERSHIP TEAM



DATO' DR. LUKAN BIN IBRAHIM

Group Executive Director
Progressive Impact Corporation Berhad

AGE : 54 | GENDER : MALE |

Date of Appointment : 1 March 2018

Note: The full profile is available at the Leadership Section of the Annual Report 2019.



DR. CHIN TEEN TEEN

Chief Executive Officer
ALS Technichem (M) Sdn Bhd
& PT. ALS INDONESIA

AGE : 56 | GENDER : FEMALE |

Date of Appointment : 1 November 1998

Academic/professional Qualification(s)

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

Experience:

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



SHAMUDDIN BIN SULAIMAN

Chief Executive Officer
Alam Sekitar Malaysia Sdn Bhd.

AGE : 55 | GENDER : MALE |

Date of Appointment : 1 February 2018

Academic/professional Qualification(s)

- > Bachelor of Science in Civil Engineering, University of Wisconsin, Milwaukee, USA.

Experience:

- > Joined ASMA in October 2006 and has held various positions in ASMA, the last being the Chief Operating Officer.



JOHAR BIN YUSOF

Chief Executive Officer
Asma International Sdn Bhd
Saudi Asma Environmental Solutions LLC
Asma Advanced Solutions LLC

AGE : 55 | GENDER : MALE |

Date of Appointment : 1 March 2018

Academic/professional Qualification(s)

- > Master in Business Administration (Finance), IIUM.
- Bachelor in Electrical Engineering, University of Miami, USA

Experience:

- > Joined PICORP Group of Companies in 2003 and has held various positions within the Group, the last being the Group Chief Executive Officer.

▶▶ PICORP MANAGEMENT TEAM



1 DR. SALINAH BINTI HJ. TOGOK
Group Financial Controller

2 AZLI BIN MOHD ZIN
Group Senior Manager
Legal, Secretarial and Human Capital

3 ABD. RAZAK BIN MASIRUN
Manager II- IT Support

4 AHMAD SHAHDAN BIN KASSIM
Senior General Manager
Research & Development



PICORP CORPORATE OFFICE TEAM



1 MARINA HAZLIN BINTI HARUN
Manager II- Human Capital Development

2 NURHAZIRAH BINTI MOHD SHARIPP
Finance Manager II

3 NUR SYUHADA FARHANA BINTI A ZAHARI
Manager I- Corporate Communication
And Digital Marketing

4 HAFIZAH BINTI ISMAIL
Manager II- Group Risk And Compliance

5 NIK AZRAN IZHAR BIN NIK AHAMED
Manager I- Facilities And
Building Maintenance

6 AHMAD FUAD BIN IBRAHIM
Manager II- Research & Development

ENVIRONMENTAL TEAM



▲
**SHAMUDDIN
BIN SULAIMAN**

Chief Executive Officer
Alam Sekitar Malaysia
Sdn Bhd



▲
**SYAMSUL AMRI
BIN A RAZAK**

General Manager
| Marketing & Liaison



▲
**AMIRUL SHAZLI
BIN MOHAMED**

General Manager | Water
& Industrial Wastewater



▲
ARDI BIN BAKHTIAR

Head of Execution
| Environment



▲
**NORAI DAH BINTI
AB HAMID**

Head of Execution | Domestic
Wastewater



▲
AZIZAH BINTI SALLEH

Head of Department
| Finance & Risk



▲
**MUHAMMAD FAIRUZ
BIN HASSIM**

Head of Department | Air



▲
**ZAFINA BINTI
ZAINOL ABIDIN**

Head of Department | Water



▲
**SUZANA BINTI
SHAARI**

Head of Department
| Environmental Monitoring
Services

>> ENVIRONMENTAL TEAM



▲
**MIMI SHUHDAIDAH
BINTI YUSOF**

Head of Department
| Technical Domestic Wastewater



▲
AZMI BIN SUMAIRI

Head of Department | Product
& Technology Sourcing



▲
SAMSUL BIN KASPIN

Head of Department
| Digitalisation



▲
**SITI JOHARA
BINTI SULAIMAN**

Head of Department
| Quality Assurance,
Environment, Health & Safety



▲
AZIZAH MOHAMED

Head of Department
| Human Resource & Admin



▲
**MOHAMED AL ASHRAF
BIN VARUSAI MOHAMED**

Head of Department
| Procurement

INTERNATIONAL ENVIRONMENTAL TEAM



JOHAR YUSOF

Chief Executive Officer
Asma International Sdn. Bhd
Saudi Asma Environmental
Solutions LLC
Asma Advanced Solutions LLC



NADZRAH HASHIM

Chief Operating Officer
Saudi Asma Environmental
Solutions LLC
Asma Advanced Solutions LLC



ADIB NOR AFIFI

Financial Controller



IZHAN ZANI
MOHAMAD REDUAN

Technical Manager



YOUSSEF ELSMANI

Project Manager | Jeddah KPI



DR. AYMAN IBRAHIM

Project Manager
| Makkah Health Monitoring



DR. SHAABAN
SAID ELHOSSARY

Project Manager
| Jeddah Pest Laboratory



MOHAMED IBRAHIM

IT Manager



KHALED AL SAQR

Human Resource Manager

>> LABORATORY TESTING SERVICE TEAM



▲ DR. CHIN TEEN TEEN

Chief Executive Officer
ALS Technichem (M) Sdn. Bhd
& PT. ALS INDONESIA



▲ NOR HAFIZAH ALI

Finance & Admin Manager



▲ JONES HUTAGAOL

Finance & Admin Manager



▲ YAP CHEN LOON

Technical Business Manager



▲ CHRIS LIM ENG HWA

Sales Manager
| Food



▲ ABDUL QAIYUM MUSA

Senior Project Chemist
| Environmental



▲ SUZANNA O.R. LUMME

Business Manager



▲ DR. CH'NG AI YING

Laboratory Manager | Food



▲ HANNAH YASMIN ANNE
BINTI ABDULLAH LEE

Laboratory Manager
| Microbiology

>> LABORATORY TESTING SERVICE TEAM



▲

LEE YIU LAY

Laboratory Manager
Environmental



▲

NAZIRAH BINTI ARIFFIN

Lab Supervisor | Environmental



▲

DR. HERNIWANTI

Operations Manager



▲

ASYIK AULADI

Project Manager



▲

**DANNY YEO
SIOW YAK**

Quality Manager



▲

**SUZILAWATI BINTI
SUTRISNO**

Team Leader (Sample Login)



▲

**DANIEL AGUNG
PRIMANTO**

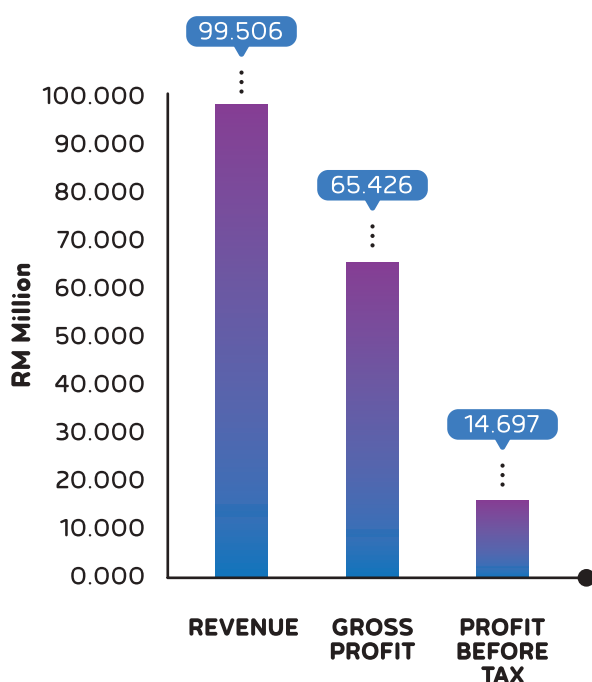
Research and Development

MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT



MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT

FINANCIAL HIGHLIGHT



PICORP continued to chart its growth in its second-year post concession, with another record-breaking order of RM144.9 million which is a 50% growth compared to FY2018.

PICORP revenue improved to RM99.5 million albeit shy of RM100 million target for FY2019, a 14% increase compared to the previous year (FY2018: RM87.5 million). At a margin of 15%, PICORP reported its PBT of RM14.7 million.

FIVE-YEAR PERFORMANCE REVIEW

The outcome of the growth strategic initiatives undertaken by PICORP to grow its business in the environmental consultancy and monitoring segment while garnering growth in the revenue from laboratory testing services both locally and abroad are reflected in the financial performance with PICORP recording the highest revenue during the five-year period from FY2015 to FY2019.

Based on the five-year performance from FY2015 to 2019, PICORP has picked up its momentum particularly after the loss of the concession. The worst began to wind down as evidenced by the record-breaking order and revenue in FY2019. PICORP has gone through a considerable order and revenue growth after the performance dipped in 2016. For FY2019, PICORP recorded an order volume of RM144.9 million showing a Year on Year ("YoY") growth of 50% and for the period between FY2015 and FY2019, PICORP achieved a five (5) year Cumulative Annual Growth Rate ("CAGR") of 9%. For revenue, PICORP recorded a total of RM99.5 million for FY2019 showing a YoY growth of 14% and five (5) year CAGR of 5% for the same period.

The order growth is contributed by the orders secured by the laboratory testing services segment in Indonesia as well as the environmental consultancy and monitoring segment in Malaysia while the revenue growth is mainly attributable to the increase in revenue by the environmental segment particularly from the water and air business.

Order Growth	Revenue Growth
50%	14%
Gross Profit (GP) Margin	Profit Before Tax (PBT) Margin
66%	15%

Progressive Impact Corporation Berhad ("PICORP") is proud to present its review of the Group performance for the Financial Year Ended 2019 alongside an overview of its financial performance for the preceding 5- Financial Year ended 2015 - 2019. For the FY2019, PICORP has achieved another year of outstanding performance since it went listing 15 years ago in October 2004.

PICORP GROUP AT A GLANCE

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Market Capitalisation

RM79million

As at 31 December 2019

Key Business Activities



Environmental Consultancy
& Monitoring Services



Laboratory Testing
Services

Market Presence



Malaysia



Indonesia



Saudi Arabia

5-YEAR GROUP FINANCIAL SUMMARY

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FINANCIAL YEAR ENDED

31 DECEMBER 2019

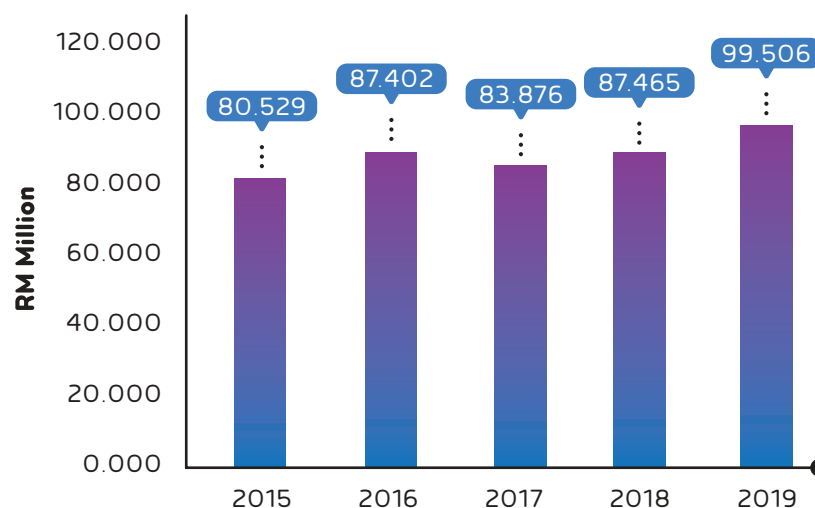
	2015	2016	2017	2018	2019
Key operating results (RM thousand)					
Order	103,200	88,000	84,500	96,689	144,921
Revenue	80,529	87,402	83,876	87,465	99,506
Cost of sales	(14,461)	(17,762)	(22,198)	(27,818)	(34,079)
Gross profit	66,068	69,640	61,678	59,647	65,427
Other income	5,067	4,468	2,650	1,027	1,973
Administrative and other operating expenses	(58,010)	(66,844)	(50,222)	(45,585)	(50,568)
Profit before interest and tax (PBIT)	13,125	7,264	14,106	15,089	16,832
Finance costs	(265)	(977)	(1,282)	(2,274)	(2,135)
Profit before tax (PBT)	12,860	6,287	12,824	12,815	14,697
Tax expense	(13,866)	(8,461)	(5,315)	(5,655)	(7,048)
Profit / (Loss) after tax	(1,006)	(2,174)	7,509	7,160	7,649
Profit / (Loss) attributable to:					
- Owners of the company	(2,283)	(7,407)	1,006	448	1,934
- Non-controlling interests	1,277	5,233	6,503	6,712	5,715
Profit / (Loss) after tax	(1,006)	(2,174)	7,509	7,160	7,649

FINANCIAL YEAR ENDED 31 DECEMBER 2019	2015	2016	2017	2018	2019
Other key data (RM thousand)					
Total assets	178,802	165,752	154,743	156,848	163,221
- Cash and bank balances	33,652	30,446	29,830	22,799	22,148
Total liabilities	55,313	51,242	43,358	48,081	52,962
- Bank borrowings	17,079	21,218	21,754	26,031	27,629
Shareholders' equity	96,041	88,241	84,581	80,386	80,227
Gross profit margin	82%	80%	74%	68%	66%
PBT margin	16%	7%	15%	15%	15%
Financial ratios					
Order growth	-10%	-15%	-4%	14%	50%
Revenue growth	-4%	9%	-4%	4%	14%
Current ratio	1.68	1.71	1.99	1.88	1.78
Debt / equity ratio	0.14	0.19	0.20	0.24	0.25
Share statistics					
Net dividend per share (sen)	0.61	0.61	0.61	0.50	0.55
Dividend yield	3.07%	3.25%	4.36%	3.85%	4.58%

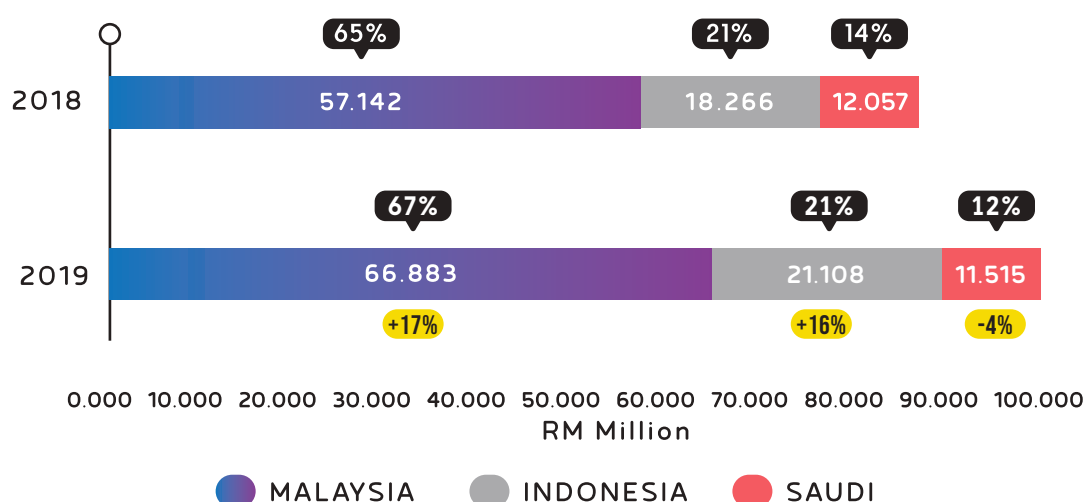
2019 FINANCIAL PERFORMANCE REVIEW

The increase in PICORP's revenue for FY2019 to RM99.5 million from RM87.5 million for FY2018 was attributable to the strong revenue growth of 14% from FY2018 to FY2019 due to the increase in the revenue from the environmental consultancy and monitoring services in Malaysia as well as the revenue from the laboratory testing services segment in Malaysia and Indonesia.

Revenue >



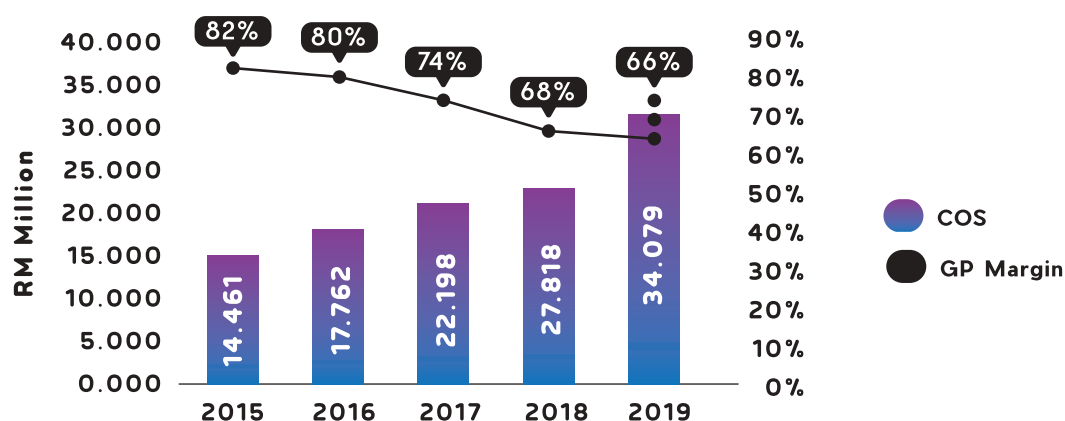
Revenue Contribution by Geographical Breakdown >



In terms of geographical breakdown, about 67% of PICORP's revenue for FY2019 was generated from the Malaysia operations, 21% from Indonesian operations while the remaining 12% from Saudi operations. For the year under review, the strong revenue growth in the Malaysian Environmental segment contributed to the increase in the overall revenue contribution of Malaysia and somewhat reduced the contribution from the foreign operations by 2% to RM32.6 million in FY2019 compared to RM30.3 million in FY2018.

The revenue from the Malaysian operations increased by 17% to RM66.9 million in FY2019 compared to RM57.1 million in FY2018. The revenue from Indonesia also increased by 16% to RM21.1 million in FY2019 from RM18.3 million in FY2018. Saudi operations however, reported a decline in its revenue contribution by 4% to RM11.5 million from RM12.1 million.

Cost of Sales (COS) / GP Margin >



PICORP's cost of sales increased by 23% from RM27.8 million in FY2018 to RM34.1 million in FY2019 in line with the increase in revenue. This increase is however higher than the revenue growth of 14% due to higher environmental equipment costs as well as higher mobilisation costs for the Chevron project in Indonesia.

PICORP's cost of sales mainly comprise costs of environmental equipment, consumables personnel costs and subcontract costs.

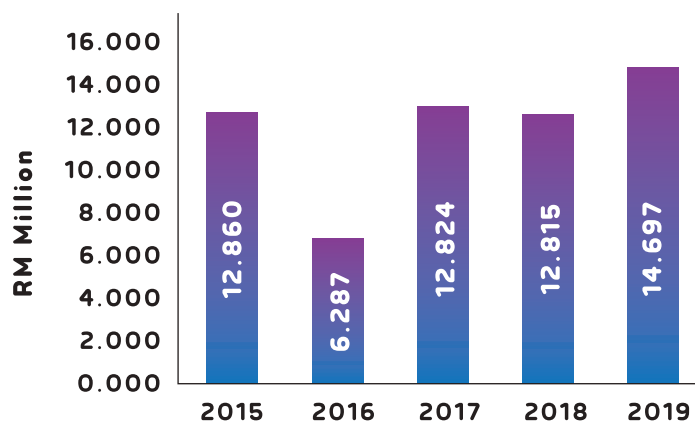
- Equipment costs refers to the environmental equipment (analysers, sensors etc).
- Manpower costs refers to wages, benefits and compensations paid to lab and execution staff who perform the services provided to our clients.
- Lab consumable costs consists of chemicals, field supplies as well as lab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

Equipment costs is the major component of PICORP's costs of sales structure and accounts for 33% of the total costs of sales for the year followed by manpower costs which accounts for 18% of the total costs of sales. Lab consumables cost is the third component of PICORP cost of sales structure and accounts for 17% of the total cost of sales for the year. Subcontract costs made up 8% of the costs of sales while the remaining others accounts for 24% of the total costs of sales for the year.

GP Margin >

PICORP's gross profit from operations improved from RM59.6 million in FY2018 to RM65.4 million in FY2019 which is equivalent to 10% growth during the year. Nevertheless, gross profit margin declined slightly to 66% in FY2019 against 68% in the previous year. Similarly, the gross profit margin deteriorated at -3.4% from FY2015 to FY2018 on a CAGR basis. The thinning margin is mainly contributed by the margin pressure from the environmental consultancy and monitoring segment as well as the shift of revenue contribution from the laboratory testing services segment which earns higher margin to the environmental consultancy and monitoring services segment.

Profit Before Tax (PBT)



Despite the thinning margin, Profit Before Tax ("PBT") grew by RM1.9 million from RM12.8 million in FY2018 to RM14.7 million in FY2019 showing an increase of 15%. Similarly, Profit After Tax ("PAT") grew to RM7.6 million in FY 2019 from RM7.2 million in the previous year. This small growth is attributable to the revenue growth of 15% for the same period and set off by the declining margin.

PICORP's PBT is showing a sign of recovery with a CAGR of 1% upon reporting a loss in 2015 and 2016. PAT has slightly improved from 2017 to 2019 (CAGR of 1%). Note that this excludes the initial two years (2015 & 2016) when the Group incurred a loss.

Other Income >

Other income consists of mainly the profits from placement of deposit with financial institutions, gain from the revaluation of other financial assets, gain from disposal of fixed

assets and the income from the provision of IT support services to related companies. In FY2019, other income increased by 92% from RM1.0 million in FY2018 to RM2.0 million in FY2019 mainly due to the bad debt recovered and disposal of fixed assets which is no longer required upon expiry of contracts.

Administrative Expenses and Other Operating Expenses >

Administrative expenses and other operating expenses which amounted to RM50.6 million in FY2019, has shown an increase of 11% from RM45.6 million. This was mainly due to the increase in personnel costs in line with the growth in the magnitude of the Group's operations. Personnel expenses incurred during the year amounted to RM30.0 million or 59% of the administrative and other operating expenses for the year. These expenses include wages, salaries and other compensations paid to employees including statutory contributions to retirement and social security funds.

Depreciation of buildings, fixtures and fittings, and motor vehicles during FY2019 amounted to RM6.0 million or 12% of the total administrative expenses incurred in FY2019. The remaining 29% comprises professional fees such as audit, company secretarial and legal fees, marketing and promotional fees, etc.

Tax Expenses >

Tax expenses incurred during the year amounted to RM7 million as compared to RM5.7 million recorded in FY2018 showing an increase of 25%. This increase is a result of a higher tax from prior years incurred by Saudi operations. As a result, its Effective Tax Rate ("ETR") has increased from 44% in FY2018 to 48% in FY2019.

WORKING CAPITAL MANAGEMENT

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

PICORP's financing structure is largely made up of short-term borrowings which is used to finance the purchase of properties as well as the growth in foreign operations. The total borrowings as at FY2019 amounted to RM27.6 million as compared to RM26.0 million in FY2018 with a slight increase of 6%. For the FY2019, PICORP finance costs incurred on the borrowings amounted to RM2.1 million which is 6% lower compared to RM2.3 million for FY2018.

In FY2019, PICORP's cash and bank balances stood at RM22.1 million, a drop of 3% from RM22.8 million in FY2018. With this cash and bank balances alongside other current assets, PICORP's liquidity position remained strong as at 1.78 times in FY2019 as compared to 1.88 time in FY2018 with a debt gearing ratios of 0.25 and 0.24 times in FY2019 and FY2018, respectively.

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

PICORP Core Businesses



Environmental Consultancy & Monitoring Services



Laboratory Testing Services

PICORP major clients are primarily from the oil and gas sector, power sector, food and pharmaceutical sectors, amongst others. These clients are mainly private sectors, state governments and municipalities in Malaysia, Indonesia as well as Saudi.

During the FY2019, the management further realigned the core businesses by merging the waste water treatment & solutions segment into the environmental consultancy & monitoring services.

The process which was earlier initiated in 2018 involved corporate restructuring of transferring the shares in Alam Sekitar Eco-Technology Sdn Bhd ("ASET") the owner of Bi-ACT SDO technology into Alam Sekitar Malaysia Sdn Bhd ("ASMA"). A new unit for waste water treatment was set up at ASMA to further improve the collaborations between ASMA and ASET and leverage on the strong technical and subject matter experts in the former.

Motivated by the aspiration to create better focus and synergies across the Group, PICORP maintains its two core businesses in the provision of environmental consultancy & monitoring services and laboratory testing services. PICORP's presence in the environmental segment is represented by the operations in Malaysia namely ASMA and ASET and the operations in Saudi namely Saudi ASMA Environmental Solutions LLC ("Saudi ASMA") and ASMA Advanced Solutions LLC ("ASMA Advanced") while the laboratory segment is represented by ALS Technichem (M) Sdn Bhd ("ALS Malaysia") in Malaysia and PT ALS Indonesia ("ALS Indonesia") in Indonesia.

The environmental consultancy & monitoring services include consultancy services (i.e. environmental impact assessment, environmental management plan, etc), monitoring services (i.e. air, water, noise, vibration, etc), monitoring equipment & system integration (i.e. continuous air/water quality monitoring system), environmental data management and environmental training. The scopes of supply and services under the waste water treatment & solutions segment include system design, technology and construction of sewage treatment plants, operation & maintenance of sewage treatment plants and public health management.

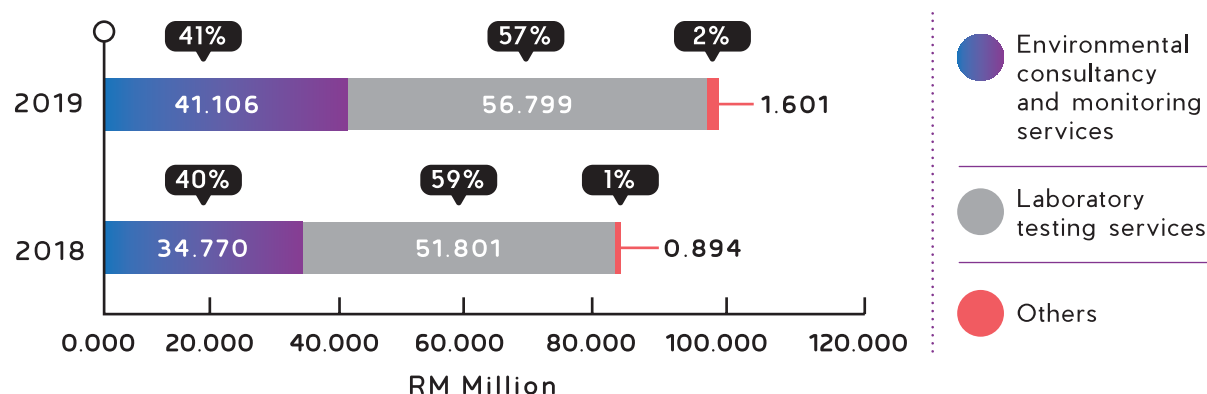
In the meantime, the range of laboratory testing services include provision of environmental sampling & testing, food safety testing, halal toyiban assurance testing and pharmaceutical & medical devices testing, mainly in the food and pharmaceutical industry as well as the environmental industry. In the food and pharmaceutical industry, the segments are further broken down into Nutrition and Contaminants. Similarly, in the environmental industry, the segments comprise Air Industrial Hygiene, Environmental Health, Organics and Inorganics.

PICORP's strong track record and presence in the environmental services and laboratory testing services is proven through the number of awards received in 2019 by its subsidiaries. In the environmental services segment, ASMA maintained its position as Department of Environment ("DOE")'s Strategic Partner for Environmental Sustainability in 2019. ASMA has been DOE's Strategic Partner for Environmental Sustainability since 2016. ASMA's strength in project execution was further recognised when ASET won the Best Project Award (Infrastructure Project - Small Category) for the Austin Heights Sewage Treatment Plant, Johor Bahru during the Malaysian Construction Industry Excellence Awards (MCIEA) 2019 by the Construction Industry Development Board ("CIDB").

The laboratory testing services segment continues to operate as one of Malaysia's largest analytical and testing services businesses and our partnerships span across major sectors including environmental, food, pharmaceutical industrial and tribology services. Its presence in the strategic locations in Malaysia comprising 1 hub and 3 spokes makes it accessible to customers. Backed by strong brand presence and outstanding quality services, ALS Malaysia alongside its subsidiary company, ALS Indonesia; are among the top laboratory testing providers in the environmental, food pharmaceutical as well tribology sectors in Malaysia and Indonesia, respectively. ALS Johor Bahru and ALS Kota Kinabalu won the IKM Laboratory Excellence Award for 2019. During the year under review, ALS Malaysia obtained the renewal of appointment as Makmal Panel Halal Malaysia by the Department of Islamic Development Malaysia ("JAKIM") from 2019-2021. ALS Malaysia also received recognition from GMP Plus International for Good Manufacturing Practice (GMP) Plus Registered Laboratory as well as being recognised as the Ministry of Health Recognition Laboratories and National Pharmaceutical Regulatory Agency (NPRA) Recognition Laboratories 2019 by the Ministry of Health. These awards and recognitions are reflections of ALS' commitment to achieving excellence in providing quality and competent testing services pertaining to local legislation especially in the fields of health, safety and the environment.

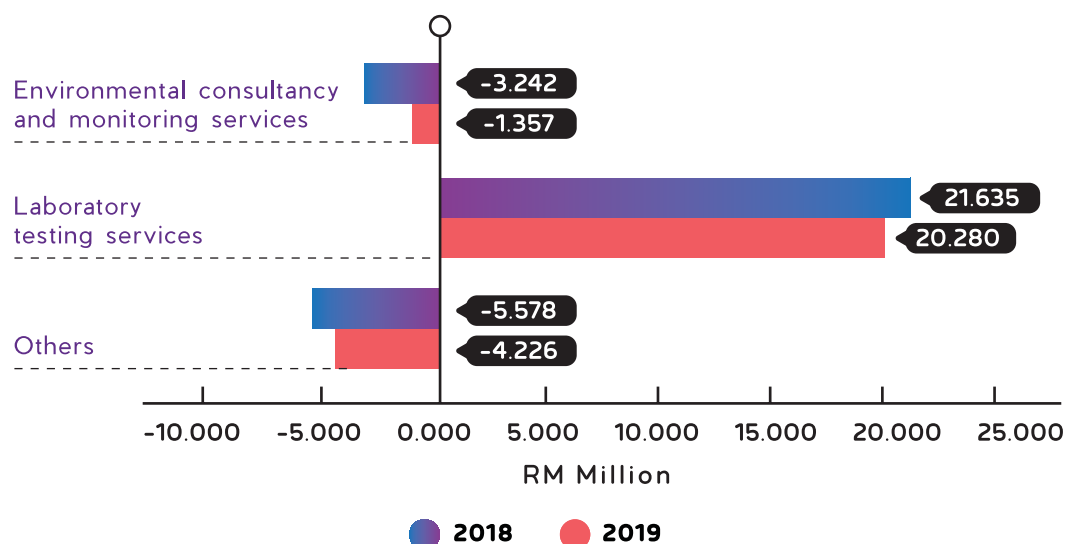
Known for high data integrity, ALS Malaysia is acknowledged as the market leader in the environmental testing services as well as microbiology in Malaysia.

Revenue Contribution From Core Businesses >



Generally, PICORP's segmental revenue composition for FY2019 remained similar to FY2018 with the laboratory testing services being the main contributor for revenue for both consecutive years. The revenue contribution from the laboratory testing services segment however dropped slightly from 59% to 57% of the total PICORP Group revenue for FY2018 and FY2019, respectively. The revenue contribution from the environmental consultancy & monitoring services increased slightly from 40% in FY2018 to 41% in FY2019. Specifically, laboratory testing services contributed RM56.8 million which was slightly higher than FY2018. The environmental consultancy & monitoring services recorded a revenue of RM41.1 million or 41% of PICORP's revenue as compared to a RM34.8 million or a contribution of 40% of PICORP's revenue for FY2018. Other supporting products and services accounted for RM1.6 million or 2% of the total revenue.

Profit Before Tax (PBT) Contribution From Core Businesses >

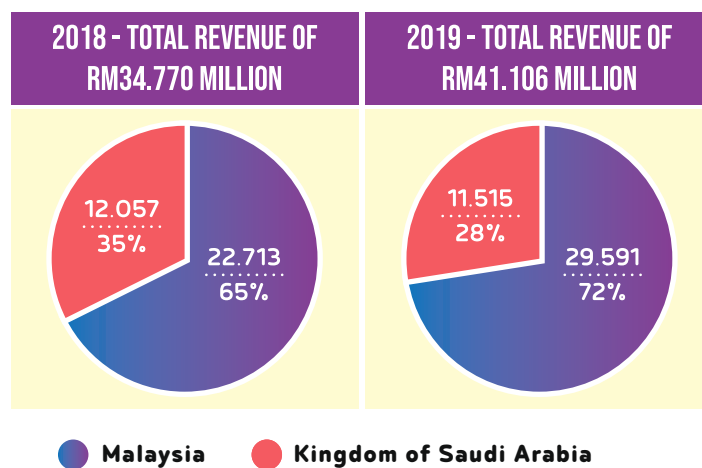
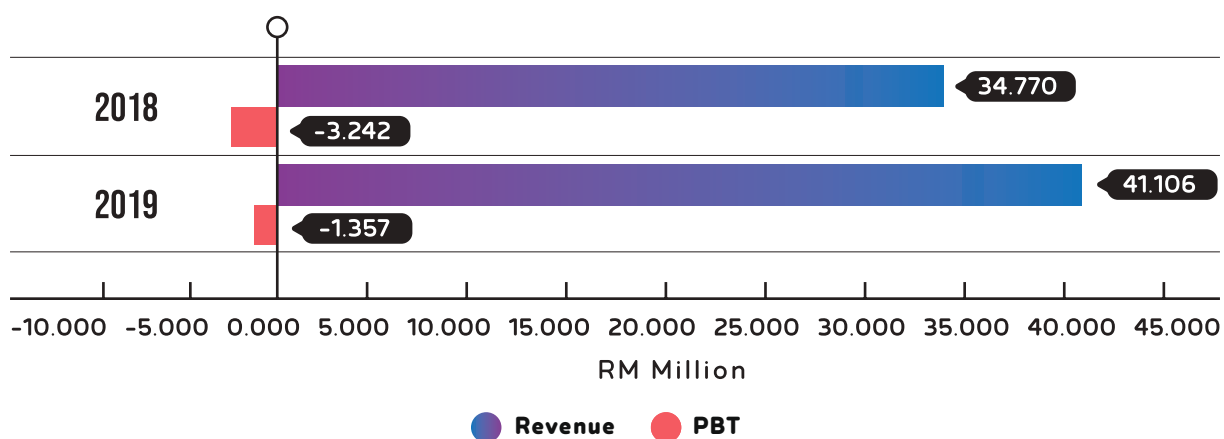


In terms of profitability, same as revenue, the laboratory testing services remained the major contributor for PICORP's PBT despite a slight decline whereby in FY2019, the segment contributed RM20.3 million of PICORP's total PBT as compared to RM21.6 million in FY2018.

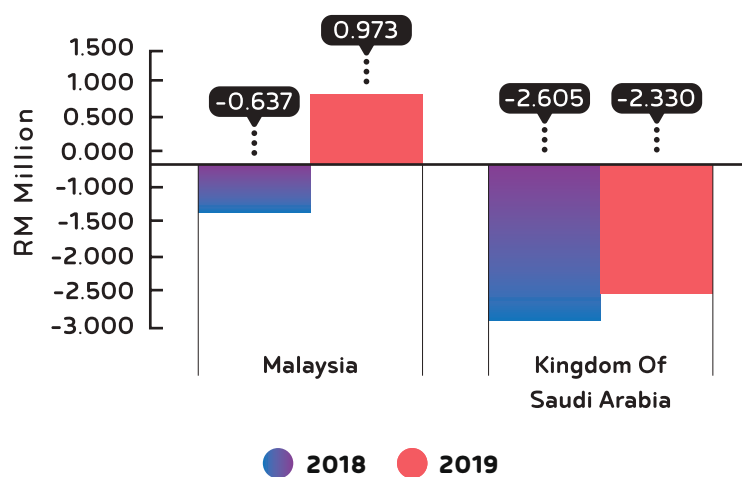
The environmental consultancy & monitoring services continued to incur losses in FY2019 albeit lower than the losses in FY2018 mainly due to the profit from the Malaysia operations. In FY2019, the loss before tax was RM1.4 million much lower than the RM3.2 million in FY2018.

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

Environmental Consultancy And Monitoring Services >



PBT Contribution by Geographical Breakdown >



For FY2018, environmental consultancy & monitoring services generated revenue of RM41.1 million which was a healthy growth of 18% as compared to FY2018 of RM34.8 million. Revenue for this segment was derived from the Malaysia and Saudi operations where for FY2018, the Malaysia operation was represented mainly by the revenues from ASMA and ASET whilst the Saudi operations was represented mainly by Saudi ASMA and ASMA Advanced.

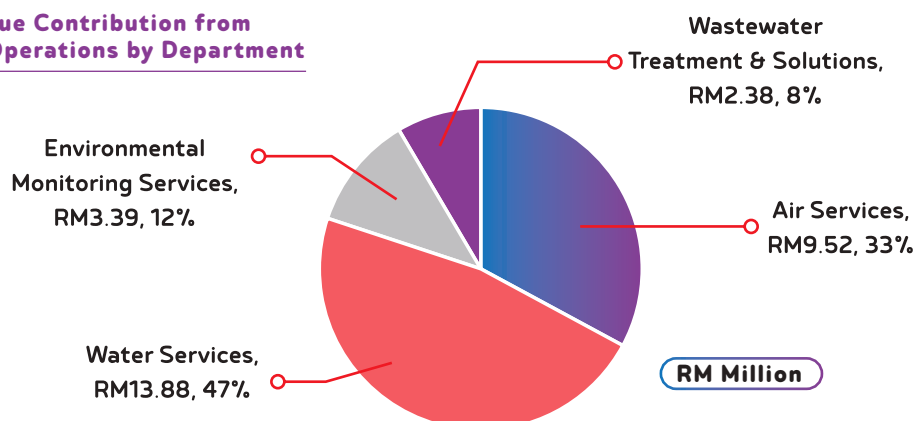
In terms of PBT contribution by geographical area, Malaysia operations reported a PBT of RM1.0 million for FY2019 with ASMA contributing to most of the PBT as compared to the loss before tax of RM0.6 million for FY2018. Saudi operations reported a lower loss of RM2.3 million in FY2019 as compared to RM2.6 million in FY2018 due to higher operating cost from the newly start-up entity i.e. ASMA Advanced which nature of business is in the provision of water purification and treatment solutions.

For FY2019, the Malaysia operations achieved a revenue growth of 30% to RM29.6 million in FY2019 as compared to RM22.7 million in FY2018. Major revenue contributors for environmental

consultancy and monitoring services for FY2019 were predominantly water services and air services division with both contributing RM13.9 million and RM9.5 million representing 47% and 33% of total revenue from this segment, respectively.

Specifically, the Malaysia operation gained its revenue momentum from the Clean Air Regulation 2014 as well as the need to sustain the provision of drinking water supply to the public whereby 79% of the revenue are coming from air and water services division. This strong revenue contribution is mainly contributed by the project secured by the water services for the installation of drinking water quality monitoring stations and river monitoring stations and by the air services for the installation of predictive emissions monitoring system ("PEMS") and continuous emissions monitoring systems ("CEMS") during the year. In FY2019, ASMA was awarded a contract totalled RM12.9 million to supply, install and integrate water quality online analyzers within Selangor, Kuala Lumpur and Putrajaya's distribution system.

2019 Revenue Contribution from Malaysian Operations by Department

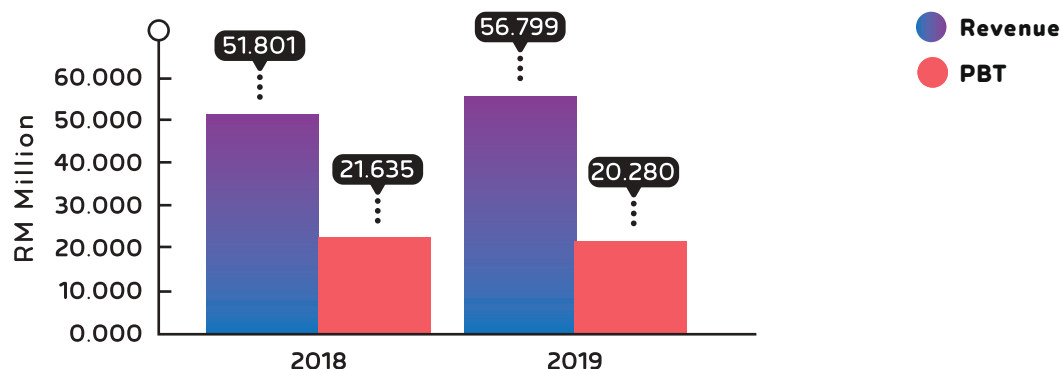


To further improve its order book, the Malaysia operation is compelled to submit competitive bids in open tenders to secure contracts, hence the thinning margin. To preserve its margin, the management continues to take various steps including reviewing its pricing strategy and costing structure, strengthening its project management capabilities to ensure timely delivery of project according to quality levels expected by clients and embarks on an effort to centralise its procurement function to negotiate better with vendors.

Saudi ASMA, the main subsidiary for the Saudi operation for environmental consultancy and monitoring segment is involved mainly in providing public health and environmental management services. Its customer base comprises mainly the government agencies. Presently, Saudi ASMA has an ongoing contract with the Jeddah Municipality for the pest control monitoring services and the operation and development of the Municipality's public health laboratory and the Makkah Municipality for its health monitoring services.

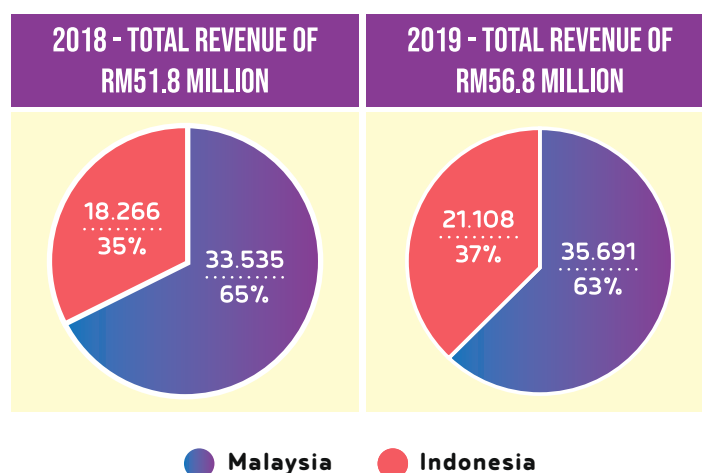
Contribution from this region declined from RM12.1 million or 14% of PICORP's total revenue in FY2018 to RM11.5 million or 12% in FY2019. The revenue degrowth is mainly contributed by the delay in securing projects by Saudi ASMA to replace the expired contract namely the provision of mosquito control monitoring services by the Jeddah Municipality. The contract worth RM20.6 million which was eventually awarded in February 2020, further demonstrated the client's confidence in Saudi ASMA's vast experience and strength in the provision of public health management services.

Laboratory Testing Services >

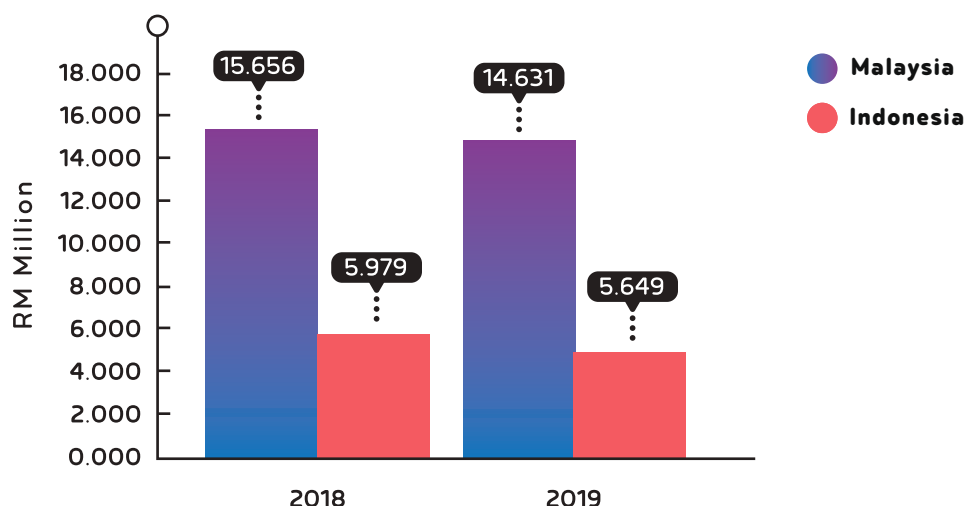


For FY2019, the laboratory testing services recorded revenue of RM56.8 million an increase of 10% as compared to the revenue for FY2018 of RM51.8 million. Revenue for this segment was derived from the Malaysia and Indonesia operations wherein FY2019, the Malaysia operation was represented by the revenues from ALS Malaysia, contributing 63% of the segment's total revenues. The remaining 37% was contributed by the Indonesia operation i.e. ALS Indonesia.

The contribution from the Indonesia operation improved from RM18.3 million to RM21.1 million mainly due to the sampling jobs from PT. Chevron Pacific Indonesia ("Chevron"). In FY2019, ALS Indonesia secured contracts from Chevron for the provision of environmental sampling and laboratory analysis for its Sumatera Operations as well as rapid TPH (total petroleum hydrocarbon) field measurement services worth RM31.3 million and RM12.2 million, respectively.



Laboratory Testing Services >



In terms of PBT, for FY2019, this segment achieved a PBT of RM20.3 million which was lower than the previous year of RM21.6 million due to thinning margin and high overheads.

Business Outlook >

The business outlook for PICORP is mixed against the backdrop of the novel coronavirus (COVID-19) pandemic which is spreading around the globe rapidly coupled with the oil price crash which has caused a rippling effect of global recession. The virus has taken its toll on not just human life, but businesses and financial markets too, the extent of which is currently indeterminate. Given these unprecedented times of uncertainty and the fluid nature of the circumstances, PICORP remain cautious in its quest to chasing its purpose while maneuverings through adversity.

The outbreak and the resulted global recession have and will continue to have an impact on almost all entities either directly or indirectly and PICORP is no exception. The impact to the business is becoming more and more apparent ramped up by weak global demands due to domestic containment measures and widespread lockdowns being enforced across the world. The scale and duration of these lockdowns and the recession remain uncertain but will certainly impact our cashflows, earnings and financial condition the extent of which is yet to be quantified.

With cash and bank balances of RM22.1 million, liquidity ratio of 1.78 times as at 31 December 2019 and support from its existing bankers and suppliers, PICORP has ample liquidity and funding capacity to ride on the turbulence for a little longer. Additionally, the secured order book of RM76 million provides PICORP with sufficient reserves for revenue generation until the pandemic is over and the economy

is on its path to recovery.

Some parts of PICORP business are considered as 'essential services' or supporting the 'essential services' and hence are allowed to operate during the nationwide Movement Control Order ("MCO") which has helped to lessen the impact to its business. For the FY2020, PICORP shall continue to improve its liquidity while maximising profitability and remain cautious in its spending of both capital and operating expenditure. Since the start of the movement control order, PICORP has taken the necessary steps to intensify its efforts to collect dues from debtors and monetise its other balance sheet assets.

The focus during this period of uncertainty will be in the consolidation and reformation of its workforce, process and technology. PICORP shall continue in the rebuilding of its human capital with the knowledge and skills to empower them to take part in the almost certain systemic shifts towards the new normal post pandemic. Training and reskilling activities using webinar and other virtual training has been lined up during this period of MCO and shall continue in the months to come particularly post-MCO period. Ultimately, PICORP aims to create an equal, inclusive and sustainable workforce which is ever ready to face the new sets of challenges. Another key focus is on integrating its internal processes and improving its capabilities by redesigning work processes to fit in the new normal which will enable PICORP to go back to scale

quickly. Technology in particular digital office transformation to facilitate social distancing and allow working from home has also been identified as another focus in 2020. Trainings on the usage of the existing collaboration tools and platform such as document sharing, training channel, joint whiteboards etc has been planned to accelerate digital office transformation. All the initiatives to reform its people, processes and technology should prepare PICORP for a new sets of business challenges under the next new normal setting post pandemic.

We foresee, post pandemic and recession, that there will be even stronger environmental policies and increased in environmentally conscious societies through Environmental, Social and Governance (ESG) criteria and Sustainable Development Goals (SDGs), the megatrend as well as the mindset shift towards sustainable and responsible business across the globe. This should provide PICORP with an even better footing through its environmental and laboratory segments, by being in the right business at the right time. SDO, the state-of-the-art in-house technology,

Environmental Consultancy And Monitoring Services >

Major parts of the environmental consultancy and monitoring services are related directly and indirectly to the provision of essential services and hence we remain hopeful that our business will not be impacted severely by the pandemic beyond what is anticipated due to the MCO. In the case of Saudi Arabia, its pest control surveillance contracts which mainly comprise of the operations and maintenance of pest laboratory and monitoring of the key performance indicators (KPIs) of the pest control operations continues as usual. The current projects under the environmental consultancy and monitoring services in Malaysia, particularly in the water segment is also considered as essential services and hence will continue immediately after the lockdown.

In furtherance, strong environmental policies across the globe, increased awareness on Economic, Sustainability and Governance (ESG) alongside Sustainable Development Goals (SDGs) have been identified by PICORP as the key drivers in this segment. Meanwhile, automation, digitalisation and big data may change the way we understand, prioritise and tackle environmental issues particularly during this period of tribulation and thereafter.

The impending Water Service Industrial Act as well as the Environmental Quality Act (EQA) on the effluent standard for Palm Oil Mill Effluent (POME) which is currently under review may have an impact on the new regulations on POME where the level

of BOD3 of 20 mg/l and colour of 100 ADMI shall be imposed to palm oil mills in the country, respectively.

PICORP acknowledged that the environmental segment is influenced by the Sustainable Development Goals (SDGs) alongside the megatrend of rapid urbanization, rise of technology and climate change/resource scarcity.

The internal spending through, boost in the construction industry as well as the allocations for the upgrading of hospitals and facilities, rural water & waste water development projects being among the key components of the nation's economic development in 2020 Budget provides further opportunities for ASMA to grow its waste water treatment business. Based on the National budget 2020, the federal government has allocated RM580 million for the delivery of clean water to the people especially to residents in remote areas in Sabah and Sarawak which provides business opportunities to ASMA. The stimulus packages announced by the government of Malaysia further reinstate the continuation of large-scale infrastructure projects to provide additional lift towards economic growth.

PICORP through its subsidiary, Saudi ASMA will continue to focus in providing the surveillance services for the government agencies namely the municipalities in the area of public health management through the operation and maintenance of the pest laboratory and monitoring of the key performance indicators (KPIs) of the pest control operations whilst ASMA Advanced will be focusing on water and waste water treatment solutions. The solutions offered to the prospects shall be based on the existing technology, products and services of the Group as well as from other sources acquired through collaborations and strategic alliances.

The Saudi Operations shall leverage on the Saudi's Vision 2030 focusing on health, infrastructure, recreation and tourism. The increased opportunities in public health & environmental management services are due to increased initiatives for better quality of life & environmental protection. Saudi ASMA plans to grow its clientele base through offerings to other strategic governmental agencies and oil and gas companies.

At the back of slowdown in the economic activity, PICORP shall continue capitalising on the development in the economic sustainability, the environmental companies within PICORP both in Malaysia and Saudi by identifying the needs of the clients and innovate the right solutions to meet their requirement. Another sustainable source of business which has been identified by PICORP is in the supply of clean and drinking water for the rural area using portable

water treatment solution systems. PICORP shall continue its research and development activities to enhance the existing Bi-Act SDO, the state-of-the art in-house technology. The Bi-ACT SDO shall continue to be the main focus for the domestic waste water segment while innovating a new technology aimed to be the catalyst in the industrial waste water segment particularly in POME. Ultimately, PICORP aims to be the one-stop solution centre for the waste water treatment industry offering both solutions for the domestic as well as the industrial segments.

Laboratory Testing Services >

Laboratory testing services particularly in the food and pharmaceutical segment has also been listed as one of the support services for the essentials during the MCO. In this regard, this segment has been identified as the core business which impact may not be as severe as others.

Development in the regulatory landscape particularly on the Food Safety Act 1983, HALAL certification under Jabatan Kemajuan Islam Malaysia (JAKIM) and their Foreign Certification Bodies (CB), DOE Environmental Quality Act (EQA) 1974, Department of Environment's Guided Self-Regulation (GSR) 2017 and etc. continue to be the key driver in the laboratory testing services business. The market demand is also driven largely by the increasing awareness on public health, hygiene and cleanliness. We foresee that the pandemic will further shift the regulatory and public emphasis towards increased health and hygiene conscious consumers which shall provide opportunities for sustainable business in this segment post crisis.

At the back of changes in the regulatory landscape as well as shift in the awareness on the public health, the laboratory testing services segment shall continue to innovate new testing methods and technologies to further grow its business and automate existing process. The Malaysia operation remains focused in its existing businesses and continuous enhancement of its operational efficiency through effective cost management. In this regard, environmental, food, pharmaceutical industrial and tribology services shall continue to be the main focus for ALS Malaysia leveraging on its strong brand reputation.

For 2020, ALS Malaysia will continue to introduce new test methods with specific focus on the pandemic to trace presence of the COVID-19, asbestos, industrial hygiene, biological fluids and molecular biology etc. With the recent trend towards increasing health awareness among the members of the society, food and pharmaceutical

is also likely to be the key revenue contributor in the laboratory testing services segment. ALS Malaysia also aims towards increasing its food safety analysis works which includes the halalan toyyiban assurance, leveraging on the ever-growing food and beverage industry. The food safety analysis provides vast opportunities where its compliance portfolio spans the whole value chain from farm to fork. With the increasing demand for personalised medicine, increasing incidence of chronic and rare diseases, technological advancements in sequencing industry and new product launches by several conglomerate companies, the global direct-to-consumer genetic testing market is expected to provide revenue opportunities for ALS Malaysia.

Moving forward, the Indonesia operation aims towards expanding its Food Safety Analysis business, particularly the microbiology facility and a setup of the food chemistry laboratory in its headquarters in Sentul. Recovery of the Oil and Gas and Mining sector leads to increased spending for environmental compliance. The new requirement for RATA emission testing effective from 2019 as well as the new Indonesian capital creates new environmental testing business opportunities.

In a nutshell, Indonesia will continue to provide a stable stream of revenue opportunities for the laboratory segment while supporting the local nationalisation policy. ALS Group places great emphasis on the need to develop local talent. ALS Indonesia team which predominantly comprise locals is one of the key success factors for the company. In this regard, the Management will continue to develop the local team with a structured talent management programme tailor made to suit the needs of the team. In striving towards customer excellence, ALS Malaysia has also introduced a work shift structure and a 7-day work week to ensure that the clients get their reports fast.

Business Risks >

PICORP's financial condition and results of operations have been and are expected to be affected by a number of factors namely pandemics, such as the COVID-19 (coronavirus) outbreak, weak global demand, supply chain disruption, political instability as well as other operational issues. All these factors can affect parts of our businesses and can lead to lower profitability or even losses hence weakening our liquidity position. While the impact of the pandemic and the resulted global recession has yet to be determined, we have identified a few key risks and come up with mitigating measures to operate on a going concern assumption during this tribulation while cushioning the impact to our business.

Key Group Risks	Description	Key Risk Mitigation Plans
Business Continuity Risks	Our ability to protect our business, work as usual and secure sustainable source of business	<p>To conduct a deep dive on how to protect our business.</p> <p>To come up with activities to rebuild people, integrate processes and accelerate digital transformation to facilitate social distancing and work from home post COVID-19.</p> <p>To look for opportunities with strategic clients & partners which are least impacted by the crisis and pursue business with those clients & partners.</p> <p>To reinvent new approach of doing business by maximising e-marketing strategies through virtual platforms and electronic channels to enable seamless, quicker and wider reach-out to potential clients.</p>
Liquidity Risks	Our ability to build up liquidity reserves	<p>To prepare and update rolling cashflow forecast on a regular basis.</p> <p>To come up with action plans to intensify collection efforts and to monetize balance sheet items.</p> <p>To embark on cost containment measures for both capital and operating expenditures by allowing only spending on essential and critical expenditure.</p> <p>To utilise the stimulus packages offered by government.</p>
People and Work Place Safety	Our ability to protect our people from the virus	<p>To provide a safe work place to protect employees against the virus.</p> <p>To put in place mandatory temperature screening checks.</p> <p>To come up with a comprehensive working procedures to allow social distancing and working from home.</p>

Key Group Risks	Description	Key Risk Mitigation Plans
Human Capital Management	Our ability to empower employees to take part in the new normal post COVID-19 business environment	<p>To identify competency gaps and establish a training plan based on the training needs analysis and training needs identification.</p> <p>To provide training and reskilling activities using webinar and other virtual training.</p> <p>To accelerate the succession plan program for key functions and the high potential candidates for those key functions.</p>
Business delivery	Our ability to deliver the project in accordance to the set timeline, approval and specification under the new normal post COVID-19	<p>To work closely with vendors to ensure that timely delivery of equipment and consumables and to ensure that their business is not affected by the supply chain disruption due to the pandemic.</p> <p>To work closely with clients to get early warnings on any development which may impact the project delivery and to reschedule the work accordingly.</p> <p>To conduct regular project review to ensure timely project delivery to minimise penalties & deductions.</p>

Dividend >

PICORP has a dividend policy to pay a total net dividend pay-out of not less than 40% of its net profit after tax and minority interest.

The Board of Directors has recommended a final single tier dividend of 0.55 sen per share for the financial year ended 31 December 2019, subject to the shareholders' approval at the forthcoming Annual General Meeting. The proposed final dividend shall be equivalent to RM3,605,971 (net).

The challenging times faced by PICORP due to the COVID-19 pandemic and the adverse impact to economies worldwide has no precedent to compare with. Over a short period, the pandemic has plunged the world into "a global recession we have not seen in our lifetimes. Countries around the world is experiencing different stages of the pandemic. Governments and businesses worldwide adapt at different paces to the evolving responses to contain the COVID-19 pandemic coupled with the policy interventions and stimulus packages to lessen the rippling impact of the pandemic.

Given the uncertainties, the fast-changing and the highly fluid environment that we are facing, the management wishes to emphasise that the preparation of the Business Outlook, Business Risks and the corresponding mitigation plans are based on information and outlook prevailing at the time of writing and therefore should be read with due care in judgement and interpretation.

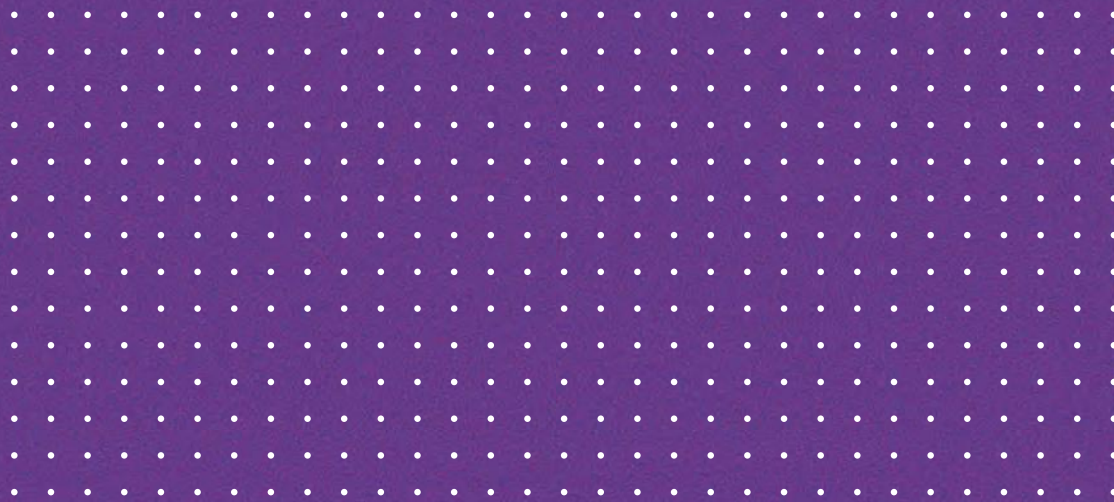
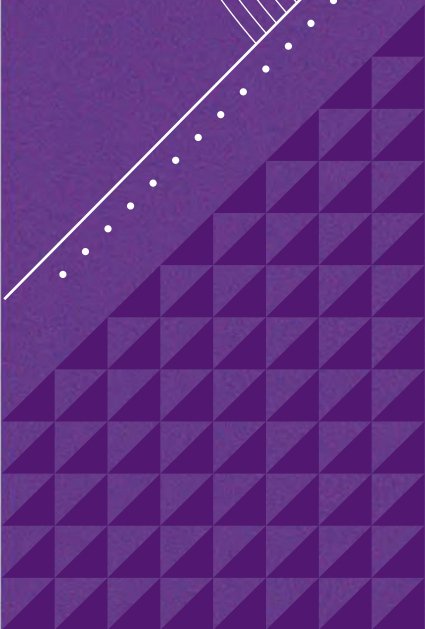
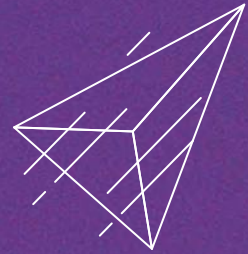


PICO

PROGRESSIVE IMPACT GROUP



SUSTAINABILITY





CHASING PURPOSE TOGETHER



Life is made up of an infinite amount of choices and we make thousands of choices every day. The choices we make have a major impact on the life we live and the choices we make must be guided with a clear purpose.


As the nation progresses, each one of us must embrace solutions that meet future needs. Our actions, mindset and decisions collectively impact how we shape this common future.



The foundation on which PICORP is built on is trust. This trust, earned over time, serves as the ground on which our sustainability efforts have been planned and executed and will continue to drive our future actions and performance.







As a responsible organisation, we understand that we have a profound commitment to our stakeholders in ensuring that we operate in a safe and healthy environment, take care of our employees, customers, suppliers and other stakeholders. At the same time, we endeavour to operate with responsibility and integrity.

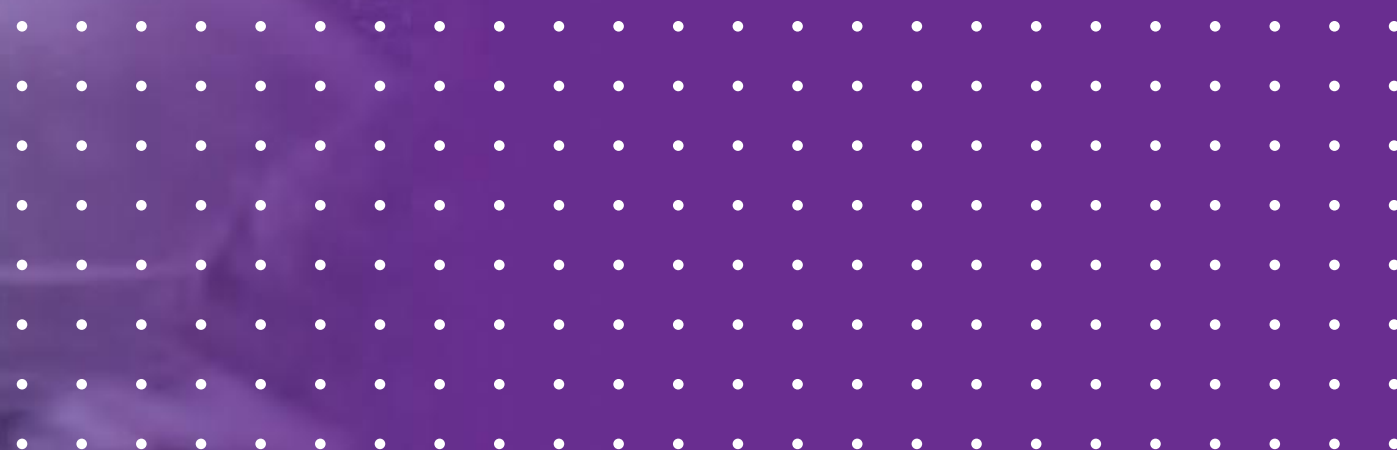
At PICORP, we take our responsibilities earnestly, to our people, the environment and to society. We strive to continue our efforts and pursuits in embedding sustainable practices and creating sustainable stakeholders' values by integrating economic, environmental and social sustainability concerns into all we do, infusing every thought and guiding every action, so we shall continue to keep the best interests at heart, for now and the future.

For this purpose, we aim to illustrate our strategic approaches to address sustainability challenges and opportunities in contributing towards the betterment of the business, environment and society.

This Sustainability Statement ("this statement") has been prepared in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad through its Sustainability Reporting Guide (2018) to address material issues or those that reflect economic, environmental and social impacts and issues that significantly influence our stakeholders.

This statement covers the business operations of PICORP and all its subsidiaries in Malaysia encompassing activities carried out at the Head Office in Shah Alam as well as its subsidiaries in Indonesia and Saudi Arabia for the financial year 2019 to reflect the Economic, Environmental and Social ("EES") performance. Where available and relevant, historical data of the preceding year has been included for comparison.

[more info](#) ➤



▶▶ OUR APPROACH TO SUSTAINABILITY

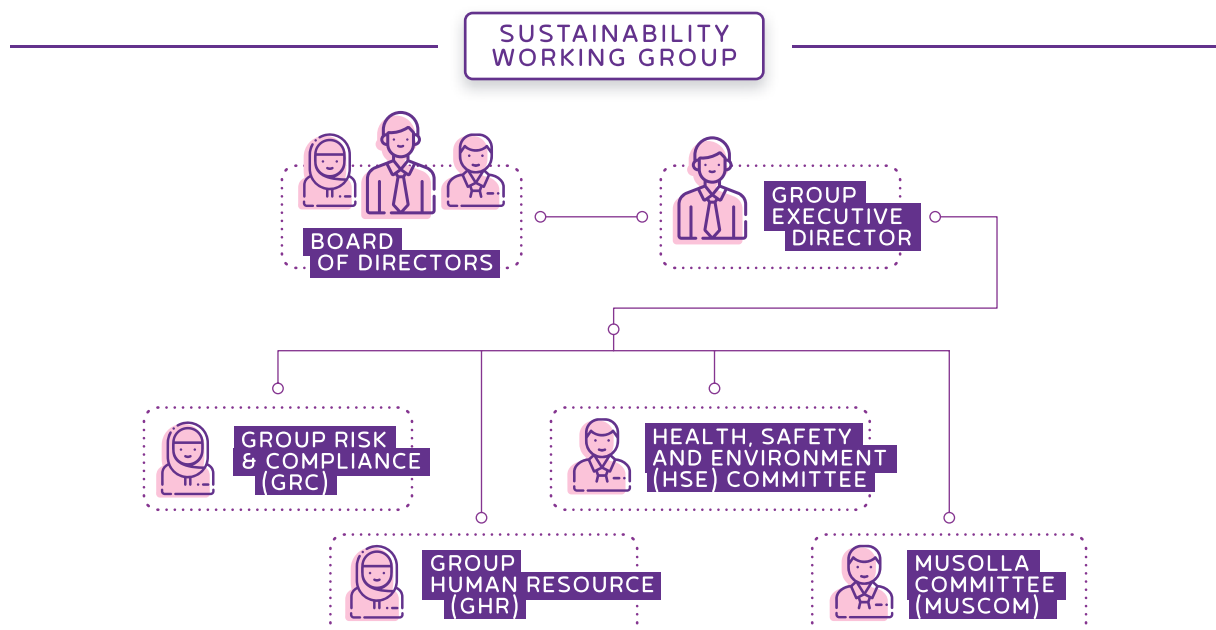
As the leading environmental solutions provider company in Malaysia with aspirations of extending our dominance throughout Asia, PICORP has an impact on the lives of countless stakeholders - from our customers and employees to shareholders, business partners, regulators and the community at large. We recognise the breadth and depth of our scope of influence and are committed to ensuring that all our actions and decisions help to create positive outcomes for a better, more equitable world. Our raison d'être, or rather, our Purpose - serving ALLAH, respect for the people and the environment - has at its core a deep-

seated belief in the equal rights of everyone to development and the privileges that it brings. Our approach to sustainability is anchored on the triple bottom line approach of creating values for all; and, by extension, protecting the environment on which the well-being of everyone depends, both today and tomorrow. We recognise, further, that in taking care of our stakeholders' interests, we are also creating value for PICORP through the effective management of our EES risks.

▶▶ SUSTAINABILITY GOVERNANCE

Creating a sustainable future takes more than just good intentions. Having recognised sustainability as a key business differentiator and a driver of our business, the spirit of sustainability is embedded in our business strategy for a successful and effective sustainability management in the organisation. Hence, the Board and Management have important roles to play in maintaining and improving corporate sustainability, with a particular focus on the environmental, social and governance aspects of the business. Sustainability at PICORP is governed

by a Sustainability Working Group ("SWG") with oversight from our Board of Directors. The SWG, comprising Group Risk and Compliance ("GRC"), Group Human Resource ("GHR"), Health, Safety and Environment ("HSE") Committee and Musolla Committee ("MUSCOM"), is led by the Group Executive Director ("GED") to drive the improvement and execution of the PICORP's overall sustainability programmes.









STAKEHOLDER ENGAGEMENT




We define our key stakeholders as those who are impacted by and/or who impact our business and performance. Our stakeholders are an essential part of our business, hence understanding and addressing their expectations and concerns are keys towards ensuring continuity in PICORP sustainability journey whilst helping us identify areas of improvement within our operations. We are grateful by the involvement of our stakeholders in this journey, particularly in identifying areas for improvements and defining the expectations on our sustainability areas. In order to provide effective contribution to the society, PICORP continuously reviews and adapts to changing stakeholder expectations. With high emphasis on two-way communication with all stakeholders who are impacted by or have the ability to influence the business, the engagement has been conducted through a range of formal and informal communication channels to address their needs and concerns on issues related to the business operations.

We also believe in maintaining transparent communication with our stakeholders to ensure that they are aware of our performance, and support our growth as we progress.

We strive to foster our relationship with our employees, who are the pillar of our business; the customers, to whom we endeavour to deliver excellent products and services; suppliers and subcontractors, that provide products and services to us; local communities, to whom we are responsible for; and our valued shareholders/investors, to whom we are indebted for as well as our esteemed regulators/government authorities, to whom we strive to do our utmost. These are key stakeholders who have the greatest impact on PICORP, and with whom we engage regularly.

Stakeholder	Mode of Engagement	Frequency of Engagement	Scope of Interest
 Customers	Website	Continuous	<ul style="list-style-type: none"> • Customer satisfaction • Quality of products and services • Credibility and trust of PICORP brand • Project delivery
	Social media platforms	Continuous	
	Customer Satisfaction Survey	Continuous	
	Appointment of a key account manager for each customer	As needed	
	Roadshow and Exhibition	As needed	
	Regular meetings/ engagements with customers to obtain feedback	As needed customers to obtain	
	Top Management engagement	As needed	

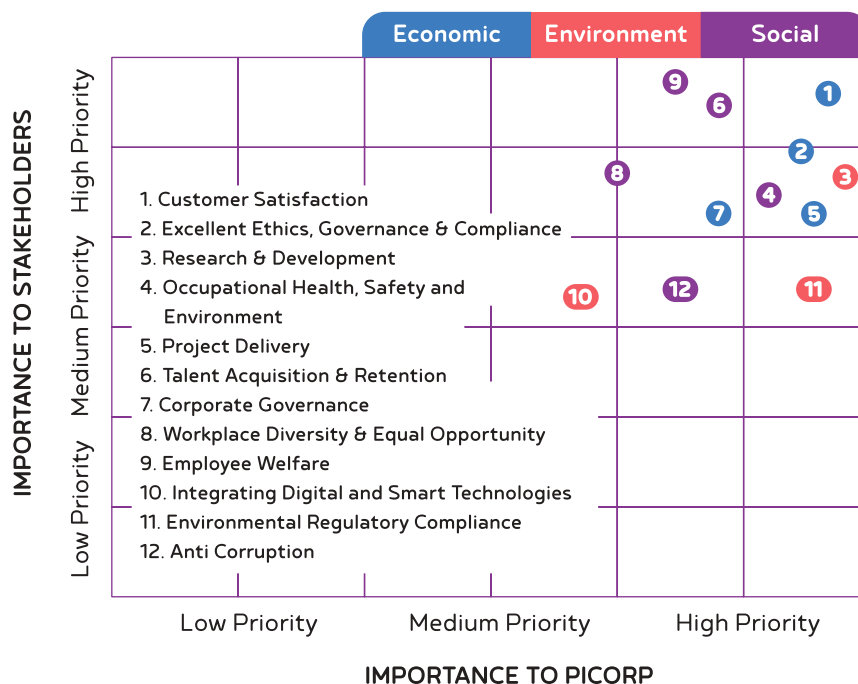
Stakeholder	Mode of Engagement	Frequency of Engagement	Scope of Interest
Employees 	PICORP regular Speak Up meetings	Weekly / Monthly / As needed	<ul style="list-style-type: none"> Employee benefits and rights Culture, diversity and inclusion Employee grievances Health, safety and wellbeing Talent acquisition & retention Career development Work-life balance Equal workplace opportunity
	Town Hall meetings	As needed	
	Family Day / Annual Dinner	Annually	
	PICORP Talent Management Programme	Continuous	
	Training programmes	Continuous	
	360 Employee Assessment	Annually	
	Employee Satisfaction Survey	Annually	
	Excellence award and scholarship programmes	As needed	
	Code of Ethics and Business Practice ("COEBP")	As needed	
	Whistleblower Policy	As needed	
	Musolla Committee ("MUSCOM") Programmes	Continuous	
Suppliers and subcontractors 	Business Negotiation	As needed	<ul style="list-style-type: none"> Occupational Health, Safety and Environment Sustainable Value Chain Management Anti-corruption
	Suppliers & subcontractors' assessment	Continuous	
	Vendor database through prequalification	As needed	
Local community 	Charity giving and donations	Annually / As needed	<ul style="list-style-type: none"> Community Engagement Environmental Awareness Management of environmental issues Management of complaints and feedback Environmental Regulatory Compliance
	Participation in and sponsorship of community service events / NGO	As needed	
	Internship Opportunities	As needed	
	Public event e.g. Hari Raya Open House	Annually	
	Trainings on environmental compliance and best practices	As needed	

Stakeholder	Mode of Engagement	Frequency of Engagement	Scope of Interest
Local community 	Health, Safety and Environment campaigns and programmes	As needed	
Shareholders / Investors 	Annual General Meeting ("AGM")	Annually	<ul style="list-style-type: none"> • Corporate governance • Ethics & compliance • Economic performance • Business strategy • Financial performance
	Investor Relations Programme	As needed	
	Website (Investor Relations page)	Continuous / As needed	
Regulators / Government Authorities 	Corporate governance compliance	As needed	<ul style="list-style-type: none"> • Environmental Regulatory Compliance • Ethics and corporate governance • Anti-corruption • Training and education
	Regular meetings, workshops and seminars with regulatory agencies to stay abreast of any regulatory requirements	As needed	
	Environmental compliance at project sites	Continuous / As needed	

►► MATERIAL SUSTAINABILITY MATTERS

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

The outcome of the materiality assessment is as shown below:



Details of our initiatives in managing PICORP's material sustainability matters are discussed across four (4) sections: Managing Our Business, People, Community and Environment. In these sections, we convey our commitments and principles, policies, key performance indicators ("KPIs"), targets, processes and programmes towards management of these matters.



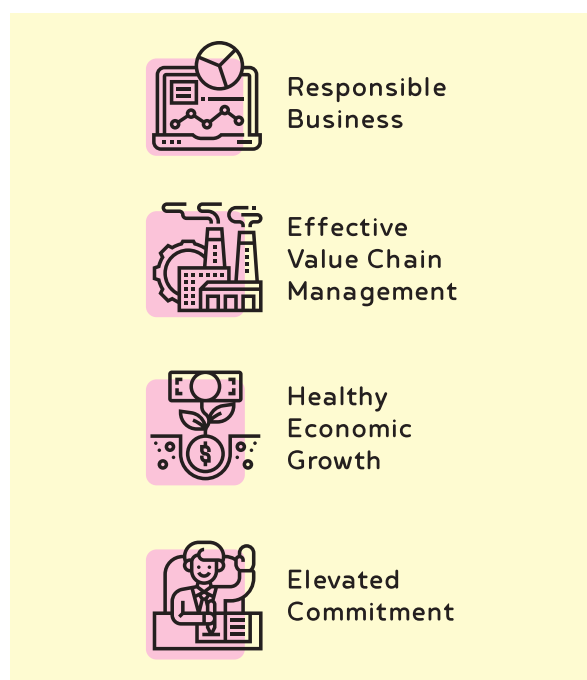
Our Business

Delivering excellent products and services

PICORP is committed to achieving the highest standard of corporate governance and transparency throughout our business operations. We embrace it as a shared responsibility at all levels of stakeholders, supported by relevant framework and management policies and we shall continue to conduct ourselves in an ethical, transparent and accountable manner.

We believe that expanding our product and service offerings, enriching the development of our technology, ensuring robust management of our value chain, whilst maintaining integrity in our business conduct will ultimately support our vision and mission in generating profits, accelerating growth and be recognised as a leading company in our industry.

PICORP continuously explores new business opportunities and promotes innovation to improve our technology in order to further meet our customers' needs. This will in return create a better customer experience that would lead to a higher satisfaction level of our services. In addition to that, we strive to maintain an effective value chain management system as it is key to creating positive impact on the economic conditions of our suppliers and subcontractors. We also endeavour to manage business with integrity as we are mindful that any forms of corruption would vitiate the trust of our stakeholders in us and ultimately affect our competitive edge in the market.



Responsible Business

.....

**Embedding integrity & ethics
in business practices**

Obedient to ALLAH

Guided by PICORP Core Value of Obedient to ALLAH, all employees of PICORP possess the highest standards of self-regulation as well as corporate governance and integrity.

Risk Management Framework

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

PICORP safeguards its shareholders' investments by identifying and mitigating potential risks through its Enterprise Risk Management ("ERM") Framework. Risk Management function in PICORP is championed by the Group Risk and Compliance team alongside the Corporate Risk Management Committee where both directly report to the Board Risk Management Committee, guided by our PICORP ERM Policy.

No Gift Policy & Anti-Bribery and Corruption Policy

We exercise a zero-tolerance policy towards any acts of corruption or bribery. This supports the Group's shared values underscoring elements of Integrity, Decorum, Innovation, Excellence, Transparency, Teamwork and Quality in every aspect of our operations. Conforming to our commitment in conducting a corruption-free business that adheres to the Malaysian Anti-Corruption Commission ("MACC") Act 2009, we have adopted No Gift Policy & Anti-Bribery and Corruption Policy which prevents our employees from soliciting or receiving any gifts from vendors, customers and other external parties.

Ethics and Conduct

All employees are guided by the PICORP's Code of Conduct which is communicated to all new recruits upon joining PICORP. Each employee is briefed clearly about do's and don'ts as well as PICORP's expectations on the integrity in all areas of our business operations.

Whistleblowing

PICORP has set up a Whistleblowing Policy as an avenue for employees and stakeholders to report genuine concerns about malpractices, unethical behaviour, misconduct or failure to comply with regulatory requirements without fear of reprisal. Whistleblowing reports can be addressed directly to the Chairman of the Board or Chairman of the Audit Committee via their mobile numbers and email addresses.

Staff have been notified via email that any information received including the identity of the individual who discloses such information shall be provided with the legal protection accorded under the Whistleblower Protection Act 2010 (ACT 711). All reports and information received shall be investigated and acted upon accordingly.

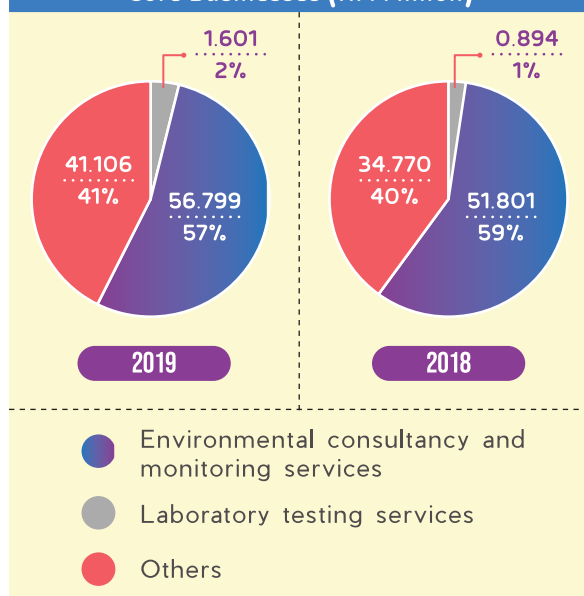
Healthy Economic Growth

Delivering healthy and sustainable returns

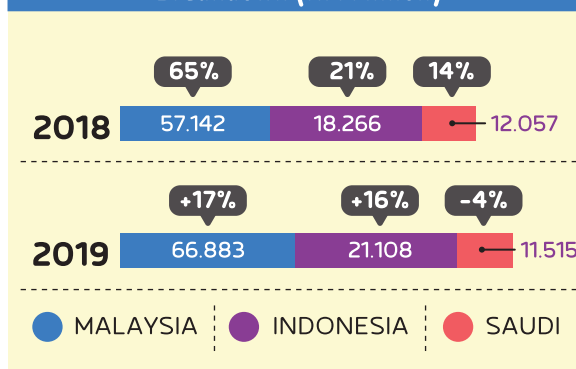
Economic Data (Group Level) (RM Thousand)

	2017	2018	2019
Revenue	83,876	87,465	99,506
Profit Before Tax (PBT)	12,824	12,815	14,697

Revenue Contribution from Core Businesses (RM Million)



Revenue Contribution by Geographical Breakdown (RM Million)



Effective Value Chain Management

Ensuring sustainable solutions and efficient deliverability

PICORP is committed to ensuring a fair and sustainable value chain throughout its operation to ensure the most cost-effective solutions and efficient deliverability. We have built a strong relationship with our suppliers and vendors over the years, all of whom have been instrumental in the success of our business.

In addition, PICORP continues to work with suppliers and vendors whom, at a minimum, uphold the relevant environmental laws, regulations and policies of the countries in which they do business.

We set high standards in Health, Safety and Environment (HSE) management when selecting vendors and manage our procurement practices in order to anticipate and prevent HSE risks. In this regard, we are committed to maintain a green and clean environment guided by our Integrated Management System Policy and ISO 14001:2015 Environmental Management as well as ISO17025 for our laboratory analysis and consultancy where applicable. The ISO certification is reviewed annually by the relevant accreditation agencies.

PICORP provides fair and equal opportunities to all vendors and service providers who are interested to provide their services by submitting PICORP Vendor's Prequalification Questionnaire and to comply and pledge with our Environmental Pledge for the Suppliers and Vendors.

Value chain management is an indispensable part of Alam Sekitar Malaysia Sdn Bhd ("ASMA") business sustainability programme. Knowing the level of environmental, social, and economic impact and viability of the vendors and customers is becoming increasingly common as all industries move towards a more sustainable future. Hence, PICORP implements centralised procurement process so that all purchasing functions come under the purview of one centralised procurement department instead of having various functions that are scattered across the company. From needs recognition, purchase requisition up to negotiation and contract and delivery of goods/services, these are all monitored by the procurement department based on the processes outlined in the Standard Operating Procedures ("SOP") to reflect the behaviours and conditions that the procurement personnel must adhere to. The SOPs in place are:

1. Purchasing
2. Vendor registration
3. Vendor evaluation
4. Material issue
5. Material rejection

PICORP strives to operate in a more sustainable manner. There is no denying that going green and being environmentally friendly is the way of the future and in order to meet the future heads on, we endeavour to deliver our services in a way that does not impact the environment, that does not deplete natural resources, that does not contribute to climate change, that does not contribute to social inequalities or injustice, and that in general, is done in "the right way". Determining a way to find out, and creating a policy based on how sustainable we want to be, is the essence of sustainable supply chain management. Simply put, PICORP wants to do business with people and businesses that do things the right way, and avoid altogether those who don't.

On the other hand, for our laboratory testing services, ALS Technichem (M) Sdn Bhd ("ALS Malaysia") employs Supplier Corrective Action Request ("SCAR") to all their suppliers when any problem or issue arises in order to delve into the root cause so both parties will be able to get the corrective and preventive actions. This process allows both the company and its supplier to work for a much better solution and foster relationship and trust with one another.

Elevated Commitment



Creating a more diversified customer experience

Customers have always been at the core of our interests. We seek to constantly improve ourselves to provide the best possible solutions to our customers.

Valuing customers' feedback

Customers' feedback is important as it will be used to enhance value of the company's products and services, towards fostering customer loyalty based on excellent service level. Hence, Customer Satisfaction Survey, conducted annually, is reviewed and analysed to identify any shortfalls in which any remedial action shall be taken, where necessary.

For Environmental Consultancy & Monitoring segment, 2019 Customer Satisfaction Survey was conducted by ASMA to gauge its performance in project delivery with the objective target of 85% in rating. The 2019 survey was conducted upon 50% achieved project milestone for ongoing project and/or upon project completion via email or online platform. The survey addresses client perceptions on their experience and satisfaction with ASMA's employees, services/products, safety, general (website and communication) and overall category.

2019 CUSTOMER SATISFACTION SURVEY



Survey Results



2019 | 86%

2018 | 85%

Percentage of KPI target $\geq 85\%$



2019 | 61%

2018 | 41%

Percentage of KPI target $\geq 85\%$ increased by 2% for the area of Safety, General and Overall Category

Number of responses



2019 | 2%



2% increase in the number of responses in 2019 against 2018.

Water quality online analyzers ("OLA") projects were rated the highest by the customer with 100% and 97% rating. ASMA has also received a 2% - 6% increase in its satisfaction ratings for its three retain customers as compared to 2018.

For our laboratory testing services division, since 2018, ALS started to adopt ALS Global standard questionnaire in getting feedbacks from customers. The aim of the survey is to garner feedbacks from their customers as "The Laboratory of Choice" by looking at categories as follows:

1. Location to my work
2. Scope of service
3. Experience and brand
4. Reporting and client portal
5. Technical support
6. Quality
7. Under Contract
8. Relationship
9. Client service
10. Turnaround service
11. Price
12. Ease of use

2019 CUSTOMER SATISFACTION SURVEY



Laboratory of Choice

2019 | 69%

2018 | 72%

2019

TOP 3

Reasons

Quality

Client Service Interaction

Scope of Service

2018

TOP 3

Reasons

Quality

Client Service Interaction

Ease of Engagement

Conforming to Outstanding Quality of Products & Services

.....

Alam Sekitar Eco-Technology Sdn. Bhd ("ASET") was awarded The Best Project Award (Infrastructure Project - Small Category) at The Malaysian Construction Industry Excellence Award ("MCIEA 2019") for Sewage Treatment Plant with a Capacity of 19,950 PE, Johor Bahru held on 4 October 2019 organised by CIDB officiated by Minister of Work. The award appropriately reflects the endless hours they have spent overcoming the challenges and delivering the best for the project.



ASMA, on the other hand, received a recognition as the strategic partner for Program Kesedaran Alam Sekitar 2019 (Hari Ozon) which manifested ASMA's credibility as the strategic partner for future programmes. ASMA always endeavours to support the Department of Environment ("DOE") Malaysia in our profound efforts towards a more sustainable environment in line with our commitment to serving Allah, respect for the people and the environment.



ALS Malaysia's branch in Johor Bahru and Kota Kinabalu successfully maintained the recognition of IKM Laboratory Excellence Award from Institute Kimia Malaysia (IKM) in 2019. The award was conferred to recognise laboratory's commitment to achieve excellence in providing quality and competent testing services in the fields of health, safety and the environment.



IKM Laboratory Excellence Award
- Ms Prazanna Laxmy
(Branch Operation, Head of ALS Johor Bahru)



IKM Laboratory Excellence Award
(Kota Kinabalu)



IKM Laboratory Excellence Award (Johor Bahru)

ALS Malaysia is also honoured to maintain its appointment as the Halal Panel Laboratory (Makmal Panel Halal) by the Department of Islamic Development Malaysia ("JAKIM") for another 2 years (2019 - 2021) with the same test parameters. The verification audit has been successfully conducted and complied with JAKIM's requirements.



Makmal Panel Halal Malaysia
Certificate by JAKIM



IKM Laboratory Excellence Award
- Mr Kim Hao Pung
(Assistant Branch Manager,
ALS Kota Kinabalu - Asiatest)

In addition, ALS Malaysia has been receiving numerous recognitions in 2019.

ALS Malaysia is recognised by the National Pharmaceutical Regulatory Agency ("NPRA") under the Ministry of Health ("MOH") as NPRA Recognised Laboratory for the testing of traditional products for the duration of three (3) years until February 2022. The appointed laboratory will be able to facilitate those traditional product manufacturers without QC facilities / who require testing services for their products.



NPRA- Recognised Laboratories

On the other hand, as an ISO/IEC 17025 accredited laboratory under the Laboratory Accreditation Scheme of Malaysia (SAMM) by Standards Malaysia, all laboratories under ALS Malaysia (ALS Shah Alam, ALS Johor Bahru, ALS Penang and ALS Kota Kinabalu) have been appointed as MOH authorised commercial laboratory in food analysis for the issuance of health certificate (Sijil Kesihatan).



MOH- Recognised Laboratories

ALS Malaysia was also successfully certified as GMP Plus Registered Laboratory. As at January 1, 2020 GMP+ International certified companies are required to have their analysis on critical contaminants carried out by Registered Laboratories. GMP refers to Good Manufacturing Practices and the '+' refers to the integration of Hazards Analysis and Critical Control Points (HACCP). GMP+ International is the owner and manager of the GMP+ Feed Certification Scheme.

ALS Malaysia Laboratory is registered for the following contaminants under GMP+:

- Aflatoxin B1, · Heavy metals, · Pesticides



GMP Plus Registered Laboratory



Besides that, ALS Malaysia has been duly appointed as the BioNexus Partners (BNP) Status Laboratory which is valid until 31 December 2021. BNP laboratories are a network of key facilities selected by Bioeconomy Development Corporation to provide industry access to their services, expertise and facilities to support the commercialisation efforts of research and development (R&D) of bio-based products. These laboratories are available within Malaysia's renowned 13 Institutes of Higher Learning (IHLs), 3 Research Institutes (RIs) and 3 Government-Linked Companies (GLCs), as well as other commercial service providers located in all regions of Malaysia.

Strengthening our relationship with the investors and shareholders

Investors and shareholders play a major and vital role in the success and growth of PICORP. Hence, it is of the utmost importance for PICORP to maintain strong, transparent relationships with investors. PICORP is committed to engage, communicate and build professional relationship with its investors, shareholders, the financial community and other stakeholders through Investor Relations programme.

PICORP Investor Relations Programme I

Date: 2 May 2019

Venue: Crystal Room, Level 2, Mandarin Oriental Hotel, Kuala Lumpur



PICORP Investor Relations Programme II

Date: 12 June 2019

Venue: PICORP Corporate R&D Gallery, Mercu PICORP



PICORP 27th Annual General Meeting

Date: 19 June 2019

Venue: PICORP Corporate R&D Gallery, Mercu PICORP



Our People



Fostering relationship with our employees

A successful company ultimately depends on its people as they are the most valuable asset to the company. At PICORP, we want to nurture the skills, passion and innovative minds of our employees. We firmly believe that engaged employees are more dedicated, productive and motivated to perform. We do so by nurturing 'Obedient to ALLAH' and respectful culture, embracing workplace diversity and inclusion, providing a safe and healthy workplace, crafting talent management programmes and encouraging employee engagement in achieving a healthy work-life balance and creating conducive work environment.



'Obedient to ALLAH' and respectful culture



Safe and Healthy Workplace



Talent Management Programmes



Workplace Diversity and Inclusion

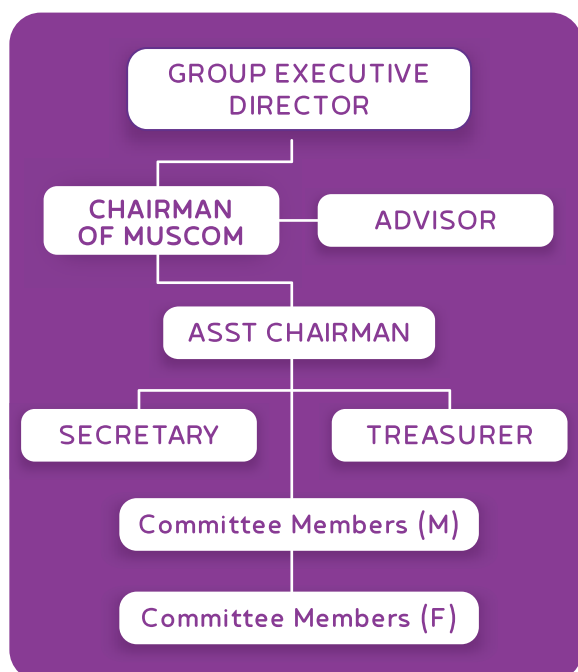


Employee Engagement

'Obedient to ALLAH' and Respectful Culture

Enriching spiritual performance

Our Founder has always reminded all of us on the importance of the core value of 'Obedient to ALLAH' which has always been instilled in all PICORP employees right from the very beginning. The 'O' in PICORP abbreviation refers to 'Obedient to ALLAH' which has always been the pillar of PICORP in conducting its business activities and taken precedence over any other matters. Hence, it is of great concern of PICORP that the core value is promulgated within the companies.



MUSCOM, with the oversight of PICORP Group Executive Director, actively coordinated various religious programmes in 2019 and tailored towards the spiritual needs of the employees. Laman Hidayah (luncheon religious session) is conducted four (4) days a week i.e. from Monday to Thursday for a duration of one (1) hour during the lunch hour delivered by Ustaz and Ustazah at rotational basis. Starting 2019, Laman Hidayah session were conducted with rotational basis where 2 out of 4 sessions per week were designated for female employees by Ustazah with topics related to Muslimat using specific books and topics namely:

1. Tarbiyatul Aulad Fil Islam
2. Kitab Fiqh Wanita
3. Perempuan-perempuan yang baik dalam al Quran
4. Wanita & Kerjaya

The other 2 sessions were conducted for both Muslimin and Muslimat which encompass various topics including al-Quran and tajwid, fiqh, aqidah, hadith, Islamic history and many other diverse topics deem relevant towards the spiritual well-being and betterment of the employees. Other books that were unravelled during the sessions are:

1. Persediaan Bagi Yang Sakit Hingga Mati - Baba Ismail Banasta
2. Al-Mandili Al-Mazhab atau tidak haram bermazhab - Syeikh Abdul Qadir
3. Kitab Faraid





During work days, prayers in congregation are highly encouraged among employees. In the congregation, all employees regardless of positions, stand shoulder to shoulder in worshipping Allah, portraying the sense of togetherness, unity and equality. These congregational prayers are organised at PICORP workplaces namely Mercu PICORP, Jeddah office and Sentul office for the compulsory prayers during work days.

2019 Spiritual performance: at a glance

.....

2019 SPIRITUAL PERFORMANCE



LAMAN HIDAYAH SESSIONS	
2019 126	2018 132
TOTAL NUMBER OF ATTENDANCE%	
2019 3,440	2018 2,744
22.5% increase in the number of attendance of Laman Hidayahin 2019 against 2018.	
TOTAL NUMBER OF ATTENDANCE BY GENDER%	
2019 >  : 252	 : 3,188
2018 >  : 113	 : 2,631
22.5% increase in the number of attendance of Laman Hidayahin 2019 against 2018.	

SPECIAL PROGRAMMES		
2019 7	MUSCOM organised special programmes for all employees in 2019	
LIST OF PROGRAMMES		
Ceramah Perdana: Faraid & Isu Isu Semasa		
Tadarus al- Quran Ramadan		
Infaq Ramadan		
Solat Hajat PSRA/UPKK/ PT3		
Solat Hajat UPSR		
Solat Hajat SPM		
Iftar Sempoi		

In spite of having daily religious programmes to instil the value and culture, newly recruited employees are necessitated to partake in a special orientation programme to inculcate this holistic culture. Known as Kursus Pencetus Perkasa Diri - Mukmin Professional, new employees are required to attend this orientation session that embraces elements to develop a professional Muslim with intellectual quotient (IQ), emotional quotient (EQ) and spiritual quotient (SQ), specially tailored to PICORP.

Expected Outcome (Individual):

- To increase awareness and consciousness in developing the better way of life;
- Understand the vision and mission in a clear structure which lead to higher motivation;
- Practice work as part of religious activity;
- Understand the important of virtue in daily life as well as in organisation;
- To sharpen the confidence and belief in life and in career.

Expected Outcome (Organisation)

- Align with organisational and individual mission;
- Encourage honesty, integrity and maximise the implementation of work;
- Reduce negative culture through inside-out which is more proactive based;
- Develop more harmonious and conducive work environment;
- To increase love, respect as well as loyalty towards the organisation.

This time around it was held on 12th to 14th April 2019 at Impian Rimba Resort, Hulu Langat, Selangor. A total of 36 new employees with 21 males and 15 females were selected to join this programme. This 3-day and 2-night onboarding programme provides an avenue to improve employee integrity, self-confidence and productivity in making sure business objectives are achieved.



Workplace Diversity and Inclusion

Promoting diversity and equal opportunity



PICORP is committed to providing a workplace that is fair, flexible, safe, supportive and free from discrimination, employment disadvantage, where all employees are valued and treated with respect despite having varying age group, experiences and expectations, in Malaysia, Indonesia and Saudi. PICORP adopts fair treatment to everyone, regardless of gender, ethnicity, age group, sexual orientation, disabilities, religion, political inclinations and nationality to create stronger, better relationships with our employees based on trust and respect.

At PICORP, we know that people of all backgrounds and experiences have unique and valuable contributions to make for the growth of our company. We ensure that the business is driven by highly reliable and competent workforce through robust hiring process while promoting diversity and inclusivity. Successful organisations embrace diversity and strive for inclusion among their employees. PICORP values, appreciates, respects and adapts to each other and cultural and generational differences as we understand the mosaic of people who bring a variety of backgrounds, styles and perspectives are assets to the organisation with which they interact. It is sometimes difficult, but the intent is to make the most of everyone's potential contribution. We recognise the importance of human rights in our workplace as we believe that a respectful workplace creates a happy employee and ultimately conveys productive results. We comply with the local Employment Act in the country we operate and do not tolerate human rights abuse among our employees and we ensure equal opportunities in the workplace.

WORKPLACE DIVERSITY







Workforce Breakdown by Gender

	2019	2018
	346	397
	196	194

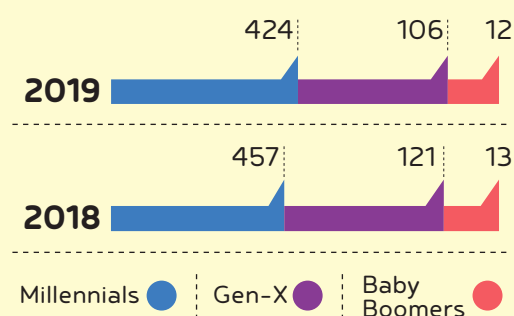
Total Workforce

2019  542 2018  591

Workforce Breakdown by Country

 : 304  : 16
 : 197 Others : 13
 : 12

Workforce Breakdown by Age Group



WOMEN EMPOWERMENT



Female representation at PICORP

 **28.57%** at Board level
 **50%** in Top Management
 **40.5%** In Management

Safe and Healthy Workplace

Ensuring the health and safety of employees

Safety is a shared responsibility. Health, Safety and Environment ("HSE") is the fundamental concern in all aspects of works in PICORP. In an industry like ours, the safety and well-being of employees is a number one priority. Our extensive safety programme helps us achieve our goal of zero accidents. At PICORP, our employees and sub-contractors work in complex and fast-moving environment with regular exposure to heavy equipment and hazardous testing materials either at sites or laboratories. In spite of these challenging conditions, we take pride in maintaining a safe and productive workplace.

Our HSE Committee is responsible for administering policies and procedures in place to safeguard the well-being of our employees and other potentially affected parties. The HSE Policy was revised in 2019 to further improve the compliance in minimising the risks of hazards at workplace. Together with the Facilities and Building Maintenance Department, HSE Committee works hand in hand in ensuring a solid policy, leadership and safety culture in place through a series of HSE programmes like awareness trainings, assistance, consulting, and regulatory compliance support in a variety of fields are held for employees to emphasise on the importance of workplace health and safety. HSE team members at both offices and project sites are actively involved in conducting activities to ensure each employee is well-educated on safety and health knowledge. A total of 12 HSE related programmes were conducted in 2019 across all companies within PICORP. For P.T. ALS Indonesia, their HSE initiatives and programmes are more on compliance for Safe Driving on site.

These have resulted in improved outcomes in Fatality Rate and Lost Time Injury Frequency Rate ("LTIFR") in PICORP. Despite these improved results, PICORP will continue to strive to improve on our safety commitment and discipline and must remain vigilant across all of our operations to ensure everyone goes home without injury.



Occupational Health & Safety (OHS) Day 2019

Occupational Health & Safety ("OHS") Day 2019 was held 7th August 2019 at Mercu PICORP, Bukit Jelutong, Shah Alam with the aim to create awareness on occupational safety and health through safety talk, exhibition by industrial player, safety contest, health screening and other activities and to educate the employers and employees in embracing OHS culture through continuous education and training at Mercu PICORP. Among the activities are senamrobik, health screening, blood donation and safety talks.

Below are the snippets of the event:



SENAMROBIK

More than 150 pax took part in this exciting Senamrobik session led by the OHS Day Committee members!



HEALTH SCREENING

143 pax had their health screening session conducted by MSU Medical Centre :

- Body Mass Index (BMI)
- Blood Pressure
- Blood Glucose
- Blood Cholesterol



BLOOD DONATION

118 registered | 74 donated
44 were not eligible to donate due to some unforeseen circumstances (e.g. high blood pressure, low HB, etc.)

FEMALE: 53 | MALE: 65



SAFETY TALKS

NIOSH: 'Behavioural Based Safety'
Attendance: 59 pax (Staff, tenants and KLIA College students)

PDRM: 'Scammer'
Attendance: 67 pax (Staff, tenants and KLIA College students)

PARTICIPATION:



CPR, AED and First Aid Training

Accidents can happen anytime and anywhere. What makes these more dangerous is that they come at the most unexpected occasions and unless there is someone around with the proper knowledge to provide immediate medical attention, otherwise the person in trouble could end up getting deeper into it. This is just one of the reasons why companies should invest time and money in preparing their employees for the worst-case scenarios. Understanding the importance of having the right knowledge and skills during unforeseen circumstance, PICORP coordinated a Cardiopulmonary Resuscitation ("CPR"), Automated external defibrillator ("AED") and First Aid training on 9 October 2019 at Mercuri PICORP with 35 participants within PICORP Group of Companies. Trained by CPR professional trainer, Dr Azizul Amar Rahmat from CPR Malaysia, this session aimed to create awareness among employees and Emergency Response Team ("ERT") how to handle emergency situation and to learn CPR and first aid in facing any emergency situation such as an accident.



Fire Training

Held on 13 November 2019, HSE Committee organised another fire training programme to ERT set up in 2018 to prepare for and address incidents across the organisation and to respond to any emergency incident for example, a natural disaster or an interruption of business operations. ERT is a common practice in public service organisations as well as in private organisations. The session was held at Balai Bomba Kota Anggerik Bukit Jelutong, Shah Alam to strengthen ERT in facing any emergency situation such as fire and accident with various topics prepared by Bomba trainers on lifting technique for handling unconscious victim, practical in using fire extinguisher and fire training theory which were attended by 38 participants from PICORP Group of Companies.



Fire Evacuation Drill

No one would expect to have a fire or other disaster at work, but it can happen in any office buildings. Hence, fire drills are a vital part of workplace fire safety. A fire evacuation drill is a simulated emergency procedure which aims to emulate the processes which would be undertaken in the event of a fire or other similar emergency. It involves creating a situation which replicates what would happen if a real fire were to occur, usually with the inclusion of fire alarms, and requires the employees, and anyone else who may be within the property at the time, to evacuate. The session was held on 20 December 2019 at 9:30a.m to 10:30 a.m. at Mercu PICORP building. Another separate session was also organised by ALS Malaysia at their HQ in Shah Alam prior to that which was on 28 May 2019.

The objectives of the programme are:

1. To ensure that everyone knows how to exit safely as quickly as possible if a fire, smoke, or other emergency occurs;
2. To comply with legal requirements;
3. To ensure safety of employees, clients and visitor during and after emergency;
4. To achieve an orderly and safe evacuation under a proper discipline;
5. To prevent panic, confusion, injury and loss of lives in case of actual fire

All employees and tenants in Mercu PICORP building were involved in this session guided by Bomba dan Penyelamat Kota Anggerik. Below is the summary of the session:

FIRE EVACUATION DRILL



Total number of employees evacuated

↓	↓	49.4% improvement in participation
285	172	
2019	2018	

Duration of evacuation process

↓	↓	60% improvement in speed
7 MINUTES	13 MINUTES	
2019	2018	



Contractor Safety Briefing

This session was held three times on 11th, 12th and 15th November 2019 for all appointed contractors to do the assigned works at Mercu PICORP to ensure all contractors comply with the legal standards and requirements according to OSHA 1994 and FMA1967. This session is also important to all contractors to understand safety requirements and in-house rules while doing works at Mercu PICORP e.g. Permit to Work procedure ("PTW") and etc.



Safety Induction Programme

Safety Induction Programme was organised on 18 December 2019 at EDC room, Mercu PICORP to ensure that all employees are aware of the health and safety procedures in place. This programme is also an initiative by HSE Committee to ensure new employees shall receive accurate and consistent information on how to perform

work tasks safely and to ensure that the employees are aware of the risks and hazards that might be present at their workplace. A total of 32 employees from PICORP and ASMA benefitted from this session.



HSE Initiatives

The HSE Committee vigorously promotes and creates awareness on HSE among the employees by organising various internal activities. The objectives are:

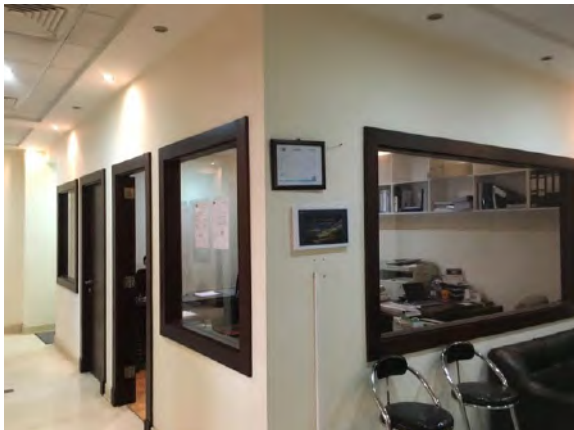
1. To ensure that all employees and workers are aware of the health and safety practices;
2. To achieve Zero Accident;
3. To comply with Factories and Machineries Act 1967 and Occupational Safety and Health Act 1994;
4. To implement, develop and continual improvement in HSE.

Among the initiatives are:



Saudi ASMA Office Renovation

Every employer is looking for ways to motivate its workforce, create happiness, boost productivity, inspire creativity and, ultimately, improve its bottom line. Hence, Saudi ASMA Environmental Solutions LLC which is based in Jeddah, Kingdom of Saudi Arabia had a small scale- office renovation from 23rd February until 23rd March 2019 to create a more conducive working environment for their employees.



Talent Management Programmes

Maintaining an engaged workforce

Talent Management at PICORP

Talent management is triggered to be the evolution of Human Resource Management and people has been identified to be the most valuable asset of an organisation. They are the key enablers in the achievement of PICORP business strategic and operational objectives.

In 2019, PICORP has given greater focus on the enhancement of the Talent Management Framework which shields all level of employees within PICORP Group of Companies. The Talent Management practices covers talent acquisition, talent development and talent retention to ensure our business agenda can be achieved.

Talent Acquisition emphasises on recruiting the right talent who will be deployed to various job functions after enrolling a proper on-boarding program. The collaboration with higher learning institutions for internship programme is also part of the initiatives to ensure the availability of high-skilled workforce in our recruitment pipeline.

In enhancing our workforce capabilities, the development of a Structured Development Program ("SDP") for employees covering the Technical and Leadership capabilities to support the deployment strategies including Succession Planning. Employees are continuously encouraged to take personal ownership of their development by upgrading their skills, taking on expanded or new responsibilities, cross rotational roles and assignments.

PICORP believes the importance in recognising employees for their unwavering loyalty, support, commitment, dedication and contribution towards the growth of the organisation. We emphasised on a performance-based culture and the deserving employees will be accorded accordingly via annual salary increment, performance-based bonus, yearly promotion/upgrading exercise. The salary review exercise had taken place in May 2019 as part of its talent retention efforts as well as to remain competitive in the market.

Executive Development Programme at ALS

The Executive Development Programme (“EDP”) is ALS’s learning opportunity designed for senior leaders who want to catalyse their upward career in ALS. The objective of the EDP is to build a strong leadership foundation within ALS that drives commercial and technical excellence while inspiring the current and future leaders towards achieving the unified ALS vision.

Participants of this EDP programme will carry out formal learning and On-the-Job Development EDP workshops with a 4-day intensive session. During the 2-year programme, participants are supplemented with Virtual Learning and e-Learning Modules. On-the-Job learning is the primary method for skill acquisition and improved business performance for adults in the workplace. It is at the heart of the EDP Program and is achieved through the creation of quality roles and supplemented by coaching, training, assessment and e-learning. The intent of formal learning is to equip each participant with the knowledge, skills and practice they need in handling roles of increasing complexity and responsibility. The EDP provides a structured foundation and fosters the development of appropriate behaviours and competencies for a successful career. The majority of learning process happens while on-the-job and those which cannot be obtained on the job will be supplemented by formal learning and coaching.



EDP Workshop in Singapore 13-16 August 2019



EDP Group Discussion

Employee Engagement

.....

Doing great things- together!

EMPLOYEE ENGAGEMENT PROGRAMMES



IFTAR SEMPOI

The event is organised in conjunction with the holy month of Ramadan to break the fast with all PICORP employees.



..... PICORP Corporate R&D Gallery



CLASSIC RAYA 2019

An annual programme within the Group- a gathering before Aidilfitri leave to seek for one's forgiveness and cherish one another before the long journey of 'balik kampung'.

Theme: Classic Raya (Batik & Pelikat)



..... Multipurpose Hall, Mercu PICORP



MAJLIS PENUTUP TADARUS AL- QURAN

In an effort to get closer to Allah the Almighty, the month of Ramadan is the most valuable opportunity to further the reading of Al-Quran. Commencing from 6 May 2019 until 30 May, led by Ustaz Ariffudin during the afternoon break, this programme has gained great participation from the staff to glorify the reading of Al-Quran.

..... Surau ad- Din, Mercu PICORP



FINANCE & GOVERNANCE CONFERENCE

With the theme "Beyond Numbers", this 2-day programme gathered all Finance personnels across the Group to discuss on various Finance topics, best practices and latest trend in the industry.

..... PICORP Corporate R&D Gallery



2019 FAMILY DAY

Get-together session with 223 staff and family members from PICORP Group of Companies with fun-filled activities and splendid lucky draw prizes.

..... WaterWorld@i-City, Shah Alam



17 NOV ALS: DEEPAVALI GET TOGETHER

Involving all staff and family members from ALS branches in Malaysia (Shah Alam, Johor Bahru, Kota Kinabalu, Penang and recent addition, Kemaman), they dressed colourfully for Bollywood dances performances except for KK branch which opted to play violin.



..... Wisma ALS



24 DEC ALS: CHRISTMAS SECRET SANTA

Gift exchange among colleagues – randomly assigned a person to whom they give a gift.



..... Wisma ALS

Our Community



Enhancing community livelihoods

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



Community Contributions



Community Engagement

Community Contributions

At PICORP, we seek to create a better future not only for our industry and our environment, but also for the communities. We aim to contribute by giving back one-third of our income to the community, to serve the underserved.

COMMUNITY CONTRIBUTIONS



Gifts & Donations

↓	↓	38.7% increase in gifts & donation contribution in 2019 against 2018
RM107,564	RM72,650	
2019	2018	

Zakat Contributions

↓	↓	6.5% decrease in zakat contribution in 2019 against 2018
RM410,070	RM437,849	
2019	2018	

2019 > Benefitted 20 schools and 2,482 students
2018 > Benefitted 21 schools and 2,833 students

School Adoption Programme

↓	RM2,000/ month for tahfiz school
RM24,000/ YEAR	

Community Engagement

We believe our business contributes to the well-being of the nation and revitalises the local economy. Working with communities enables us to address local needs and ensure our accountability. Through quality relationships, we strive to understand community needs, aspirations and cultures as well as anticipate future generations' needs.



CSR PROGRAMMES



KNOWLEDGE SHARING SESSIONS



INTERNSHIP PLACEMENT



COMMUNITY EVENTS

CSR Programmes

PROGRAM GOTONG ROYONG PEMBERSIHAN TEBING SUNGAI KLANG

Date: Sunday, 28th July 2019

Venue: Taman Awam Pengkalan Batu, Klang

ASMA and PICORP staff participated in "Program Gotong Royong Pembersihan Tebing Sungai Klang" organised by Landasan Lumayan Sdn Bhd and Menteri Besar Selangor Incorporated ("MBI") in an effort for conservation and preservation of Sungai Klang. This riverbank clean-up programme at Sungai Klang which also happens to be where one of ASMA's water quality monitoring station is located.



"SAYANGI SUNGAI KITA" & YEAR END GET TOGETHER PROGRAMME

Date: Saturday, 21st December 2020

Venue : GIBS Ecotourism Resort, Hulu Langat, Selangor

The objectives of the programme:

1. To build the culture of "Sayangi Sungai Kita" in preserving the environment among the staff;
2. To strengthen the bonding among the workforce of ASMA.

As one of the leading companies in environmental consultancy and monitoring, ASMA is enthusiastic in the effort of making the environment safe and healthy for the society. A total of 50 ASMA staff participated in the programme and had a senamrobik as a warm up before the main activity of collecting the rubbish began.

The location surrounded with trees was ideal to provide staff with the real experience on the importance of keeping the river and its surrounding clean and preserved. The place is open for public to come for recreational activities for picnic, camping and organising a family day thus the cleanliness of the area is a must. The rubbish collection and cleaning were done along the river and its surrounding and separated accordingly for recycling purpose. The staff were happy and satisfied to be able to contribute to the environment and society while enjoying the sceneries along the river. To boost the excitement, the programme was also filled with other fun activities such as telematch, birthday celebration and gift exchange among the staff.



Internship Placement

It is not a stretch to say internships have now become indispensable to any organisation. Developing an internship program is an excellent strategy for investing in an organisation's future successes, often leading to discovering future employees and leaders.

PICORP continues providing the place for internship opportunities open to students from various public universities, private higher educational institutions, polytechnics and community colleges. In 2019, a total of 94 students were selected to be placed under various departments in PICORP Group of Companies to give them the experiential learning and real exposure of the working environment in picking up hard skills and brushing up on their soft skills.

Internship Programme

	↓ 14
	↓ 13
	↓ 67

Knowledge Sharing Sessions

Understanding the importance of connecting the right message to the right audience at the right time to drive profitable customer action while promoting ASMA expertise, increasing client engagement and improving client database and information, in 2019, ASMA organised a series of free knowledge sharing sessions to the industry with diverse technical topic ranging from environmental monitoring to wastewater solutions.

KNOWLEDGE SHARING SESSIONS



Wake Up and Smell the Smog - Introduction to RAA & RATA and Emission Technology



ASMA: TECHNICAL SHARING SESSION

ASMA organised this session with the industry players in view of the Clean Air Regulation 2014 enforcement in June 2019 with a total of twenty one (21) participants who attended the event.

.....PICORP Corporate R&D Gallery



ASMA: TECHNICAL SHARING SESSION ON WASTEWATER TECHNOLOGY

An interactive knowledge sharing session with the key players of the industry as the platform for ASMA to exchange opinions and feedback on our wastewater technology known as Bi-Act SDO Super Dissolved Oxygen (SDO).

.....Bougainvillea Training Room, Bandar Dato Onn, Johor Bharu.



ASMA: TECHNICAL SHARING

ASMA held another session to present the best practices of Water Quality Monitoring focusing on how to measure and monitor the data captured and drawing real-time condition of water quality from its raw sources until it reaches the consumers

.....PICORP Corporate R&D Gallery



ASMA: ENVIRONMENTAL TECHNICAL SHARING

In view of the recent environmental issues that was currently happening on river pollution, ASMA held an environmental sharing session for the local companies and factories in Pasir Gudang with the topics on environmental monitoring services and emission monitoring.

..... Amansari Hall, Amansari Residence Resort, Bandar Seri Alam, Johor Bahru.

COMMUNITY EVENTS



ALS CHINESE NEW YEAR OPEN HOUSE

Good food, lion dances, Chinese calligraphy and photobooth- these all made up for a cheerful CNY celebration.

..... ALS Shah Alam



21
JUNE

HARI RAYA OPEN HOUSE

The most anticipated annual event by the community with delectable selection of food. It was indeed a noteworthy session in maintaining good relationship and foster harmony among all stakeholders.



..... Perkarangan Mercu PICORP

INFAQ RAMADAN PROGRAMMES



16
MAY

INFAQ IFTAR RAMADAN

100 packs of Chicken Biryani were distributed to PICORP & ASMA staff and 20 packs were contributed to Surau Al-Falah, Taman Bukit Subang prepared by DM Station.



26
MAY

LET'S INFAQ

Collected RM2,260 from all staff during Infaq Ramadan programme and were given to six (6) Muslim Reverts in Klang and Old Klang Road.



28
MAY

INFAQ IFTAR RAMADAN AT PICOMS

70 packed food prepared by DM Station were distributed to PICOMS students.



29
MAY

LET'S INFAQ

Infaq to selected staff, madrasah student, resident cleaners and handyman in PICORP.

Our Environment

Providing total environmental solutions

Our commitment to the environment is at the heart of our business. It governs how we work and the decisions we make. Excellence in environmental management is at the core of our continued leadership in integrated environmental solutions. In line with our vision to be the to be a world class business organisation focused on cost effective environmental solutions which shall benefit mankind, it is our accountability to show exemplary environmental responsibilities by conducting our businesses in a manner consistent with sound environmental practices.



ENVIRONMENTAL INITIATIVES



PICORP Corporate Research & Development

Research & Development ("R&D") plays a very important role in the success of a business. R&D contributes to sustainability of business. Many companies do not understand the importance of R&D until it is too late. It is the R&D function that provides a platform for creativity and innovation to flourish in an organisation.

At the back of competitive business environment, there is a critical need for companies to ride on the technological wave in order to stay ahead & to remain relevant, hence the requirement for the R&D activities. R&D is a key factor allowing achievement of future growth as they are eventually leading toward an increase of the company's knowledge, a better technology capacities and products and processes innovation. R&D plays a very important role in the success of a business as it contributes to the sustainability of business, when well-planned and used, enables a business to produce increased wealth over a period of time. Realising the importance of having an R&D function in the company, PICORP Corporate Research & Development was officially established on 25th March 2019 with an official launching ceremony by PICORP Founder, Zaid bin Abdullah. The setting up of the R&D Division within PICORP is therefore timely and will certainly benefit the PICORP in the long run.

R&D Drivers

- Digitalization Trend – Digital Transformation
- Green Initiatives – Reduce Energy Consumption, longer product lifetime, lower footprint & mobility
- Competitiveness – Product cost improvement
- Market Responsiveness – Shorter time to market; Product certification
- New Product Introduction (NPI) – New products & test methods being introduced into the Group

Under the purview of the Group Executive Director, the objectives of PICORP Corporate R&D are:

- to become the source of Technology Transfer & Commercialisation;
- to release New product or breakthrough that creates opening for ZKSB group of companies' future business;
- to generate new business model by creating new proof of concept using technologies;
- to become a profit centre.



ALS R&D Initiatives

ISO17025:2017 migration

Quality has always been at the heart of ALS. In ensuring the quality of laboratory services, the laboratories are audited and required to operate a quality system according to the requirements as stipulated in MS ISO/IEC 17025:2017. However, the third edition of the ISO/IEC 17025 General Requirements for the Competence of Testing and Calibration Laboratories was recently released by the Department of Standards Malaysia ("Standards Malaysia") which required all of its accredited laboratories to conform to the new standard by 30 November 2020. In view of this new requirement, all ALS Malaysia laboratories (ALS Shah Alam, ALS Johor Bahru, ALS Penang and ALS Kota Kinabalu branch) had completed its migration to the new standard in 2019 and had been assessed by assessors from the Standards Malaysia except ALS Johor Bahru laboratory, in which the assessment has been scheduled in March 2020.



SAMM Circular- ISO17025:2017 Migration

Bio Molecular (DNA)

Did you know that your DNA can unearth so many things about you i.e. personality traits, health wellness, health risks, skin condition, and many more! ALS Malaysia ventured into Genetic Wellness Screening Service and developed array genotyping services to meet customer needs, interests and applications - from population-scale genetic studies, human research to Agrigenomics. ALS genotyping service gives you satisfying experience with rapid turnaround time and exceptional genetic data quality.

Environmental Engagement

In tackling our most pressing environmental challenges and demonstrating our support to environmental sustainability, PICORP continuously engages with the government bodies and agencies through various programmes like seminar, exhibition, talk and conferences.

ENVIRONMENTAL ENGAGEMENT PROGRAMMES



ASMA: MALAYSIA URBAN FORUM 2019

Perbadanan Putrajaya showcased their various Smart Putrajaya with ASMA in the forum to demonstrate our current works with on Sistem Kawalan Punca Pencemaran Alam Sekitar Tasik Putrajaya under the Smart Home & Environment Initiative. The Malaysia Urban Forum 2019, a national level forum that aims to promote inclusive debates and discussions towards developing and improving our sustainable urbanization strategies, policies and programs was officiated by Deputy Prime Minister Datuk Seri Dr Wan Azizah Wan Ismail.



..... Kuala Lumpur Convention Center



ASMA: DIGITAL PUTRAJAYA EXHIBITION AND CONFERENCE (DIPEC) 2019

ASMA participated in (DiPEC) on Smart Environmental Solutions in the digital realm. ASMA is also one of the speakers during this conference and presented a talk on the Evolution of Environmental Monitoring and How It Can Complement the Key Elements of Smart City.



..... Siantan & Melati Conference Hall,
Putrajaya Corporation Complex.

Sesi Taklimat dan Hands-on Penggunaan
Peralatan Pengujian Kualiti Air



ASMA: BKSA NEGERI SEMBILAN & SAINS

This knowledge sharing session on water quality equipment was an initiative between ASMA and Badan Kawal Selia Air ("BKSA") Negeri Sembilan with Syarikat Air Negeri Sembilan ("SAINS") held at Sungai Terip water treatment plant.



..... Sungai Terip Water Treatment Plant,
Negeri Sembilan

Be part of the solution, not the pollution



ASMA: SEMINAR OUR ENVIRONMENT, OUR FUTURE

An initiative by the Department of Environment ("DOE"), in conjunction with Earth Day 2019, ASMA took part in this seminar that talked about various topics related to latest environmental issues in Malaysia such as MESTECC initiative in sustainable development, challenges of implementing Clean Air Regulation 2014, air pollution control and scheduled waste.



..... Connexion Conference & Event Centre,
Bangsar South, Kuala Lumpur

Majlis Sambutan "Minggu Kesihatan, Keselamatan Dan Alam Sekitar"



ASMA: PENGURUSAN AIR SELANGOR SDN BHD ("AIR SELANGOR")

ASMA participated in an exhibition held during "Majlis Sambutan Minggu Kesihatan, Keselamatan dan Alam Sekitar" organised by Air Selangor. With the theme "Becoming Brilliant at Basics" the exhibition focuses on the importance of cooperation in managing health, safety and environment. The event was officiated by the Chief Executive Officer of Air Selangor, Encik Suhaimi Kamaralzaman.



..... Sg. Semenyih Water Treatment Plant,
Putrajaya

Majlis Sambutan "Minggu Kesihatan, Keselamatan Dan Alam Sekitar"



ASMA: KOLOKIUUM ALAM SEKITAR

In conjunction with "Hari Alam Sekitar Negara 2019", Putrajaya Corporation's Department of Environment, Lake and Wetland organised a colloquium with the theme "Alam Sekitar Putrajaya, Tanggungjawab Bersama". ASMA was invited to present on pollution control with the topic "Sistem Kawalan Punca Pencemaran Alam Sekitar ("SKPPAS") Secara Telemetri".



..... Dewan Seri Melati, Putrajaya



ASMA: HARI ALAM SEKITAR NEGARA PERINGKAT KEBANGSAAN

ASMA participated in Hari Alam Sekitar Negara 2019 Peringkat Kebangsaan not only to showcase our products and services during the event but also educate the visitors on the fundamental of environmental monitoring and the importance to understand and care for the environment. There were also a lot of interesting activities such as Enviorace, Zumba, Colouring Contest, Photobooth and many more.



..... Taman Pudu Ulu, Cheras, Kuala Lumpur

Majlis Sambutan “Minggu Kesihatan, Keselamatan Dan Alam Sekitar”



ASMA: GRAND LAUNCH OF SELANGOR MARITIME GATEWAY (“SMG”)

ASMA was invited by Landasan Lumayan Sdn Bhd (“LLSB”) to showcase our water quality monitoring project with LLSB during the Grand Launch of SMG. SMG is the Selangor state government state initiative with long term commitment to outgrowth the state’s economy through maritime economy. ASMA is their current contractor to monitor river quality of Sungai Klang. The event was officiated by Menteri Besar of Selangor, YAB. Dato’ Seri Amirudin Bin Shari.

..... Plenary Hall,
Shah Alam Convention Center



ALS: FOOD SAFETY SEMINAR

A mini food safety seminar entitled “Food Safety in the Digital Era – Current Challenges and Solutions” was held on 24th January 2019 at ALS Penang.

..... ALS Penang



ALS: ALLERGEN SEMINAR

Allergen seminar conducted at ALS Shah Alam to update our clients on the latest news in allergen testing.

..... ALS Shah Alam



ALS: BIOUSAHAWAN EXHIBITION

Want to get your cosmetic products tested and accepted by the authority? This is ALS latest partnership programme with Bioeconomy Corporation on Recognition Programme for cosmetic and personal care products.

..... Kuala Lumpur Convention Centre



25 MAR ALS: TALK ON RISK FACTORS OF 3-MCPD ESTER IN EDIBLE OIL

Analysis of 3-MCPD and Glycidyl esters in palm oil.



..... ALS Shah Alam



27 MAR ALS: TALK ON RISK FACTORS OF 3-MCPD ESTER IN EDIBLE OIL

Analysis of 3-MCPD and Glycidyl esters in palm oil.



..... ALS Johor Bahru



15-17 OCT ALS: LAB ASIA SEMINAR

LabAsia 2019 is Southeast Asia's leading laboratory exhibition. As the leading scientific & laboratory exhibition in ASEAN, LabAsia 2019 features the latest innovations in the laboratory industry, ranging from laboratory supplies to the most cutting edge analytical instruments.



..... Putra World Trade Centre (PWTC)



8-13 SEPT ALS: 14TH INTERNATIONAL CONFERENCE ON MERCURY AS A GLOBAL POLLUTANT

ALS participated in the 14th International Conference on Mercury as a Global Pollutant ("ICMGP") with the theme- 'Bridging Knowledge on Global Mercury with Environmental Responsibility, Human Welfare and Policy Response'.



..... Kraków, Poland



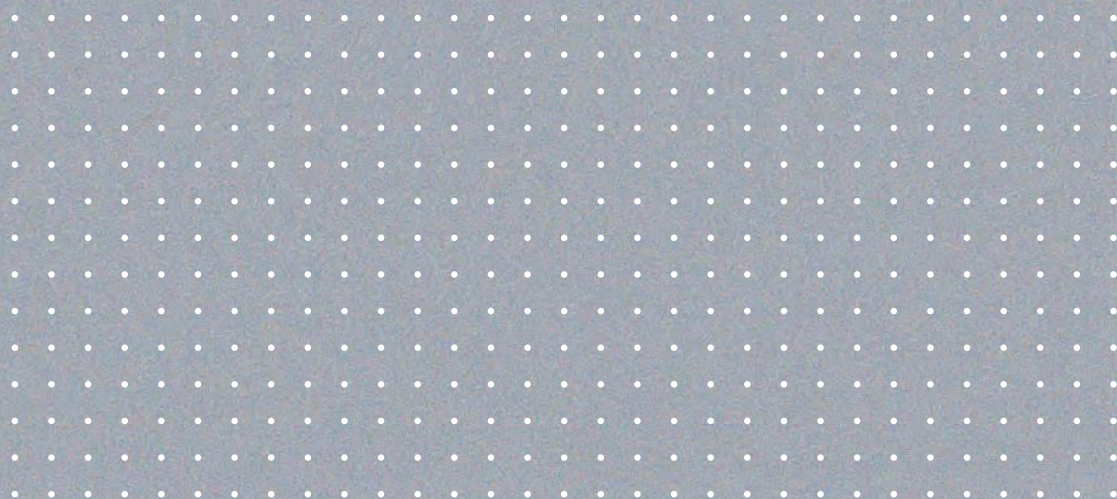
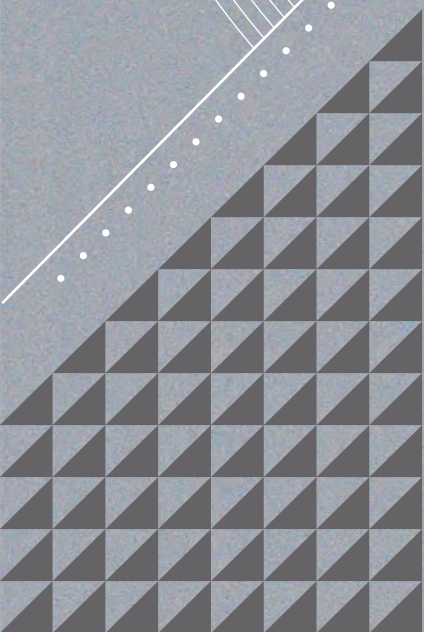
8-13 SEPT ALS: 5TH NATIONAL ENVIRONMENTAL HEALTH ACTION PLAN

In line with the theme of World Environment Day 2019, "Climate change challenges, ALS took part in this event in dealing with the challenges posed by climate change and educate the public at the grassroots level on the dangers of climate change.



..... The Everly Hotel, Putrajaya

ACCOUNTABILITY





CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board") of Progressive Impact Corporation Berhad ("PICORP or the Company") presents this statement to provide the shareholders and investors with an overview of the Corporate Governance ("CG") practices of the Company under the leadership of the Board during the financial year ended 31 December 2019 ("FY2019"). This overview takes guidance from the key CG principles as set out in the Malaysian Code on Corporate Governance ("MCCG").

This statement is made pursuant to Paragraph 15.25(1) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") with guidance drawn from Practice Note 9 of the MMLR and the Corporate Governance Guide (3rd edition) issued by Bursa Securities.

This overview statement is to be read together with other statements in this Annual Report, namely the Statement on Risk Management and Internal Control, Audit Committee Report and Sustainability Report as well as the CG Report 2019 ("CG Report") which is available at the Company's website, www.picorp.com.my.

The Board considers that the Company has complied with the Practices of MCCG in all material aspects except for the following Practices: -

- Practice 4.1 (At least half of the board comprises independent directors);
- Practice 7.2 (The board discloses on a named basis the top five senior management's remuneration component in bands of RM50,000).

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

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS



1. Board Responsibilities

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

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

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

The Board retains collective oversight over the above Board Committees. These Board Committees have been constituted with clear terms of reference and they are actively engaged to ensure that the Group is in adherence to good CG practices.

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

The Board and Board Committees have a Board Charter and respective Terms of References (“TORs”), which are available on the Company’s website. The Board Charter sets out the principles of the Group, structure and authority of the Board. It is a comprehensive reference document for Directors on matters relating to the Board and its processes.

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

The Code of Conduct was established on 7 November 2018 to emphasize on ethical conduct in all aspects of the Group’s activities including conflict of interests and privacy and confidentiality of information. The Code of Conduct applies to all employees in the Group. The employees are expected to safeguard the integrity, reputation and performance of the Group by behaving ethically and professionally at all times. On 28 February 2020, the Group established the Anti-Bribery and Corruption Policy which adopts a zero-tolerance stand against all forms of bribery and corruption. At the same time, the Group also adopted the No Gift Policy which provides employees with guidance on how to deal with situations relating to the receiving and/or giving of gifts that arise in the course of business.

Further details pertaining to the Board Charter, TORs of various Board Committees, Whistleblowing Policy, Code of Conduct, Anti-Bribery and Corruption Policy and No Gift Policy can be found at the Company’s website, www.picorp.com.my.

The Directors allocate ample time to discharge their responsibilities effectively and attend Board and Board Committee meetings with sufficient regularity to deliberate on matters under their purview. Board meetings are held at quarterly intervals with additional meetings convened for particular matters, when necessary. During the year, the Board has deliberated on business strategies and critical issues concerning the Group, including business plan, annual budget and financial results. The attendance of individual Directors at Board and Board Committees meetings during FY2019 are outlined below: -

.....

BOARD MEETING	DATE
01.2019	08 Jan 2019
02.2019	28 Feb 2019
03.2019	23 May 2019
04.2019	20 Aug 2019
05.2019	25 Nov 2019



DIRECTORS	NUMBER OF MEETINGS ATTENDED				
	Board	AC	NC	RC	BRMC
Chairman / Senior Independent Non-Executive Director					
Datuk Abdul Hamid bin Sawal	5/5	4/4	1/1	2/2	N/A
Executive Directors					
Zaid bin Abdullah	5/5	N/A	N/A	N/A	N/A
Dato' Dr Lukman bin Ibrahim	5/5	N/A	N/A	N/A	4/4
Non-Independent Non-Executive Directors					
Zaidah binti Mohd Salleh	5/5	4/4	N/A	N/A	N/A
Usamah bin Zaid	5/5	N/A	N/A	N/A	N/A
Independent Non-Executive Directors					
Dato' Hajjah Rosnani binti Ibarahim	5/5	4/4	1/1	2/2	4/4
Lee Weng Chong	5/5	4/4	N/A	2/2	N/A

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

2. Board Composition

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

At present, the Board is made up of seven (7) members comprising one (1) Independent Non-Executive Chairman, one (1) Executive Deputy Chairman, one (1) Group Executive Director, two (2) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Directors.

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

The NC currently has the following members, both of whom are Independent Non-Executive Directors:

- (a) Datuk Abdul Hamid bin Sawal - Chairman
- (b) Dato' Hajjah Rosnani binti Ibarahim

Both NC members had full attendance of the NC meetings held during FY2019.

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

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

The Board, through the NC, conducts an annual review of its size and composition to determine if the Board has the right size and composition to support the Company's objectives and core values. Based on the assessment conducted on 28 February 2020, the Board was of the view that the Company has a well-balanced Board with good representation of female directors and members having diverse skill sets and core competencies. The Board was also satisfied that there was a mutual respect amongst Directors which contributed to effective and robust decision-making process.

The Board, through the NC, also assesses the independence of the Independent Directors annually. Based on the annual assessment carried out on 28 February 2020, the Board was satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interests of the Company during deliberations at the Board and Board Committee meetings. In view thereof, the Board will be tabling the resolutions to retain Mr Lee Weng Chong, who has served for a cumulative term exceeding nine (9) years, and Datuk Abdul Hamid Bin Sawal, who would exceed the cumulative nine-year term limit on 22 May 2020, as Independent Directors for shareholders' approval at the upcoming AGM of the Company.

The justifications of the Board are as below:

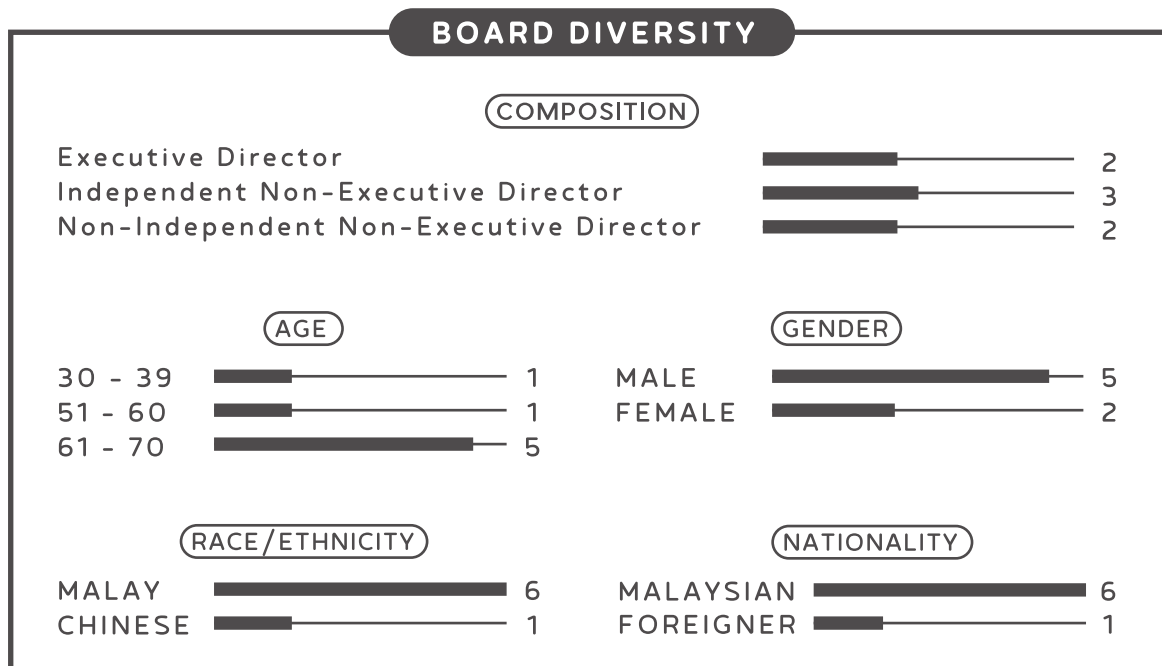
- (a) a Director's independence cannot be determined arbitrarily with reference to a set period of time. Both Directors that their long tenures with the Company have not impaired their judgement and objectivity;
- (b) the Group has greatly benefited from the services of both Directors who have an acute understanding of the Group's corporate history and business;
- (c) both have devoted sufficient time and commitment to discharge their responsibilities as Independent Directors;
- (d) both have consistently challenged Management on strategies by asking questions and participating actively in deliberations and decision-making and they provided advice to Management by sharing diverse perspectives; and
- (e) the Board has assessed both Directors and was of the view that they were independent in character and judgment, independent of management and free from any relationships or circumstances which were likely to affect or could appear to affect their judgment.

The resolution to retain Mr Lee Weng Chong as an Independent Director will be put to a vote using the two-tier voting process.

Some activities carried out by the NC in FY2019 in discharge of its duties are as below:

- carried out the annual assessment on the effectiveness of the Board as a whole, the Board Committees and contribution of each individual Director and reported to the Board. The assessment considered the contribution and performance of Directors on their competency, time commitment, integrity and experience in meeting the needs of the Group. The evaluation process involved a peer and self-review assessment;
- assessed the independence of the Independent Non-Executive Directors and reported the same to the Board;
- reviewed and made recommendations to the Board on the re-election of Directors based on the assessments conducted;
- assessed the character, experience, integrity and competence of the Group Financial Controller and her time in discharging her roles;
- recommended the Board to seek shareholders' approval at the 27th AGM to allow Mr Lee Weng Chong and Datuk Abdul Hamid Sawal to continue to serve as Independent Directors; and
- discussed on the proposal to look for suitable candidates for appointment as Independent Director.

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



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

Name	Name of Course /Seminar/Talk	Details
Datuk Abdul Hamid bin Sawal	Overview of the Companies Act 2016, Practical Insights & Challenges	Date: 5 September 2019 Organizer: Tricor Knowledge House Sdn Bhd
	General Understanding of Section 17A of Malaysian Anti-Corruption Commission Act 2009	Date: 5 September 2019 Organizer: Tricor Knowledge House Sdn Bhd
Zaid bin Abdullah	Overview of the Companies Act 2016, Practical Insights & Challenges	Date: 5 September 2019 Organizer: Tricor Knowledge House Sdn Bhd
	General Understanding of Section 17A of Malaysian Anti-Corruption Commission Act 2009	Date: 5 September 2019 Organizer: Tricor Knowledge House Sdn Bhd
Zaidah binti Mohd Salleh	Overview of the Companies Act 2016, Practical Insights & Challenges	Date: 5 September 2019 Organizer: Tricor Knowledge House Sdn Bhd
	General Understanding of Section 17A of Malaysian Anti-Corruption Commission Act 2009	Date: 5 September 2019 Organizer: Tricor Knowledge House Sdn Bhd
Dato' Hajjah Rosnani binti Ibarahim	Overview of the Companies Act 2016, Practical Insights & Challenges	Date: 5 September 2019 Organizer: Tricor Knowledge House Sdn Bhd
	General Understanding of Section 17A of Malaysian Anti-Corruption Commission Act 2009	Date: 5 September 2019 Organizer: Tricor Knowledge House Sdn Bhd

Name	Name of Course /Seminar/Talk	Details
Lee Weng Chong	Power of Directors	Date: 15 November 2019 Organizer: The Malaysian Institute of Chartered Secretaries and Administrators
Dato' Dr Lukman bin Ibrahim	ICDM International Directors Summit 2019	Date: 14 - 15 October 2019 Organizer: Institute of Corporate Directors Malaysia
	Overview of the Companies Act 2016, Practical Insights & Challenges	Date: 5 September 2019 Organizer: Tricor Knowledge House Sdn Bhd
	General Understanding of Section 17A of Malaysian Anti-Corruption Commission Act 2009	Date: 5 September 2019 Organizer: Tricor Knowledge House Sdn Bhd
Usamah bin Zaid	Are You Prepared for Corporate Liability Training	Date: 11 February 2020 Organizer: Tricor Knowledge House Sdn Bhd
	Training 8D: Problem Solving Technique	Date: 24 April 2019 Organizer: In-house training by Encik Ahmad Shahdan Kassim
	Accounting for Non-Accountant	Date: 18 January 2019 Organizer: In-house training by Dato' Dr Lukman Ibrahim
	Preparation on 2018 Unaudited Financial Performance	Date: 17 January 2019 Organizer: In-house training by Puan Norlidawati Abu Bakar
Fatimah Zahrah binti Zaid	ICDM International Directors Summit 2019	Date: 14 - 15 October 2019 Organizer: Institute of Corporate Directors Malaysia
	Overview of the Companies Act 2016, Practical Insights & Challenges	Date: 5 September 2019 Organizer: Tricor Knowledge House Sdn Bhd
	General Understanding of Section 17A of Malaysian Anti-Corruption Commission Act 2009	Date: 5 September 2019 Organizer: Tricor Knowledge House Sdn Bhd
	Preparation on 2018 Unaudited Financial Performance	Date: 17 January 2019 Organizer: In-house training by Puan Norlidawati Abu Bakar
	Accounting for Non-Accountant	Date: 18 January 2019 Organizer: In-house training by Dato' Dr Lukman Ibrahim
	Training 8D: Problem Solving Technique	Date: 24 April 2019 Organizer: In-house training by Encik Ahmad Shahdan Kassim

3. Remuneration

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

As for oversight on remuneration matters, the Board has established the RC which comprises the following members, all of whom are Independent Non-Executive Directors:

- (a) Datuk Abdul Hamid bin Sawal - Chairman
- (b) Dato' Hajjah Rosnani binti Ibarahim
- (c) Mr Lee Weng Chong

All RC members had full attendance of the RC meetings held in FY2019.

On 28 February 2019, the Board established and approved the Remuneration Policy which can be viewed on the Company's website.

The RC implements policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of the Board and Senior Management.

Detailed disclosures on the remuneration of individual Directors for FY2019 are as below:-

COMPANY LEVEL

DIRECTOR	Salary (RM'000)	Bonus (RM'000)	EPF (RM'000)	Benefits- in-kind (RM'000)	Directors' Fee (RM'000)	Others (RM'000)	TOTAL (RM'000)
Chairman / Senior Independent Non-Executive Director							
Datuk Abdul Hamid bin Sawal	N/A	N/A	N/A	N/A	42	42	84
Executive Directors							
Zaid bin Abdullah	930	155	206	73	N/A	154	1,518
Dato' Dr Lukman bin Ibrahim*	N/A	N/A	N/A	N/A	N/A	28	28
Non-Independent Non-Executive Directors							
Zaidah binti Mohd Salleh	N/A	N/A	N/A	N/A	30	42	72
Usamah bin Zaid	N/A	N/A	N/A	N/A	30	20	50
Independent Non-Executive Directors							
Dato' Hajjah Rosnani binti Ibarahim	N/A	N/A	N/A	N/A	30	50	80

GROUP LEVEL

DIRECTOR	Salary (RM'000)	Bonus (RM'000)	EPF (RM'000)	Benefits- in-kind (RM'000)	Directors' Fee (RM'000)	Others (RM'000)	TOTAL (RM'000)
Chairman / Senior Independent Non-Executive Director							
Datuk Abdul Hamid bin Sawal	N/A	N/A	N/A	N/A	42	42	84
Executive Directors							
Zaid bin Abdullah	930	155	206	73	N/A	154	1,518
Dato' Dr Lukman bin Ibrahim*	N/A	N/A	N/A	N/A	N/A	28	28
Non-Independent Non-Executive Directors							
Zaidah binti Mohd Salleh	N/A	N/A	N/A	N/A	44.4	60	104.4
Usamah bin Zaid	N/A	N/A	N/A	N/A	30	20	50
Independent Non-Executive Directors							
Dato' Hajjah Rosnani binti Ibarahim	N/A	N/A	N/A	N/A	37.2	50	87.2
Lee Weng Chong	N/A	N/A	N/A	N/A	30	40	70

* The Group Executive Director, Dato' Dr Lukman bin Ibrahim is not remunerated by way of salary. For his role and responsibilities, the Company pays a consultancy and management fee to LI Commerce Sdn Bhd, a company in which Dato' Dr Lukman bin Ibrahim is a shareholder. For FY2019, the Company paid RM374,533 to LI Commerce Sdn Bhd. The Company regards this as a recurrent related party transaction.

To avoid any potential controversy within the Company while maintaining harmony amongst management and employees, and respecting the Senior Management's privacy and confidentiality, the Board had decided not to disclose the detailed remuneration packages of the senior management on named basis as required under Practice 7.2. The Board will take steps to ensure that the remuneration of senior management commensurate with their individual performance, taking into consideration the Company's performance and that the remuneration is in line with the industry in order to retain and motivate the personnel.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

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1. Audit Committee (“AC”)

The AC comprises three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. One of the AC members is a member of the Malaysian Institute of Accountants. The composition of AC is reviewed annually by the NC. With the view of maintaining an independent and effective AC, members of AC shall be financially literate, possess the appropriate level of expertise and experience and have a strong understanding of the Group’s business.

The AC undertakes an annual assessment of the suitability and independence of the External Auditors. On 28 February 2020, the AC carried out the annual exercise and having given consideration to the following criteria, the AC had recommended the Board to table the External Auditors’ re-appointment at the 28th AGM for shareholders’ approval:

- (a) experience, level of service, the adequacy of their resources and the level of knowledge and competency of the audit team;
- (b) the quality and scope of the planning of the audit in assessing risks and how External Auditors maintained or updated the audit plan in response to changing risks and circumstances;
- (c) ability to provide constructive observation and recommendations on areas requiring improvements;
- (d) communication to the AC about new and applicable accounting practices and auditing standards and the impact on the Company’s financial statements; and
- (e) level of engagement with the AC.

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

2. Risk Management and Internal Control Framework

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

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

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

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

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

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1. Communication with Stakeholders

The Group ensures that its communication with the shareholders and various stakeholders is transparent, timely and with quality disclosure. The Group, in its effort to maintain high standard for the dissemination of material information of the Group to the stakeholders, had in early 2018 revamped its website to showcase the Group in the best possible light.

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

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



www.picorp.com.my



Progressive Impact Corporation Berhad

2. Conduct of General Meetings

The Group is of the view that the AGM is an important means of communicating with its shareholders to address their concerns. At the 27th AGM held on 19 June 2019, all Directors were present to engage directly with the shareholders and be accountable for their stewardship of the Company. The Chairman invited the members, corporate representatives and proxies who were present to raise questions pertaining to the Company's Audited Financial Statements and proposed resolutions set out in the Notice of the 27th AGM, before putting the resolutions to vote by poll.

This CG Overview Statement was approved by the Board on 28 February 2020.



AUDIT COMMITTEE REPORT

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

The TOR of the AC is available on the Company's website, www.picorp.com.my.

COMPOSITION OF AC



Lee Weng Chong	Chairman, Independent Non-Executive Director
Datuk Abdul Hamid bin Sawal	Member, Senior Independent Non-Executive Director
Dato' Hajjah Rosnani bin Ibarahim	Member, Independent Non-Executive Director
Zaidah binti Mohd Salleh *	Member, Non-Independent Non-Executive Director

* Member of Malaysian Institute of Accountants

The composition of the AC meets the requirements as stated in Paragraph 15.09(1)(a) and (b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities")

MEETINGS



The AC held a total of four (4) meetings during the financial year ended 31 December 2019 ("FY2019") and the details of attendance of the AC members are as follows:

NAME OF DIRECTOR	1 st AC Meeting 28/02/2019	2 nd AC Meeting 23/05/2019	3 rd AC Meeting 20/08/2019	4 th AC Meeting 25/11/2019	Total attendance in FY 2019
Lee Weng Chong	√	√	√	√	4/4
Datuk Abdul Hamid bin Sawal	√	√	√	√	4/4
Zaidah binti Mohd Salleh	√	√	√	√	4/4
Dato' Hajjah Rosnani binti Ibarahim	√	√	√	√	4/4

SUMMARY OF WORK OF AC



The AC's activities during the FY2019 comprised the following:-

1. Financial Reporting

- Reviewed the audited financial statements of the Group prior to recommending the same for the Board's approval;
- Reviewed the quarterly financial statements and consolidated results of the Group prior to recommending the same for the Board's approval; and
- Received the relevant business, financial and tax-related updates from management, including their plans and strategies.

2. External Audit

- a. Reviewed and discussed with the external auditors, the results of their audit on the financial statements for the financial year ended 31 December 2018 ("FY2018") and their memorandum of suggestions; Reviewed and discussed with the external auditors, their audit plan for the financial year ended 31 December 2019 ("FY2019"), covering the areas of audit emphasis, audit timetable, scoping of the group audit, digital audit amongst others;
- c. Reviewed the suitability, objectivity and independence of the external auditors in order to recommend their re-appointment to the Board for recommendation to the shareholders for approval during the 27th Annual General Meeting of the Company;
- d. Reviewed the audit fees, including non-audit fees, prior to recommending the same for the Board's approval;
- e. Met with the external auditors without the presence of the executive directors and management to enquire on significant findings, fraud consideration, management capabilities and/or management co-operation level.

3. Internal Audit

- a. Reviewed and approved the internal audit plan for the FY2019;
- b. Reviewed the adequacy of the scope, functions, competency and resources and overall performance of the internal auditors;
- c. Reviewed the internal audit reports and assessed the findings highlighted and appraised the adequacy and effectiveness of management's response in resolving the audit issues reported;
- d. Reviewed on the follow-up review reports issued by the internal auditors and assessed the status of corrective actions taken by management in implementing the agreed action plan within the agreed timeline;
- e. Met with the internal auditors without the presence of the executive directors and management to enquire on areas of concern, fraud consideration and management's co-operation level and capability.

4. Related Party Transactions

- a. Reviewed the recurrent related party transactions of a revenue or trading nature of the Group;
- b. Reviewed the Circular to Shareholders in Relation to the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.

5. Other Activities

- a. Reviewed the progress of the implementation of SAGE X3, an enterprise resource planning solution for PICORP Group of companies. The solution provides an integrated management that covers a wider spectrum of end-to-end processes namely Customer Relationship Management (CRM) module, Sales module, Purchasing Module, Inventory Module, Fixed Asset Module as well as the Project Management Module.
- b. Reviewed the following reports for inclusion in the Annual Report prior to recommending the same for the Board's approval:
 - Audit Committee Report
 - Statement on Risk Management and Internal Control
 - Corporate Governance Overview Statement
 - Corporate Governance Report
 - Management Discussion and Analysis
 - Sustainability Statement
- c. Reviewed the Statement to Shareholders in Relation to the Proposed Renewal of the Authority to the Company to Purchase up to 10% of the Total Number of Issued Shares in the Company.
- d. Reviewed and confirmed the minutes of AC meetings; and
- e. Reported to the Board on the proceedings of each AC meeting, through the AC Chairman.

INTERNAL AUDIT FUNCTION



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

The total cost incurred for the internal audit function in FY2019 amounted to RM93,208.88 (2018: RM92,031.00).

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

- a. Presented the internal audit findings and action plans to be taken by management to the AC;
- b. Conducted follow-ups on previous audits to ensure corrective actions had been taken and reported the same to the AC;
- c. Conducted audit review on the following activities as per the 2019 Audit Plan which was approved by the AC on 28 February 2019:-

COMPANIES	KEY AUDIT AREAS
Progressive Impact Corporation Berhad	<ul style="list-style-type: none"> - Human Resource Management and Payroll Function - Finance Management - Reconciliation, Adjustment, Banking Facilities, Budgetary Control, Control and Safeguarding of Petty Cash - Legal Function
ALS Technichem (M) Sdn Bhd	<ul style="list-style-type: none"> - Health, Safety & Environmental Management - Preventive maintenance and calibration of instrument and equipment - Inventory Management
Alam Sekitar Malaysia Sdn Bhd	<ul style="list-style-type: none"> - Finance Management - Reconciliation, Adjustment, Banking Facilities, Budgetary Control, Control and Safe-guarding of Petty Cash
Saudi ASMA Environmental Solutions LLC and Asma Advanced Solutions LLC	<ul style="list-style-type: none"> - Business development and sales - Revenue & Receivables - Procurement & receiving control - Accounts payable management & payment controls



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

INTRODUCTION

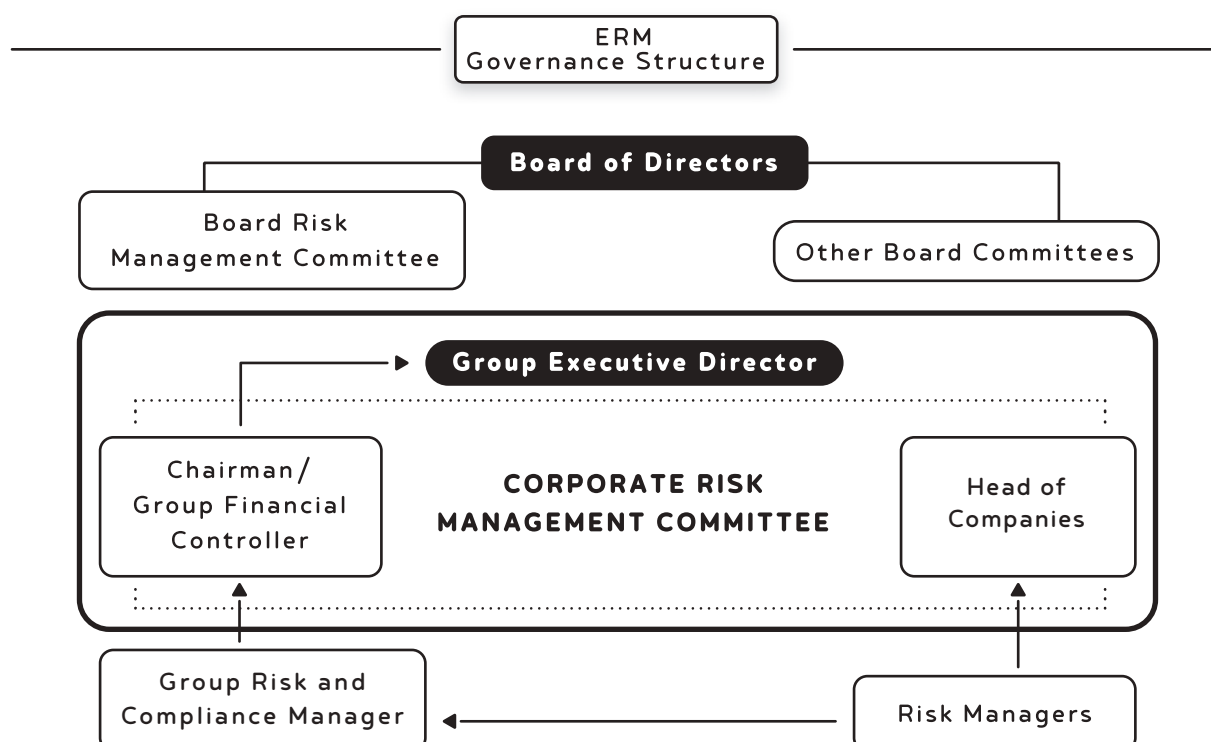


Risk management and internal controls are integrated into management processes and are embedded in all day to day business activities of PICORP.

ENTERPRISE RISK MANAGEMENT ("ERM") GOVERNANCE STRUCTURE



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



THE BOARD



The Board is responsible for the establishment as well as oversight of PICORP's risk management framework and internal control systems that are designed to manage PICORP's risk appetite within acceptable levels of tolerance as set by the Board, rather than eliminate totally the risk of failure to achieve PICORP's goals and objectives in generating returns to shareholders. The Board periodically reviews the effectiveness and adequacy of the framework and systems by identifying, assessing, monitoring and communicating key business risks to safeguard shareholders' investment and PICORP's assets.

The Board has delegated the Risk and Governance responsibility to the Board Risk Management Committee which ensures independent oversight of internal control and risk management. Notwithstanding the delegated responsibilities, the Board acknowledges its overall responsibility in the establishment and oversight of PICORP's risk management framework and internal control systems of PICORP.

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

BOARD RISK MANAGEMENT COMMITTEE ("BRMC")



The BRMC which consists of two (2) Board members, assists the Board to discharge its overall responsibility for risk oversight within PICORP. Specifically, the BRMC oversees the overall risk management processes, reviews and identifies key risks and ensures that infrastructure, resources, processes and systems for risk management are in order. The BRMC is governed by clearly defined Terms of Reference which can be referred on PICORP's website, revised and approved by the Board on 28 February 2019.

AUDIT COMMITTEE ("AC")



The main responsibility of the AC is to assist the Board in assessing the effectiveness of PICORP's internal control systems and overseeing the financial reporting. AC also reviews the adequacy and integrity of PICORP's internal control systems and management information systems, including compliance with applicable laws, rules, directives and guidelines through the internal audit function. The AC's Terms of Reference is stipulated in the Board Charter which is accessible in PICORP's website.

CORPORATE RISK MANAGEMENT COMMITTEE ("CRMC")



In discharging its responsibilities, the BRMC is assisted by the CRMC which the Group Financial Controller (GFC) acted as the Chairman. The members of CRMC comprise the Head of Companies as well as the head of functions namely the Group Legal, Secretarial and Human Capital Development, Corporate Research & Development, Group IT and Facility Management. The responsibility of CRMC includes implementing the risk management processes for identifying, evaluating, monitoring and reporting of risks and internal control, taking appropriate and timely corrective actions as needed, and for providing assurance to the Board that the processes have been carried out. The CRMC is governed by clearly defined Terms of Reference which can be referred on PICORP's SharePoint.

GROUP RISK AND COMPLIANCE ("GRC") UNIT



The GRC unit is responsible for developing, coordinating and facilitating the Risk Management processes as well as the outsourced Internal Audit activities within PICORP. Series of annual Risk Reassessment workshops were conducted with the risk managers of the respective companies and the risk and process owners to carry out risk assessment on the existing and new risks. Where necessary, one-on-one sessions with the respective risk and process owners is conducted to further improve the level of risk awareness among the members of the organization.

HEAD OF COMPANIES



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

RISK MANAGER



Risk Manager is appointed by each company to further support the risk management processes within PICORP Group. The role of the Risk Manager is to assist the Head of Companies in the risk management function where he or she is tasked to facilitate and coordinate all the risk management activities at the company level under the guidance of the Group Risk and Compliance Manager.

INTERNAL AUDIT FUNCTION



The Group's internal audit function is outsourced to a professional services firm to assist the Board and AC in providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system. The coordination of the internal audit plan, activities, field audit as well as the acceptance of the internal audit report is being carried out by the Group Risk and Compliance. During the financial year ended 31 December 2019, internal audit reviews were carried out in accordance with the approved risk based internal audit plan. Findings from the internal audit reviews, including the recommended corrective actions, were presented to the AC in their quarterly scheduled meetings. In addition, follow-up reviews were also conducted on a regular basis to ensure that corrective actions have been implemented on a timely manner.

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

ERM FRAMEWORK



A proactive ERM Framework is important to create and protect stakeholders' value with full integration of risk management in the organisation's governance structure as well as the decision-making process. In line with the statement above, PICORP has adopted an ERM Framework to govern its business and operations. This ERM Framework is generally aligned with the principles of ISO 31000:2010 and COSO 2004 Enterprise Risk Management - Integrated Framework (2017 update).

The framework enables the PICORP to carry out organized and practical management of the organisational risk exposure on an ongoing basis which includes credit risk, market risk, operational risk, compliance risk, strategic risk and reputational risk. The ERM Framework outlines the risk management governance and structure, processes, accountabilities, as well as responsibilities throughout the PICORP. It also provides the Board and Management with a tool to anticipate and manage both existing and potential risks,

taking into consideration changes in the PICORP's internal and external operating environment. ERM in the PICORP enables Management to effectively deal with uncertainties and the associated risks and opportunities, enhancing the capacity to build or enhance value for stakeholders.

ERM PROCESS

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PICORP has adopted the MS ISO 31000:2010 Risk Management Standard which serves as a guideline for identifying, evaluating, managing and monitoring significant risks by PICORP in order to align its risk management process with industry best practices. Figure 3 of MS ISO 31000:2010 illustrates PICORP Risk Management Process.

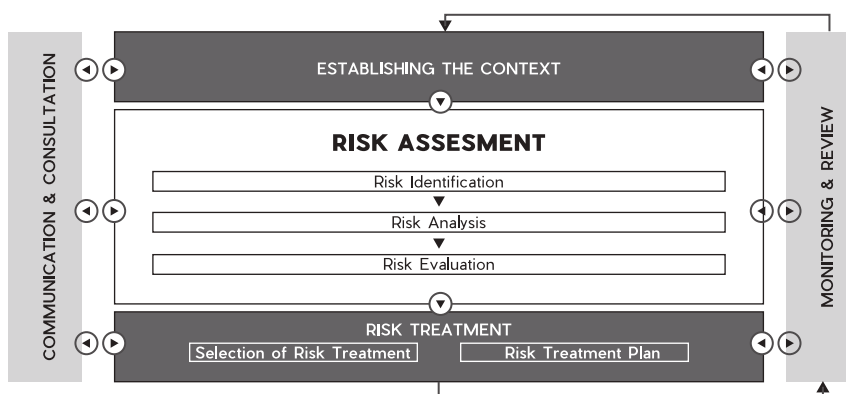


Figure 3: MS ISO 31000:2010

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

RISK MANAGEMENT PORTAL

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The PICORP Risk portal continues to be the platform for risk management process in PICORP which captures the database of risks, existing controls as well as the risk information. Online access to the portal helps to improve risk management processes whereby users can access to the risk management dashboard online and real-time. To further improve the effectiveness of the portal, enhancements were incorporated which includes e-mail notifications to all the risk owners and the risk action plan owners to ensure that the status of the RAPs get updated on a timely basis.

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

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

INTERNAL CONTROL SYSTEM



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

INTERNAL CONTROL SYSTEM	DESCRIPTION
Organisational Structure & Authorisation Procedures	PICORP maintains a formal organisational structure that includes clear delegation of responsibilities and accountability. It sets out the roles and responsibilities, appropriate authority limits, review and approval procedures within the internal control system of PICORP's various business units.
Annual Business Plan	An annual budget is prepared by the Management and tabled to the Board for approval. Periodic monitoring is carried out to measure the actual performance against budget in order to identify any significant variances arising and facilitate the formulation and implementation of remedial action plans. Brainstorming sessions at both departmental and company levels are carried out to ensure a robust and solid business planning process. The Board also plays an active role in deliberating and approved the business objectives and strategies proposed by the management.
Group Policies and Procedures	<p>Documented policies and procedures are in place and regularly reviewed and updated so as to ensure that it maintains its effectiveness and continues to support PICORP's business activities as PICORP continues to grow. During the financial year under review, PICORP established PICORP Group Limit of Authority to further improve the state of governance in PICORP.</p> <p>Included in the Group Policy is the Whistleblowing Policy and Guidelines which was developed to enable any individuals to raise concerns regarding PICORP. The policy was developed to achieve two (2) primary objectives as follows:-</p> <ul style="list-style-type: none"> • To provide a safe and acceptable for staff or any other stakeholders to raise concerns so that it can be addressed in an independent and unbiased manner; and • To provide an internal mechanism for the organisation to be notified about concerns at the workplace and further if required, take any action deemed appropriate. <p>In addition, PICORP also has in place, a comprehensive Human Resource Manual which consists of policy, procedures and forms with aims to define policies and procedures that support basic management philosophies, outline company rules and requirements, clarify the company's expectations of its employees, and describe lines of authority and levels of responsibility.</p>

INTERNAL CONTROL SYSTEM	DESCRIPTION
	<p>During the period under review, the No Gift Policy and the Anti-Bribery and Corruption Policy were introduced to further strengthen the corporate governance policies and practices in PICORP. PICORP embraces a Zero Tolerance Policy against all forms of bribery and corruption. PICORP's No Gift Policy further elaborate upon those principles, providing guidance to employee concerning how to deal with situations relating to the receiving and/or providing gifts that may arise in the course of business.</p> <p>The Anti-Bribery and Corruption Policy has been developed as part of the PICORP's Anti-Bribery Program which is pivotal in ensuring its corporate defence against Section 17A of the Malaysian Anti-Corruption Act 2009 due to be enforced in June 2020. Having a clear and unambiguous policy statement on PICORP's position regarding bribery and corruption forms the cornerstone of an effective integrity management system.</p>
Monitoring and Review	<p>Scheduled operational and management meetings are held to discuss and review the business plans, budgets, financial and operational performance of PICORP. Monthly and quarterly management accounts containing key financial results, operational performances and comparison of actual performance against budgets are presented to the management team for monitoring and review.</p> <p>During FY2019, a mid-year review process was introduced to track the performance of the companies against the budget. The process entails further analysis into the root causes for any shortfall against target which then facilitates the management of companies in coming up with recovery measures to close the gaps. The quarterly financial statements are presented to the Board for their review and approval.</p> <p>PICORP has also put in place a Balanced Score Card (BSC) which linked to and guided by annual targets, accountability and date of accomplishment.</p>
Balanced Score Card ("BSC")	<p>BSC helps in defining and measuring progress towards attaining organisation goals. BSCs are quantifiable measurements, agreed to beforehand, that reflect the critical success factors of an organization. A series of goal-setting and brainstorming sessions have been introduced since 2018 to help the management to enhance organisational performance.</p>

ASSURANCE BY THE GROUP EXECUTIVE DIRECTOR AND THE GROUP FINANCIAL CONTROLLER

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In relation to the risk management and internal control process, the management (through CRMC), to the best of their ability and knowledge confirm that PICORP's risk management and internal control system is operating adequately and effectively as at 31 December 2019.

REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITORS

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The Statement has been reviewed by the External Auditors for the inclusion in the annual report of the PICORP Group for the financial year ended 31 December 2019. The External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of the internal controls.

CONCLUSION BY THE BOARD OF DIRECTORS

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

For the financial year under review, the Board is satisfied that the system of risk management and internal controls is satisfactory and has not resulted in any material loss, contingency or uncertainty. The Board believes that the development of the system of risk and internal controls is an on-going process and has taken steps throughout the year to improve its risk management and internal control system and will continue to do so. This statement is made in accordance with a resolution of the Board dated 28 February 2020.



DIRECTORS' RESPONSIBILITY STATEMENT IN PREPARING THE AUDITED FINANCIAL STATEMENTS

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

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

In preparing the financial statements, the Directors have:-

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

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

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

This statement was approved by the Board of Directors on 28 February 2020.



ADDITIONAL COMPLIANCE INFORMATION

1. Utilisation of Proceeds

There were no proceeds raised from corporate proposals during the financial year ended 31 December 2019.

2. Options, Warrant or Convertible Securities

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

3. Recurrent Related Party Transactions ("RRPT")

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

Company involved	Transacting Parties	Categories of Recurrent Transactions	Actual value transacted during the financial year (RM)	Interested Directors / Major Shareholders and persons connected to them
Alam Sekitar Malaysia Sdn Bhd ("ASMA")	Progressive Impact Technology Sdn Bhd ("PITECH")	Reselling of predictive emission monitoring system by PITECH as a non-exclusive distributor for ASMA	Nil	PITECH is a company in which Zaid bin Abdullah ("Zaid") and Zaidah binti Mohd Salleh ("Zaidah") are directors with shareholdings of 72% in PITECH held through Zaiyadal Keluarga Sdn Bhd ("ZKSB"). Usamah bin Zaid ("Usamah") and Fatimah Zahrah binti Zaid ("Fatimah Zahrah") are also deemed interested by virtue of their family relationship to Zaid and Zaidah.
ASMA	PITECH	Provision of engineering services by PITECH to ASMA	Nil	
ASMA	PITECH	Provision of environment consulting services by ASMA to PITECH	Nil	
PICORP	PITECH	Rental of 6,122sq. ft of office space in MERCU PICORP, Lot 10, Jalan Astaka U8/84, Bukit Jelutong, 40150 Shah Alam to PITECH (i)	318,923	

Company involved	Transacting Parties	Categories of Recurrent Transactions	Actual value transacted during the financial year (RM)	Interested Directors / Major Shareholders and persons connected to them
PICORP	PITECH	Provision of corporate services and support services by PICORP to PITECH	888,258	
PICORP	IAM-Wonderware Sdn Bhd ("IAM-Wonderware")	Rental of office space of 7,934 sq. ft. in MERCU PICORP, Lot 10, Jalan Astaka U8/84, Bukit Jelutong, 40150 Shah Alam, Selangor to IAM-Wonderware	160,937	<p>IAM-Wonderware is a company in which Zaid is a director and Zaidah is a shareholder with shareholdings of 22% held through PITECH.</p> <p>Usamah and Fatimah Zahrah are also deemed interested by virtue of their family relationship to Zaid and Zaidah.</p>
ASMA	Foxboro (M) Sdn Bhd ("Foxboro")	Provision of engineering services by Foxboro to ASMA	Nil	Foxboro is a company in which Zaid and Zaidah are directors with shareholdings of 37% held through PITECH.
PICORP	Foxboro	Rental of 18,693 sq. ft. of office space in MERCU PICORP, Lot 10 Jalan Astaka U8/84, Bukit Jelutong, 40150 Shah Alam to Foxboro (ii)	358,187	Usamah and Fatimah Zahrah are also deemed interested by virtue of their family relationship to Zaid and Zaidah.
PICORP	Foxboro	Provision of corporate services and support services by PICORP to Foxboro	20,818	
PICORP	Untung Aquaculture Sdn Bhd ("Untung Aqua")	Rental of 22.5 acres of leasehold land located at Lot No. PT 7605, Mukim of Lumut, Manjung, Perak to Untung Aqua	22,800	Untung Aqua is a company in which Zaid and Zaidah are shareholders with 100% interest in Untung Aqua held through ZKSB.

Company involved	Transacting Parties	Categories of Recurrent Transactions	Actual value transacted during the financial year (RM)	Interested Directors / Major Shareholders and persons connected to them
				<p>Fatimah Zahrah is a director of Untung Aqua and is deemed interested by virtue of her family relationship to Zaid and Zaidah.</p> <p>Usamah and Fatimah Zahrah are also deemed interested by virtue of their family relationship to Zaid and Zaidah.</p>
PICORP	Progressive Impact Corrosion Sdn Bhd ("PICorr") (formerly known as Cosasco Sdn Bhd)	Rental of 2,151 sq. ft. of office space in MERCU PICORP, Lot 10, Jalan Astaka U8/84, Bukit Jelutong, 40150 Shah Alam to PICorr (iii)	32,872	PICorr is a company in which Zaid and Zaidah are directors. PICorr is a wholly-owned subsidiary of Progressive Impact Engineering Sdn Bhd which in turn is wholly owned by PITECH.
PICORP	PICorr	Provision of corporate services and support services by PICORP to PICorr	12,199	Usamah and Fatimah Zahrah are also deemed interested by virtue of their family relationship to Zaid.
ASMA Advanced Solutions LLC ("AAS")	Intelligent Aqua Sdn Bhd ("Intelligent Aqua")	Reselling of water treatment technology by AAS as a non-exclusive distributor for Intelligent Aqua	Nil	Intelligent Aqua is a company in which Zaid and Zaidah are directors with shareholdings of 60% and Johar is a director with shareholding of 17% in Intelligent Aqua held through PITECH and Intelligent Water Group Sdn Bhd.
ASMA International Sdn Bhd ("AIS")	Intelligent Aqua	Supply of water treatment technology by Intelligent Aqua to AIS	Nil	<p>Johar bin Yusof ("Johar") is the Chief Executive Officer of AIS.</p> <p>Usamah and Fatimah Zahrah are also deemed interested by virtue of their family relationship to Zaid and Zaidah.</p>

Company involved	Transacting Parties	Categories of Recurrent Transactions	Actual value transacted during the financial year (RM)	Interested Directors / Major Shareholders and persons connected to them
PICORP	ZKSB	Provision of corporate services and support services by PICORP to ZKSB	156,666	ZKSB is wholly owned by Zaid, Zaidah, Usamah and Fatimah Zahrah who are also directors.
PICORP	ZKSB	Rental of 2,294 sq. ft of office space in MERCU PICORP, Lot 10, Jalan Astaka U8/84, Bukit Jelutong, 40150 Shah Alam to ZKSB	65,478	

Notes:

- (i) The rental of office space in MERCU PICORP, Lot 10, Jalan Astaka U8/84, Bukit Jelutong, 40150 Shah Alam by PICORP to PITECH changed from of 6,122sq. ft to 34,682 sq. ft. on 1 August 2019.
- (ii) The rental of office space in MERCU PICORP, Lot 10 Jalan Astaka U8/84, Bukit Jelutong, 40150 Shah Alam by PICORP to Foxboro changed from 18,693 sq. ft. to 7,500 sq. ft. on 1 August 2019.
- (iii) The rental of 2,151 sq. ft. of office space in MERCU PICORP, Lot 10, Jalan Astaka U8/84, Bukit Jelutong, 40150 Shah Alam by PICORP to PICorr was terminated on 31 July 2019.

The aforementioned changes were due by PICORP to the internal restructuring among PITECH, Foxboro and PICorr.

4. Material Contracts

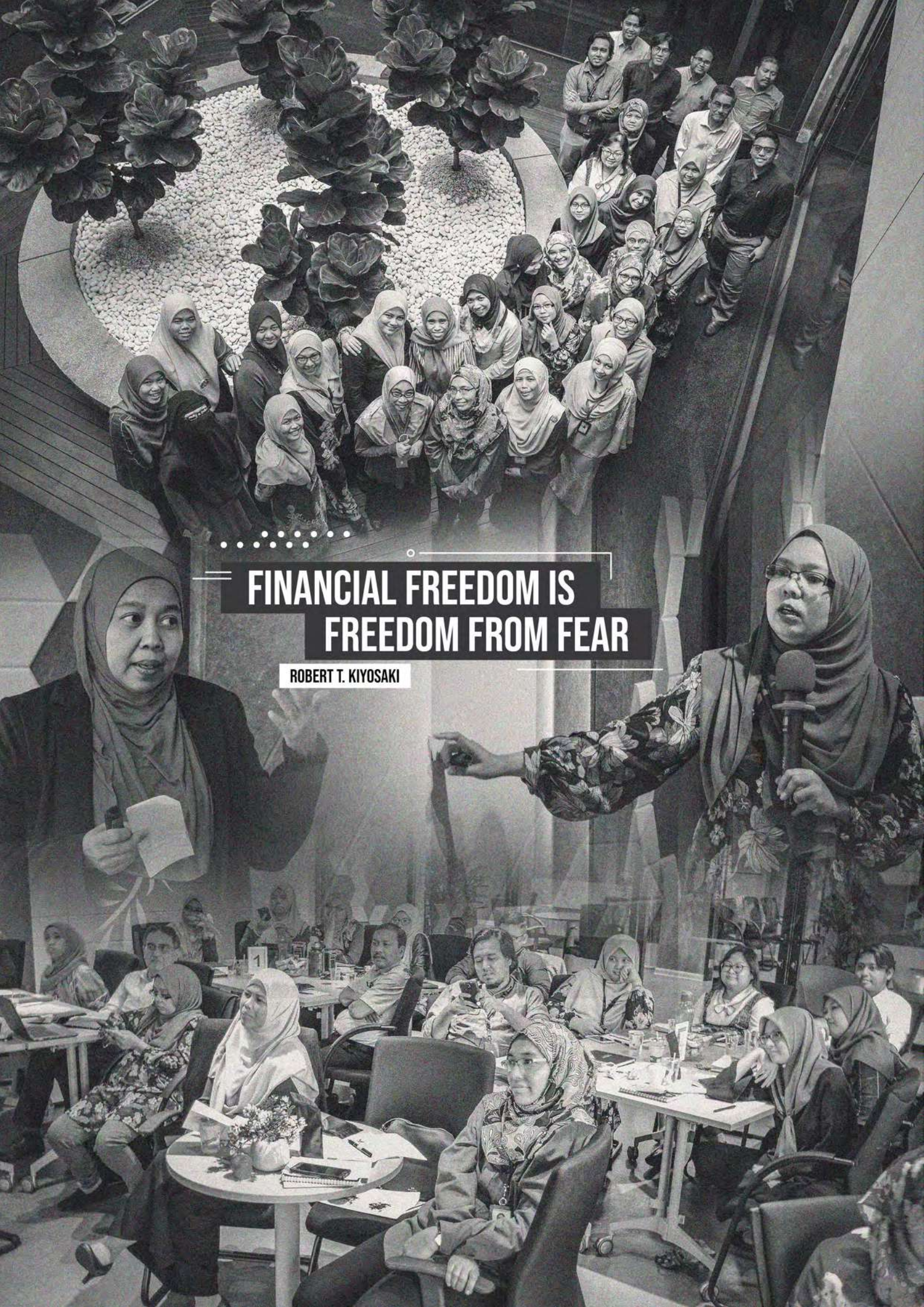
There were no material contracts entered into by the Company or its subsidiaries involving Directors' and major shareholders' interest during the financial year during ended 31 December 2019.

5. Non-Audit Fees

The fees paid/payable to the external auditor, Messrs. Ernst & Young PLT, for the financial year ended 31 December 2019 are as follows: -

	Group (RM)	Company (RM)
Audit	338,000	80,000
Non-Audit	25,000	15,000
Total	363,000	95,000

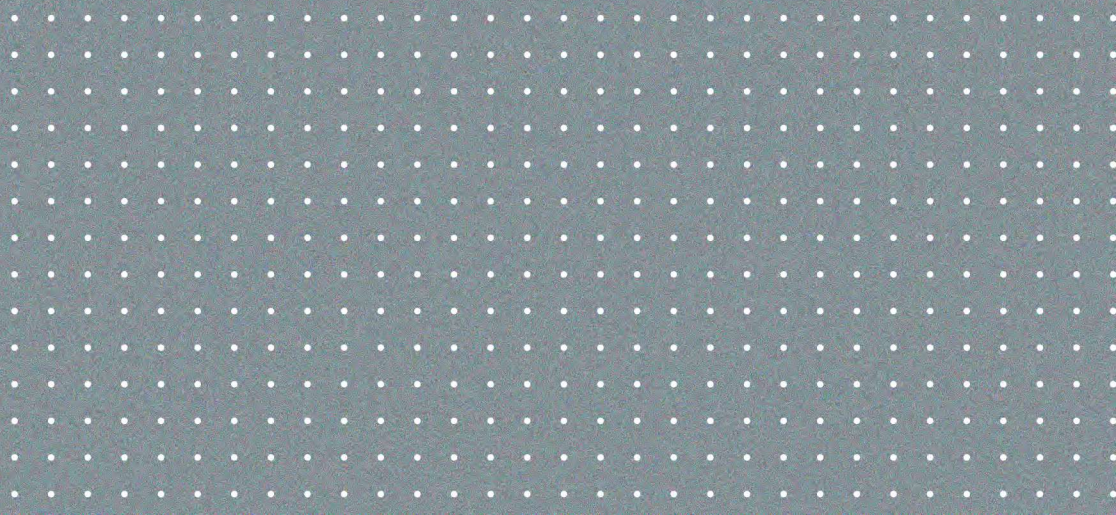
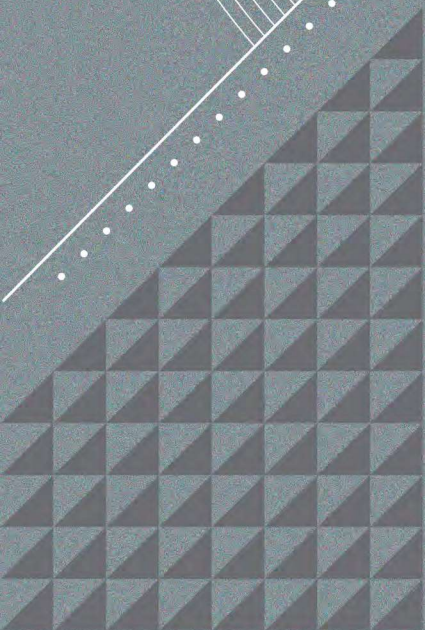
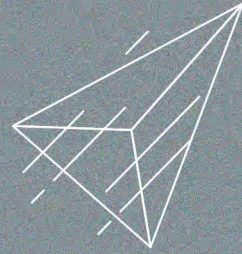
Information on the list of properties is available at the Company's website www.picorp.com.my.



FINANCIAL FREEDOM IS FREEDOM FROM FEAR

ROBERT T. KIYOSAKI

FINANCIAL STATEMENTS



DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

PRINCIPAL ACTIVITIES

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

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

RESULTS

	Group RM	Company RM
Profit net of tax	<u>7,648,659</u>	<u>2,422,919</u>
Profit attributable to:		
Owners of the parent	1,933,576	2,422,919
Non-controlling interest	<u>5,715,083</u>	<u>-</u>
	<u>7,648,659</u>	<u>2,422,919</u>

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

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

DIVIDENDS

The amount of dividends paid by the Company since 31 December 2018 were as follows:

RM

In respect of the financial year ended 31 December 2018:

Final dividend of 0.35 sen per share on 655,796,000 ordinary shares approved on 20 June 2019 and paid on 8 July 2019

2,295,286

DIRECTOR'S REPORT (CONT'D)

DIVIDENDS (CONT'D.)

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2019 of 0.55 sen per share on 655,631,100 ordinary shares amounting to dividend payable of RM3,605,971 will be proposed for shareholders' approval. The financial statements for the current year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the next financial year ending 31 December 2020.

DIRECTORS

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

Zaid bin Abdullah**

Zaidah binti Mohd Salleh**

Datuk Abdul Hamid bin Sawal

Dato' Hajjah Rosnani binti Ibarahim**

Dato' Dr. Lukman bin Ibrahim**

Usamah bin Zaid**

Fatimah Zahrah binti Zaid

(alternate director to Zaidah bt Mohd Salleh)

Lee Weng Chong

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

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

Nadzrah binti Hashim

Johar bin Yusof

Gregory Francis Kilmister

Timothy James Kilmister

Zainah binti Zaid

Rajesh M Naran

Uthai Yaibuathes

Apichai Yaibuathes

Abdul Wahab bin Nasser Al - Akeel

Mansoor Abdul Wahab bin Nasser Al - Akeel

Chin Teen Teen

Herizal

Salman Abdul Wahab bin Nasser Al - Akeel

(Appointed on 1 June 2019)

Ahmad Kamel Ismail

(Resigned on 8 September 2019)

Greg Gordon Affleck

(Resigned on 1 November 2019)

DIRECTOR'S REPORT (CONT'D)

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no directors have received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full time employee of the Company as shown in Note 8 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

The Directors' remunerations are as follows:

	Group RM	Company RM
Directors of the Company		
Executive	<u>2,090,489</u>	<u>2,090,489</u>
Non Executive	<u>395,600</u>	<u>356,000</u>
	<u>2,486,089</u>	<u>2,446,489</u>

INDEMNITIES TO DIRECTORS OR OFFICERS

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

DIRECTORS' INTEREST

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

	1.1.2019	Number of ordinary shares		31.12.2019
		Acquired	Sold	
Direct interest:				
Zaid bin Abdullah*	47,925,100	-	-	47,925,100
Zaidah binti Mohd Salleh*	8,769,400	-	-	8,769,400
Lee Weng Chong	1,050,000	-	-	1,050,000
Usamah bin Zaid **	112,000	-	-	112,000
Fatimah Zahrah binti Zaid **	110,300	-	-	110,300

* Both of these Directors are in a spousal relationship

** These Directors are the children of Zaid bin Abdullah and Zaidah bt Mohd Salleh

DIRECTOR'S REPORT (CONT'D)

DIRECTORS' INTERESTS (CONT'D.)

	1.1.2019	Number of ordinary shares		31.12.2019
		Acquired	Sold	
Indirect interest:				
Zaid bin Abdullah and Zaidah binti Mohd Salleh	310,419, 922	-	-	310,419, 922
Subsidiary				
- ALS Technichem (M) Sdn. Bhd.				
Direct:				
Zaid bin Abdullah	10,000	-	-	10,000

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

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

TREASURY SHARES

During the financial year, the Company acquired 764,900 of its own ordinary shares. The total amount paid to acquire the shares was RM98,046. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

As at 31 December 2019, the Company held as treasury shares a total of 2,368,900 issued ordinary shares. Such treasury shares are held at a carrying amount of RM329,543 and further relevant details are disclosed in Note 27 to the financial statements.

OTHER STATUTORY INFORMATION

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

DIRECTOR'S REPORT (CONT'D)

OTHER STATUTORY INFORMATION (CONT'D.)

- (b) At the date of this report, the directors are not aware of any circumstances which would render:
 - (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
 - (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
 - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet its obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTOR'S REPORT (CONT'D)

AUDITORS

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

Auditors' remuneration is as follows:

	Group RM	Company RM
Ernst & Young PLT	338,000	80,000
Other auditors	94,205	-
	<u>432,205</u>	<u>80,000</u>

To the extent permitted by law, the Company has agreed to indemnify its auditor, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for unspecified amount). No payment has been made to indemnify Ernst & Young PLT for the financial year ended 31 December 2019.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 12 May 2020.

Dato' Dr. Lukman bin Ibrahim

Datuk Abdul Hamid bin Sawal

STATEMENT BY DIRECTORS

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

We, Dato' Dr. Lukman bin Ibrahim and Datuk Abdul Hamid bin Sawal, being two of the directors of Progressive Impact Corporation Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 129 to 228 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 12 May 2020.

Dato' Dr. Lukman bin Ibrahim

Datuk Abdul Hamid bin Sawal

STATUTORY DECLARATION

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

I, Salinah binti Hj Togok, being the officer primarily responsible for the financial management of Progressive Impact Corporation Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 129 to 228 are in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Salinah binti Hj Togok
at Kuala Lumpur
on 12 May 2020

Salinah binti Hj Togok
MIA Membership No: 22501

Before me,

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PROGRESSIVE IMPACT
CORPORATION BERHAD (INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Progressive Impact Corporation Berhad, which comprise statements of financial position as at 31 December 2019 of the Group and of the Company, and statements of 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 a summary of significant accounting policies and other explanatory information, as set out on pages 129 to 228.

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 2019, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

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

Independence and other ethical responsibilities

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Group. A key audit matter for the audit of the financial statements of the Company is described below. This matter was addressed in the context of our audit of the financial statements of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. For the matter below, our description of how our audit addressed the matter is provided in that context.

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

Key audit matters (cont'd.)

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

Impairment assessment of investment in a subsidiary

(Refer to Note 2.3(h), Note 3.2(a) and Note 16 to financial statements)

MFRS 136 - Impairment of Assets ("MFRS 136") requires an entity to assess at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, management should estimate the recoverable amount of the assets. Given the significance judgement and estimates involved in the assessment of the recoverable amount, we have identified the impairment of investment in subsidiaries as an important area of our audit.

The losses reported by the Company's subsidiary, Saudi ASMA Environmental Solutions LLC ("SAES"), indicated that the carrying amount of the investment in this subsidiary may be impaired. Accordingly, the Company estimated the recoverable amount of its cash generating units ("CGUs") based on value-in-use ("VIU"). Estimating the VIU involves estimating the future cash inflows and outflows that will be derived from the investment in SAES, and discounting them at an appropriate rate.

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

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

Key audit matters (cont'd.)

Impairment assessment of investment in a subsidiary (cont'd.)

- i) enquired the project teams to obtain an understanding of the status of negotiations and the likelihood of securing the significant revenue contracts;
- ii) evaluated the estimated profits to be derived from those significant revenue contracts by comparing the estimated profits with the actual profits derived from similar completed contracts in previous years;
- iii) together with EY valuation specialists, evaluated the discount rate used to determine the present value of the cash flows and whether the rate used reflects the current market assessments of the time value of money and the risks specific to the asset; and
- iv) assessed the sensitivity of the cash flows to changes in the discount rate and revenue growth rate.

In addition, we also evaluated the Company's disclosures of each key assumption to which the CGU's recoverable amount is most sensitive, on which the Company has based its cash flow projection. The disclosures on key assumptions are in Note 16 to the financial statements.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the Group's 2019 Annual Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon which we obtained prior to the date of this auditors' report, which is expected to be made available to us after the date of this auditors' report.

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

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

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

Information other than the financial statements and auditors' report thereon (cont'd.)

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

When we read the Group's 2019 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

*INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PROGRESSIVE IMPACT
CORPORATION BERHAD (INCORPORATED IN MALAYSIA)
(CONT'D)*

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

*INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PROGRESSIVE IMPACT
CORPORATION BERHAD (INCORPORATED IN MALAYSIA)
(CONT'D)*

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

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

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

Report on other legal and regulatory requirements

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

Other matters

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

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

Kuala Lumpur, Malaysia
12 May 2020

Najihah Binti Khalid
No. 03249/10/2020 J
Chartered Accountant

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Group		Company	
		2019	2018	2019	2018
		RM	RM	RM	RM
Revenue	4	99,505,558	87,464,974	9,801,570	12,675,262
Cost of sales	5	(34,079,367)	(27,817,599)	(1,540,900)	(1,298,597)
Other income	6	1,972,752	1,027,273	857,681	1,098,779
Staff costs	7	(29,929,110)	(25,329,184)	(3,087,535)	(3,660,348)
Depreciation and amortisation		(6,021,742)	(6,664,611)	(1,079,066)	(822,056)
Other operating expenses		(14,616,952)	(13,591,006)	(769,457)	(3,804,303)
Profit from operations		16,831,139	15,089,847	4,182,293	4,188,737
Finance costs	9	(2,134,538)	(2,274,758)	(1,616,194)	(1,574,498)
Profit before tax	10	14,696,601	12,815,089	2,566,099	2,614,239
Taxation	11	(7,047,942)	(5,655,109)	(143,180)	(183,075)
Profit net of tax		7,648,659	7,159,980	2,422,919	2,431,164
Other comprehensive income to be reclassified to profit or loss in subsequent period:					
Foreign currency translation		592,245	(350,339)	-	-
Actuarial loss on retirement benefit		(50,942)	(203,776)	-	-
Other comprehensive profit / (loss) for the year, net of tax		541,303	(554,115)	-	-
Total comprehensive income for the year		8,189,962	6,605,865	2,422,919	2,431,164

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D.)

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Profit attributable to:					
Owners of the parent		1,933, 576	448, 151	2,422,919	2,431,164
Non-controlling interest		5, 715,083	6, 711,829	-	-
		<u>7,648, 659</u>	<u>7, 159,980</u>	<u>2,422,919</u>	<u>2,431,164</u>
Total comprehensive income attributable to :					
Owners of the parent		2,234, 015	102, 795	2,422,919	2,431,164
Non-controlling interest		5,955, 947	6,503,070	-	-
		<u>8,189, 962</u>	<u>6,605,865</u>	<u>2,422,919</u>	<u>2,431,164</u>
Earnings per share (sen) attributable to owners of the parent					
Basic	12	<u>0.3</u>	<u>0.1</u>		

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

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

		Group		Company	
		2019 RM	2018 RM	2019 RM	2018 RM
Assets					
Non current assets					
Property, plant and equipment	13	40,669,080	38,746,389	1,551,226	1,246,413
Investment properties	14	38,055,163	37,219,322	42,049,061	41,213,220
Right-of-use assets	15	137,454	-	-	-
Investment in subsidiaries	16	-	-	32,726,339	32,726,339
Prepaid land lease payment	17	-	829,057	-	175,000
Goodwill on consolidation	18	860,972	860,972	-	-
Deferred tax assets	30	152,219	175,145	-	-
		<u>79,874,888</u>	<u>77,830,885</u>	<u>76,326,626</u>	<u>75,360,972</u>
Current assets					
Inventories	19	54,197	87,728	-	-
Trade and other receivables	20	41,021,941	40,168,997	15,259,640	12,379,856
Contract assets	21	6,368,432	5,335,484	-	-
Tax recoverable		175,429	3,164,331	-	76,888
Other current financial assets	22	13,578,249	7,462,226	11,865	11,462
Cash and bank balances	23	22,207,389	22,798,662	7,685,715	9,596,903
		<u>83,405,637</u>	<u>79,017,428</u>	<u>22,957,220</u>	<u>22,065,109</u>
Total assets		<u>163,280,525</u>	<u>156,848,313</u>	<u>99,283,846</u>	<u>97,426,081</u>

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019 (CONT'D)

		Group		Company	
		2019	2018	2019	2018
		RM	RM	RM	RM
Equity and liabilities					
Current liabilities					
Trade and other payables	24	17,891,439	14,717,840	12,100,590	13,128,184
Lease obligations	15	67,445	-	-	-
Borrowings	25	27,287,046	25,353,898	15,591,040	12,753,542
Income tax payable		1,360,700	1,947,418	1,295	-
		<u>46,606,630</u>	<u>42,019,156</u>	<u>27,692,925</u>	<u>25,881,726</u>
Non current liabilities					
Retirement benefit obligation	26	2,686,541	2,499,664	1,193,504	1,059,914
Deferred tax liabilities	30	3,306,452	2,884,719	-	26,602
Lease obligations	15	80,501	-	-	-
Borrowings	25	341,607	677,610	237,264	327,273
		<u>6,415,101</u>	<u>6,061,993</u>	<u>1,430,768</u>	<u>1,413,789</u>
Total liabilities		<u>53,021,731</u>	<u>48,081,149</u>	<u>29,123,693</u>	<u>27,295,515</u>
Equity attributable to owners of the parent					
Share capital	27	65,970,290	65,970,290	65,970,290	65,970,290
Treasury shares	27	(329,543)	(231,497)	(329,543)	(231,497)
Other reserves	28	(374,582)	(675,021)	-	-
Retained earnings	29	14,960,399	15,322,109	4,519,406	4,391,773
		<u>80,226,564</u>	<u>80,385,881</u>	<u>70,160,153</u>	<u>70,130,566</u>
Non-controlling interest		30,032,230	28,381,283	-	-
Total equity		<u>110,258,794</u>	<u>108,767,164</u>	<u>70,160,153</u>	<u>70,130,566</u>
Total equity and liabilities		<u>163,280,525</u>	<u>156,848,313</u>	<u>99,283,846</u>	<u>97,426,081</u>

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

Group	Note	Attributable to equity holders of the Company					Non-controlling interest RM	Total equity RM
		Share capital RM (Note 27)	Treasury shares RM (Note 27)	Other reserves RM (Note 28)	Distributable Retained earnings RM (Note 29)	Total RM		
At 1 January 2019		65,970,290	(231,497)	(675,021)	15,322,109	80,385,881	28,381,283	108,767,164
Total comprehensive income		-	-	300,439	1,933,576	2,234,015	5,955,947	8,189,962
Transactions with owners								
Purchase of treasury shares	27	-	(98,046)	-	-	(98,046)	-	(98,046)
Dividends paid to non-controlling interest		-	-	-	-	-	(4,305,000)	(4,305,000)
Dividends	31	-	-	-	(2,295,286)	(2,295,286)	-	(2,295,286)
At 31 December 2019		65,970,290	(329,543)	(374,582)	14,960,399	80,226,564	30,032,230	110,258,794

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D.)

Group	Note	Attributable to equity holders of the Company					Total equity RM
		Share capital RM (Note 27)	Treasury shares RM (Note 27)	Other reserves RM (Note 28)	Distributable retained earnings RM (Note 29)	Non-controlling interest RM	
At 1 January 2018		65,970,290	(201,592)	(329,665)	19,141,916	26,804,563	111,385,512
Total comprehensive income		-	-	(345,356)	448,151	6,503,070	6,605,865
Transactions with owners							
Purchase of treasury shares	27	-	(29,905)	-	-	-	(29,905)
Dividends paid to non-controlling interest		-	-	-	-	(4,926,350)	(4,926,350)
Dividends	31	-	-	-	(4,267,958)	-	(4,267,958)
At 31 December 2018		65,970,290	(231,497)	(675,021)	15,322,109	28,381,283	108,767,164

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

Company	Note	Share capital RM (Note 27)	Non-Distributable Treasury shares RM (Note 27)	Distributable Retained earnings RM (Note 29)	Total equity RM
At 1 January 2019		65,970,290	(231,497)	4,391,773	70,130,566
Total comprehensive income		-	-	2,422,919	2,422,919
Transaction with owners					
Purchase of treasury shares	27	-	(98,046)	-	(98,046)
Dividends	31	-	-	(2,295,286)	(2,295,286)
At 31 December 2019		65,970,290	(329,543)	4,519,406	70,160,153

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D.)

Company	Note	<---Non-Distributable--->		Distributable	Total
		Share capital RM	Treasury shares RM	Retained earnings RM	equity RM
		(Note 27)	(Note 27)	(Note 29)	
At 1 January 2018		65,970,290	(201,592)	6,228,567	71,997,265
Total comprehensive income		-	-	2,431,164	2,431,164
Transaction with owners					
Purchase of treasury shares	27	-	(29,905)	-	(29,905)
Dividends	31	-	-	(4,267,958)	(4,267,958)
At 31 December 2018		65,970,290	(231,497)	4,391,773	70,130,566

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

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Cash flows from operating activities				
Profit before tax	14,696,601	12,815,089	2,566,099	2,614,239
Adjustments for:				
Depreciation of property, plant and equipment	5,166,502	5,914,350	313,151	107,438
Amortisation of investment properties	765,914	689,618	765,914	689,618
Amortisation of prepaid land lease payment	-	60,643	-	25,000
Depreciation of right-of-use-assets	89,326	-	-	-
Provision for retirement benefit obligations	545,188	628,083	133,590	133,590
Gain on disposal of property, plant and equipment, net	(307,853)	(25,123)	(32,000)	(5,400)
Impairment of property, plant and equipment	-	235,985	-	-
Write off of property, plant and equipment	433	-	433	-
Reversal of impairment of investment in a subsidiary	-	-	-	(500,000)
Loss on disposal of investment in a subsidiary	-	-	-	499,999
Impairment of trade receivables	732,597	441,573	-	-
Reversal of impairment of trade receivables - recovered through payment	(374,655)	(16,497)	-	-
Write off on trade receivables	(66,171)	(1,116,116)	-	-
Impairment of other receivables	-	-	16,694	2,025,849
Reversal of impairment of other receivables - recovered through payment	-	(14,491)	-	(14,491)
Write off of other receivables	-	(170,974)	-	-
Cash generated from operations (carried forward)	<u>21,247,882</u>	<u>19,442,140</u>	<u>3,763,881</u>	<u>5,575,842</u>

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

	Group 2019 RM	2018 RM	Company 2019 RM	2018 RM
Cash flows from operating activities (cont'd.)				
Cash generated from operations (brought forward)	21,247,882	19,442,140	3,763,881	5,575,842
Fair value gain on other current financial assets	(267,353)	(261,704)	(403)	(403)
Net unrealised foreign exchange loss/(gain)	133,022	227,893	(87,638)	(31,238)
Finance cost	2,134,538	2,274,758	1,616,194	1,574,498
Dividends income	-	-	(6,545,000)	(9,400,000)
Profit income from deposits	(326,294)	(453,026)	(204,931)	(235,943)
Profit income from intercompany loans	-	-	(532,237)	(309,221)
Dividend from unit trust	-	(890)	-	(890)
Operating profit/(loss) before working capital changes	<u>22,921,795</u>	<u>21,229,171</u>	<u>(1,990,134)</u>	<u>(2,827,355)</u>
Working capital changes:				
Decrease in inventories (Increase)/decrease	33,531	-	-	-
in receivables	(2,646,095)	(9,112,522)	(4,632,406)	12,828,563
Increase/(decrease) in payables	<u>3,932,185</u>	<u>2,121,799</u>	<u>(1,013,439)</u>	<u>(5,530,692)</u>
Cash generated from/(used in) operations	24,241,416	14,238,448	(7,635,979)	4,470,516
Financing cost paid	(2,124,271)	(2,274,758)	(1,616,194)	(1,574,498)
Retirement benefit obligation paid	(307,369)	(100,038)	-	-
Taxation paid	<u>(4,201,098)</u>	<u>(5,082,517)</u>	<u>(91,599)</u>	<u>(388,709)</u>
Net cash generated from/(used in) operating activities	<u>17,608,678</u>	<u>6,781,135</u>	<u>(9,343,772)</u>	<u>2,507,309</u>
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment and equipment	485,478	30,741	32,000	5,400
(Placement)/withdrawal of unit trust	<u>(6,116,023)</u>	<u>205,976</u>	<u>-</u>	<u>26,163</u>
Cash (used in)/generated from investments (carried forward)	<u>(5,630,545)</u>	<u>236,717</u>	<u>32,000</u>	<u>31,563</u>

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Cash flows from investing activities (cont'd.)				
Cash (used in)/generated from investments (brought forward)	(5,630,545)	236,717	32,000	31,563
Purchase of property, plant and equipment	(6,264,502)	(6,435,484)	(618,397)	(829,068)
Land conversion premium	(1,440,910)	-	(1,440,910)	-
Acquisition of investment in a subsidiary	-	-	-	(17,139,981)
Net dividend received	-	-	8,900,803	8,760,000
Profits received from deposits	326,294	453,026	204,931	235,943
Dividend from unit trust	-	890	-	890
Withdrawal/(placement) of deposits pledged	1,900,981	(2,231,161)	1,919,560	(2,231,161)
Net cash (used in)/generated from investing activities	(11,108,682)	(7,976,012)	8,997,987	(11,171,814)
Cash flows from financing activities				
Drawdown of loans and borrowings	3,938,000	15,271,972	-	-
Repayment of loans and borrowings	(5,088,344)	(5,809,928)	-	-
Purchase of treasury shares	(98,046)	(29,905)	(98,046)	(29,905)
Islamic hire purchase drawdown	-	1,094,304	-	460,905
Islamic hire purchase repayment	(90,009)	(25,101)	(90,009)	(33,408)
Dividend paid	(2,295,286)	(4,267,958)	(2,295,286)	(4,267,958)
Dividend to non-controlling interest	(4,305,000)	(8,024,902)	-	-
Lease payment	(89,101)	-	-	-
Net cash used in financing activities	(8,027,786)	(1,791,518)	(2,483,341)	(3,870,366)
Net decrease in cash and cash equivalents	(1,527,790)	(2,986,395)	(2,829,126)	(12,534,871)
Cash and cash equivalents at beginning of the year	499,400	3,476,945	(12,402,359)	132,512
Cash and cash equivalents at end of the year	(1,028,390)	490,550	(15,231,485)	(12,402,359)

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

		Group		Company	
		2019	2018	2019	2018
	Note	RM	RM	RM	RM
Cash and cash equivalents:					
Cash and bank balances	23	22,207,389	22,798,662	7,685,715	9,596,903
Overdraft	25	(15,490,816)	(12,653,318)	(15,490,816)	(12,653,318)
		6,716,573	10,145,344	(7,805,101)	(3,056,415)
Less: Restricted deposits	23	(7,744,963)	(9,654,794)	(7,426,384)	(9,345,944)
		<u>(1,028,390)</u>	<u>490,550</u>	<u>(15,231,485)</u>	<u>(12,402,359)</u>

Reconciliation of movement of borrowing to cash flows arising from financing activities:

		Group		Company	
		2019	2018	2019	2018
		RM	RM	RM	RM
Borrowing					
As at 1 January		26,031,508	21,753,923	13,080,815	98,839
Drawdown/(repayment) of:					
Hire purchase		(338,648)	1,020,681	(90,009)	427,497
Overdraft		2,837,498	(6,284,472)	2,837,498	12,554,479
Revolving credit		(3,714)	10,041,276	-	-
Term loan		(897,991)	(499,900)	-	-
As at 31 December		<u>27,628,653</u>	<u>26,031,508</u>	<u>15,828,304</u>	<u>13,080,815</u>

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

1. Corporate information

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

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

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

The financial statements were authorised for issue by the Board of Directors in accordance with the resolution of the Directors on 12 May 2020.

2. Significant accounting policies

2.1 Basis of preparation

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

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

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

As of 1 January 2019, the Group and the Company had adopted new, amendments and revised MFRS (collectively referred to as "pronouncements") that have been issued by the Malaysian Accounting Standards Board ("MASB") as described fully in Note 2.4.

2.2 Basis of consolidation

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

(CONT'D)

2. Significant accounting policies (cont'd.)

2.2 Basis of consolidation (cont'd.)

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

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

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including but not limited to:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

The Group re-assessed whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

(CONT'D)

2. Significant accounting policies (cont'd.)

2.2 Basis of consolidation (cont'd.)

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

(CONT'D)

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies

(a) Foreign currencies

(i) Functional and presentation currency

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

(ii) Foreign currency transactions

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

(CONT'D)

2. Significant accounting policies (cont'd.)

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

(a) Foreign currencies (cont'd.)

(ii) Foreign currency transactions (cont'd.)

The principal exchange rates used for each respective unit of foreign currency ruling at the reporting date are as follows:

	2019 RM	2018 RM
United States Dollar	4.09	4.13
Saudi Riyal	1.09	1.10
Australian Dollar	2.87	2.92
Singapore Dollar	3.04	3.03
European Euro	4.59	4.73
Indonesia Rupiah	0.0003	0.0003

(iii) Foreign operations

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

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

(b) Fair value measurement

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

(CONT'D)

2. Significant accounting policies (cont'd.)

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

(b) Fair value measurement (cont'd.)

(i) Financial instruments

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

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

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

(ii) Non-financial assets

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

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable input).

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

(CONT'D)

2. Significant accounting policies (cont'd.)

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

(c) Revenue

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

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

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

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

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

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

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

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

(CONT'D)

2. Significant accounting policies (cont'd.)

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

(c) Revenue (cont'd.)

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

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

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

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

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

(i) Interest income

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

(ii) Management fees

Management fees are recognised when services are rendered.

(iii) Dividend income

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

(CONT'D)

2. Significant accounting policies (cont'd.)

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

(c) Revenue (cont'd.)

(iv) Rental income

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

(v) Sales of good

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(vi) Rendering of services

Revenue from services rendered is recognised net of taxes and discount as and when the services are performed.

(d) Taxation

(i) Current tax

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

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

(ii) Deferred tax

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

(CONT'D)

2. Significant accounting policies (cont'd.)

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

(d) Taxation (cont'd.)

(ii) Deferred tax (cont'd.)

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

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

(CONT'D)

2. Significant accounting policies (cont'd.)

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

(d) Taxation (cont'd.)

(ii) Deferred tax (cont'd.)

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

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

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

(e) Property, plant and equipment

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

(CONT'D)

2. Significant accounting policies (cont'd.)

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

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

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

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

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

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

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

(f) Investment properties

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

(CONT'D)

2. Significant accounting policies (cont'd.)

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

(f) Investment properties (cont'd.)

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.3(e) up to the date of change in use.

(g) Goodwill on consolidation

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

(CONT'D)

2. Significant accounting policies (cont'd.)

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

(h) Impairment of non-financial assets

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

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

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

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

(i) Cash and cash equivalents

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

(CONT'D)

2. Significant accounting policies (cont'd.)

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

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for on a first come first serve basis.

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

(k) Financial assets

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

(i) Initial recognition and measurement

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

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

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

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

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

(CONT'D)

2. Significant accounting policies (cont'd.)

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

(k) Financial assets (cont'd.)

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

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

(ii) Subsequent measurement

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

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

Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

(CONT'D)

2. Significant accounting policies (cont'd.)

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

(k) Financial assets (cont'd.)

(ii) Subsequent measurement (cont'd.)

Fair value through other comprehensive income

This category comprises debt instruments where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt instruments are not designated as at fair value through profit or loss.

Fair value through other comprehensive income category also comprises investment in equity that are not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Financial assets categorised as fair value through other comprehensive income are subsequently measured at fair value with unrealised gains and losses recognised directly in other comprehensive income and accumulated under fair value through other comprehensive income reserve in equity. For debt instruments, when the investment is derecognised or determined to be impaired, the cumulative gain or loss previously recorded in equity is reclassified to the profit or loss. For equity instruments, the gains or losses are never reclassified to profit or loss.

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

Fair value through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). On initial recognition, the Group and the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

(CONT'D)

2. Summary of significant accounting policies (cont'd.)

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

(k) Financial assets (cont'd.)

(ii) Subsequent measurement (cont'd.)

Fair value through profit or loss (cont'd.)

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses recognised in the profit or loss. The methods used to measure fair value are stated in Note 2.3(b).

The Group and the Company designate its other current financial assets as financial assets at fair value through profit or loss.

(iii) Derecognition

A financial asset is primarily derecognised when:

- (a) The rights to receive cash flows from the asset have expired; or
- (b) The Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (i) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (ii) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Group and the Company have transferred their rights to receive cash flows from an asset or have entered into a passthrough arrangement, they evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company would be required to repay.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

(CONT'D)

2. Significant accounting policies (cont'd.)

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

(l) Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments carried at amortised cost and fair value through OCI. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognise a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group and the Company consider a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(m) Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, or amortised cost as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of amortised cost, net of directly attributable transaction costs.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

(CONT'D)

2. Significant accounting policies (cont'd.)

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

(m) Financial liabilities (cont'd.)

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

The Group and the Company's financial liabilities includes trade and other payables and borrowings.

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group and the Company that is not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gain or losses on liabilities held for trading are recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group and the Company has not designated any financial liability as at fair value through profit or loss.

Loan and borrowings

This is the category most relevant to the Group and the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

This category generally applies to interest-bearing loans and borrowings.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

(CONT'D)

2. Significant accounting policies (cont'd.)

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

(m) Financial liabilities (cont'd.)

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the profit or loss.

(n) Contract assets and liabilities

Contract asset is the right to consideration for goods or services transferred to the customers. In the case of construction contracts, contract asset is the excess of cumulative revenue earned over the billings to-date.

When there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

Contract liability is the obligation to transfer goods or services to the customer for which the Group has received the consideration or has billed the customer. In the case of construction contracts, contract liability is the excess of the billings to-date over the cumulative revenue earned. Contract liabilities include the downpayments received from customers and other deferred income, if any, where the Group has billed or has collected the payment before the goods are delivered or services are provided to the customers.

(o) Provisions

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

(CONT'D)

2. Significant accounting policies (cont'd.)

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

(p) 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.

(q) Share capital

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

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

(r) Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in equity. Share options exercised during the reporting period are satisfied with treasury shares.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

(CONT'D)

2. Significant accounting policies (cont'd.)

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

(s) Employee benefits

(i) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme.

The Group has established an unfunded fixed contribution plan for its eligible key management personnel. The fixed contribution is recognised as an expense in the period in which the related services are performed by the key management personnel. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(ii) Defined benefit plan

The Group operates an unfunded, defined benefit Retirement Benefit Scheme ("the Scheme") for its eligible employees. The Group's obligation under the Scheme, calculated using the Projected Unit Credit Method, is determined based on actuarial computations by independent actuaries, through which the amount of benefit that employees have earned in return for their service in the current and prior years is estimated. That benefit is discounted in order to determine its present value. Actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Past service costs are recognised immediately to the extent that the benefits are already vested, and otherwise are amortised on a straight-line basis over the average period until the amended benefits become vested.

The amount recognised in the consolidated statement of financial position represents the present value of the defined benefit obligations adjusted for unrecognised past service costs, and reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the net total of any past service costs, and the present value of any economic benefits in the form of refunds or reductions in future contributions to the plan.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

(CONT'D)

2. Significant accounting policies (cont'd.)

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

(t) Leases

The Group and the Company assess at contract inception whether a contract is, or contract contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Current financial year

The Group and the Company as lessee

The Group and the Company apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and the Company recognise lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group and the Company recognise right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Properties 1 to 5 years
- Equipment 1 to 3 years

If ownership of the leased asset transfers to the Group and the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment as disclosed in note 2.3(h).

(ii) Lease liabilities

At the commencement date of the lease, the Group and the Company recognise lease liabilities which are measured at the present value of lease payments over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

(CONT'D)

2. Significant accounting policies (cont'd.)

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

(t) Leases (cont'd.)

Current financial year (cont'd.)

The Group and the Company as lessee (cont'd.)

(ii) Lease liabilities (cont'd.)

The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Company; and payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's and the Company's lease liabilities are disclosed in Note 15.

(iii) Short-term leases and leases of low-value assets

The Group and the Company apply the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low-value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

(CONT'D)

2. Significant accounting policies (cont'd.)

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

(t) Leases (cont'd.)

Current financial year (cont'd.)

The Group and the Company as lessor

Leases in which the Group and the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases.

Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Previous financial year

(i) Classification

A lease is recognised as a finance lease if it transfers substantially all the risks and rewards incidental to the Group's ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets, and the land and the buildings elements of a lease are considered separately for the purposes of lease classification. Leases that do not transfer substantially all the risks and rewards are classified as operating leases.

(ii) Operating lease - the Group as lessee

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

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, wherever necessary, to the land and the buildings elements in proportion to their relative fair values at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

(CONT'D)

2. Significant accounting policies (cont'd.)

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

(t) Leases (cont'd.)

Previous financial year (cont'd.)

(iii) Operating lease – the Group as lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating lease.

Assets leased out under operating leases are presented in the statement of financial position according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(iv) Finance lease – the Group as lessor

Leases in which substantially all of the risks and rewards of ownership are transferred to the lessee are classified as finance leases. Assets held pursuant to a finance lease are presented in the statement of financial position as receivable at an amount equal to the net investment in the lease. The recognition of finance income on the receivable is based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

(v) Prepaid lease payments

Leasehold land which in substance is an operating lease are classified as prepaid lease payments. The payment made on entering into a lease arrangements or acquiring a leasehold land is accounted for as prepaid lease payments that are amortised over the lease term in accordance with the pattern of benefits provided.

Leasehold land is classified into long term and short term lease. Long term lease is defined as a lease with an unexpired lease period of fifty years or more. Short term lease is defined as a lease with an unexpired lease period of less than fifty years.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

(CONT'D)

2. Significant accounting policies (cont'd.)

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

(u) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 36, including the factors used to identify the reportable segments and the measurement basis of segment information.

(v) Contingencies

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

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

2.4 Changes in accounting policies

On 1 January 2019, the Group and the Company have adopted the following new and amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2019.

Descriptions	Effective for annual periods beginning on or after
MFRS 16 Leases	1 January 2019
MFRS 128 Investment in Associates and Joint Ventures	1 January 2019
Annual Improvements to MFRS Standards 2015-2017 Cycle: MFRS 3 Business Combinations	1 January 2019
Annual Improvements to MFRS Standards 2015-2017 Cycle: MFRS 11 Joint Arrangements	1 January 2019
Annual Improvements to MFRS Standards 2015-2017 Cycle: MFRS 112 Income Taxes	1 January 2019
Annual Improvements to MFRS Standards 2015-2017 Cycle: MFRS 123 Borrowing Costs	1 January 2019
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019

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2. Significant accounting policies (cont'd.)

2.4 Changes in accounting policies (cont'd.)

The adoption of the above MFRSs and Amendments to MFRSs did not have any significant financial impact to the Group and the Company except as mentioned below:

(i) MFRS 16 Leases

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions), less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications.

Classification of cash flows will also be affected as operating lease payments under MFRS 117 are presented as operating cash flows, whereas under MFRS 16, the lease payments will be split into a principal (which will be presented as financing cash flows) and an interest portion (which will be presented as operating cash flows).

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

The Group and the Company adopted MFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application.

The Group and the Company elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the Group and the Company applied the standard only to contracts that were previously identified as leases applying MFRS 17 and IFRIC 4 at the date of initial application.

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2. Significant accounting policies (cont'd.)

2.5 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Descriptions	Effective for annual periods beginning on or after
MFRS 2 Share-based Payment (Amendments to MFRS 2)	1 January 2020
MFRS 3 Business Combinations (Amendments to MFRS 3)	1 January 2020
MFRS 7 Interest Rate Benchmark Reform (Amendments to MFRS 9, MFRS 139 and MFRS 7)	1 January 2020
MFRS 101 Presentation of Financial Statements (Amendments to MFRS 101)	1 January 2020
MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors (Amendments to MFRS 108)	1 January 2020
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The adoption of the above pronouncements is not expected to have material impact on the financial statements of the Group and the Company in the period of initial application.

3. Significant accounting judgements and estimates

The preparation of the Group's and the Company financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Judgements made in applying accounting policies

In the process of applying Group's and the Company accounting policies, management does not make any significant judgements which may have significant effect on the amount recognised in the financial statements.

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3. Significant accounting judgements and estimates (cont'd.)

3.2 Key sources of estimation uncertainty

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

(a) Impairment assessment of investment in subsidiaries

The Company assessed whether there is any indication that an investment in subsidiary may be impaired at each reporting date.

If indicators are present, these investments are subjected to impairment review. The impairment review comprises a comparison of the carrying amounts and estimated recoverable amounts of the investments.

Judgments made by the management in the process of applying the Company's accounting policies in respect of investment in subsidiaries includes determination whether its investments are impaired following certain indications or impairment such as, amongst others, shortfall between net assets of the subsidiary than the cost of investment and significant changes with adverse effects on the investment.

During the financial year, management has assessed that investment in a subsidiary has indicators of impairment. Management has applied the discounted cash flow method of valuation to estimate the recoverable value of the specific individual investment. This method requires management to make certain assumptions concerning the future. These assumptions and other key sources of estimation uncertainty at reporting date, may have a significant risk of causing material adjustment of the carrying amounts of the investment within the next financial year.

Assumptions by the management may include, amongst others, assumption on expected future revenue, profit margin, the timing of the future cash flows, revenue growth rate and discount rate used for purposes of discounting future cash flows which incorporates the relevant risk and expected future outcome based on certain past trends.

Further details of the carrying value, the key assumptions applied in the impairment assessment of investment in subsidiaries and sensitivity analysis to changes in the assumptions are given in Note 16.

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4. Revenue

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Revenue from contracts with customers				
Environmental consultancy and monitoring services	40,880,146	34,186,313	-	-
Other revenue				
Laboratory testing services	55,725,923	50,425,634	-	-
Rental income	2,899,489	2,853,027	3,256,570	3,275,262
Dividend income from subsidiaries	-	-	6,545,000	9,400,000
	58,625,412	53,278,661	9,801,570	12,675,262
Total revenue	99,505,558	87,464,974	9,801,570	12,675,262
Revenue by geographical				
- Malaysia	66,882,376	57,142,080	9,801,570	12,675,262
- Indonesia	21,108,474	18,266,187	-	-
- Saudi	11,514,708	12,056,707	-	-
	99,505,558	87,464,974	9,801,570	12,675,262
Timing of recognition				
Goods and services transferred at a point in time	81,796,269	73,592,442	9,801,570	12,675,262
Services transferred over time	17,709,289	13,872,532	-	-
Total revenue	99,505,558	87,464,974	9,801,570	12,675,262

4. Revenue (cont'd.)

Contract balances

The following table provides information about receivables, contracts assets and contracts liabilities from contracts with customers.

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Receivables (Note 20)	28,455,409	30,702,665	3,744,193	6,339,599
Contract assets (Note 21)	6,451,267	5,695,938	-	-
Contract liabilities (Note 21)	(82,835)	(360,454)	-	-
	34,823,841	36,038,149	3,744,193	6,339,599

Amount due from customers on contracts primarily relates to the Group's rights to consideration for work completed but not billed at the reporting date. Amount due from customers on contracts are transferred to receivables when rights become unconditional. Amount due to customers on contracts primarily relate to the advance consideration received from the customer, for which revenue is recognised over time when the Group progressively satisfies its performance obligation.

NOTES TO THE FINANCIAL STATEMENTS

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(CONT'D)

5. Cost of sales

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Provision of services	20,002,314	19,470,718	-	-
Construction contracts	12,489,313	7,024,435	-	-
Direct operating expenses arising from investment properties	1,587,740	1,322,446	1,540,900	1,298,597
	34,079,367	27,817,599	1,540,900	1,298,597

6. Other income

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Profit income from deposits	326,294	453,026	204,931	235,943
Dividend from unit trust	-	890	-	890
Profit income from intercompany loans	-	-	532,237	309,221
Net gain on disposal of property, plant and equipment	307,853	25,123	32,000	5,400
Foreign exchange gain - unrealised	-	-	87,638	31,238
Fair value gain on other current financial assets	267,353	261,704	403	403
Reversal of impairment of investment in a subsidiary (Note 16)	-	-	-	500,000
Reversal of impairment of trade receivables (Note 20(a))	374,655	16,497	-	-
Bad debt recover	158,576	-	-	-
Information technology support services	311,499	218,958	-	-
Reversal of impairment of other receivables (Note 20(b))	-	14,491	-	14,491
Compensation for staff termination	118,697	-	-	-
Commission Income	53,019	-	-	-
Others	54,086	36,584	472	1,193
	1,972,752	1,027,273	857,681	1,098,779

7. Staff costs

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Salaries, bonus and other emoluments	24,757,671	20,570,837	1,962,826	2,476,104
Social security cost	585,850	528,268	18,944	16,906
Pension costs:				
- defined contribution plan	2,072,716	2,057,336	404,902	445,399
- defined benefit plan (Note 26)	545,188	628,083	133,590	133,590
Other staff related expenses	1,967,685	1,544,660	567,273	588,349
	29,929,110	25,329,184	3,087,535	3,660,348

NOTES TO THE FINANCIAL STATEMENTS

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7. Staff costs (cont'd.)

Included in staff costs of the Group and of the Company are Executive Directors' and Non-Executive Directors' remuneration amounting to RM2,486,089 (2018: RM2,289,143) and RM2,446,489 (2018: RM2,224,993) respectively as further disclosed in Note 8.

8. Directors' remuneration

The details of remuneration receivable by Directors of the Company during the year are as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Executive:				
Salaries and other emoluments	930,592	920,593	930,592	920,593
Pension costs:				
- defined contribution plan	206,150	181,450	206,150	181,450
- defined benefit plan	133,590	133,590	133,590	133,590
Fees	592,133	494,750	592,133	465,500
Bonus	155,000	145,000	155,000	145,000
Benefits-in-kind	73,024	80,860	73,024	80,860
	2,090,489	1,956,243	2,090,489	1,926,993
Non-executive:				
Fees	186,000	192,900	168,000	158,000
Other remuneration	209,600	140,000	188,000	140,000
	395,600	332,900	356,000	298,000
Total	2,486,089	2,289,143	2,446,489	2,224,993

The number of Directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of Directors	
	2019	2018
Executive Directors:		
RM400,000 - RM450,000	-	1
RM500,000 - RM550,000	1	-
RM1,450,001 - RM1,500,000	-	1
RM1,500,001 - RM1,550,000	1	-
Non-Executive Directors:		
RM1 - RM50,000	1	1
RM50,001 - RM100,000	4	4
Total Directors	7	7

NOTES TO THE FINANCIAL STATEMENTS

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9. Finance costs

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Profit charges on:				
Overdraft	1,139,790	835,830	1,139,790	835,830
Revolving credit	459,476	456,266	-	41,277
Advance from subsidiaries	-	-	466,189	514,838
Hire purchase	60,817	27,198	10,215	2,553
Interest on lease liabilities	10,267	-	-	-
Tawarooq	167,746	185,591	-	-
Banking facilities related fee	120,050	536,054	-	180,000
Other finance charges	176,392	233,819	-	-
	2,134,538	2,274,758	1,616,194	1,574,498

10. Profit before tax

Profit before tax is stated after charging/(crediting):

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Auditors' remuneration				
Statutory audits				
- Company's auditors	338,000	350,500	80,000	203,000
- Other auditors	94,205	93,980	-	-
Other services				
- Company's auditors	25,000	7,000	15,000	7,000
Depreciation of property, plant and equipment	5,166,502	5,914,350	313,151	107,438
Depreciation of right-of-use-assets	89,326	-	-	-
Short-term and low value asset leases (a)	14,240	30,584	14,240	30,584
Amortisation of				
- Investment properties	765,914	689,618	765,914	689,618
- Prepaid land lease payment	-	60,643	-	25,000
Impairment of property plant, and equipment	-	235,985	-	-
Write off of property, plant and equipment	433	-	433	-
Net, foreign exchange loss/(gain)				
- realised	198,143	594,195	-	-
- unrealised	133,022	227,893	(87,638)	(31,238)
Loss on disposal of investments in a subsidiary	-	-	-	499,999
Impairment of trade receivables	732,597	441,573	-	-
Impairment of other receivables	-	-	16,694	2,025,849
Write off on other receivables	50,527	-	50,527	-
Zakat	782,364	773,173	-	-

(a) The Group and the Company lease photocopier with contract terms of 5 years. This leases is short-term and/or leases of low value asset. The Group and the Company have elected not to recognised rights of use asset and lease liabilities for this lease.

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11. Taxation

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Income tax:				
Malaysian income tax	3,922,705	4,064,780	140,296	222,113
Foreign income tax	1,500,379	1,557,871	-	-
Income tax (brought forward)	5,423,084	5,622,651	140,296	222,113
Under provision in prior year:				
Malaysian income tax	325,827	248,957	29,486	183,694
Foreign income tax	854,372	-	-	-
	6,603,283	5,871,608	169,782	405,807
Deferred tax (Note 30):				
Relating to origination of temporary/(reversal)	151,686	(330,453)	(250,518)	(288,459)
Under provision in prior years	292,973	113,954	223,916	65,727
	444,659	(216,499)	(26,602)	(222,732)
Income tax expense recognised in profit or loss	7,047,942	5,655,109	143,180	183,075

Domestic current income tax is calculated at the statutory tax rate of 24% (2018: 24%) of the estimated assessable profit for the financial year.

Taxation for foreign subsidiaries are calculated at the current rates prevailing in each respective countries.

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Profit before tax	14,696,601	12,815,089	2,566,099	2,614,239
Taxation at Malaysian statutory tax rate of 24% (2018: 24%)	3,527,184	3,075,621	615,864	627,417
Effect of taxation in other country	49,703	59,791	-	-
Effect of income not subject to tax	(877,947)	(83,921)	(1,685,173)	(2,442,943)
Effect of expenses not deductible for tax purposes	2,667,756	2,279,462	959,087	1,749,180
Income tax (carried forward)	5,366,696	5,330,953	(110,222)	(66,346)

NOTES TO THE FINANCIAL STATEMENTS

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11. Taxation (cont'd.)

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Income tax (brought forward)	5,366,696	5,330,953	(110,222)	(66,346)
Under provision of income tax in prior year	1,180,199	248,957	29,486	183,694
Deferred tax liabilities recognised on withholding tax on foreign dividend	283,180	(35,084)	-	-
Under provision of deferred taxation	292,973	113,954	223,916	65,727
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(75,106)	(3,671)	-	-
Income tax expense recognised in profit or loss	7,047,942	5,655,109	143,180	183,075

12. Earnings per share

(a) Basic

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the number of ordinary shares in issue held by the Company as at the date of the financial statements.

	2019 RM	2018 RM
Profit attributable to ordinary equity holders of the Company (RM)	1,933,576	448,151
Number of ordinary shares for basic earnings per share computation* ('000)	655,631	656,196
Basic earnings per share (sen)	0.3	0.1

* The number of shares takes into account the effect of changes in treasury shares transactions during the year.

(b) Diluted

There are no instruments in issuance which will have a dilutive effect to the earnings per share of the Group.

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13. Property, plant and equipment

	Land and buildings RM (Note a)	Plant and machinery RM	Motor vehicles RM (Note b)	Office equipment, renovation, furniture and fittings RM	Total RM
Group					
2019					
Cost					
At 1.1.2019	18,843,752	43,022,315	8,841,305	17,599,882	88,307,254
Reclassification (Note 17)	891,063	-	-	-	891,063
Additions	1,502,109	2,790,027	241,032	1,731,334	6,264,502
Disposals	-	-	(2,757,177)	(389,055)	(3,146,232)
Write off	-	-	-	(34,145)	(34,145)
Exchange differences	208,797	244,130	65,268	98,300	616,495
At 31.12.2019	21,445,721	46,056,472	6,390,428	19,006,316	92,898,937
Accumulated depreciation					
At 1.1.2019	2,798,040	27,701,333	5,599,058	13,226,449	49,324,880
Reclassification (Note 17)	237,006	-	-	-	237,006
Charge for the year	551,688	2,427,330	793,885	1,393,599	5,166,502
Disposals	-	-	(2,618,812)	(308,349)	(2,927,161)
Write off	-	-	-	(33,712)	(33,712)
Exchange differences	42,844	67,243	23,180	93,090	226,357
At 31.12.2019	3,629,578	30,195,906	3,797,311	14,371,077	51,993,872
Accumulated impairment					
At 1.1.2019 / 31.12.2019	-	235,985	-	-	235,985
Net carrying amount					
At 31.12.2019	17,816,143	15,624,581	2,593,117	4,635,239	40,669,080

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(CONT'D)

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

	Land and buildings RM (Note a)	Plant and machinery RM	Motor vehicles RM (Note b)	Office equipment, renovation, furniture and fittings RM	Total RM
Group					
2018					
Cost					
At 1.1.2018	19,124,929	40,761,149	6,911,509	16,955,513	83,753,100
Additions	-	3,431,350	2,243,323	760,811	6,435,484
Disposals	-	(969,837)	(137,569)	(10,235)	(1,117,641)
Write off	-	-	-	(4,384)	(4,384)
Reclassifications	-	82,105	-	(82,105)	-
Exchange differences	(281,177)	(282,452)	(175,958)	(19,718)	(759,305)
At 31.12.2018	18,843,752	43,022,315	8,841,305	17,599,882	88,307,254
Accumulated depreciation					
At 1.1.2018	2,339,179	25,562,922	4,673,770	12,144,749	44,720,620
Charge for the year	505,749	3,186,092	1,086,331	1,136,178	5,914,350
Disposals	-	(969,355)	(137,567)	(5,101)	(1,112,023)
Write off	-	-	-	(4,384)	(4,384)
Exchange differences	(46,888)	(78,326)	(23,476)	(44,993)	(193,683)
At 31.12.2018	2,798,040	27,701,333	5,599,058	13,226,449	49,324,880
Accumulated impairment					
At 1.1.2018	-	-	-	-	-
Impairment	-	235,985	-	-	235,985
At 1.1.2019 / 31.12.2019	-	235,985	-	-	235,985
Net carrying amount					
At 31.12.2018	16,045,712	15,084,997	3,242,247	4,373,433	38,746,389

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

	Land and buildings RM	Motor vehicles RM (Note b)	Office equipment, furniture and fittings RM	Total RM
Company				
2019				
Cost				
At 1.1.2019	399,117	1,050,023	2,087,714	3,536,854
Additions	-	-	618,397	618,397
Disposals	-	(560,938)	-	(560,938)
Write off	-	-	(34,145)	(34,145)
At 31.12.2019	399,117	489,085	2,671,966	3,560,168
Accumulated depreciation				
At 1.1.2019	126,940	585,392	1,578,109	2,290,441
Charge for the year	7,982	99,090	206,079	313,151
Disposals	-	(560,938)	-	(560,938)
Write off	-	-	(33,712)	(33,712)
At 31.12.2019	134,922	123,544	1,750,476	2,008,942
Net carrying amount				
At 31.12.2019	264,195	365,541	921,490	1,551,226
2018				
Cost				
At 1.1.2018	399,117	560,938	1,755,685	2,715,740
Additions	-	489,085	339,983	829,068
Disposals	-	-	(3,570)	(3,570)
Write off	-	-	(4,384)	(4,384)
At 31.12.2018	399,117	1,050,023	2,087,714	3,536,854

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

	Land and buildings RM	Motor vehicles RM (Note b)	Office equipment, furniture and fittings RM	Total RM
Company				
Accumulated depreciation				
At 1.1.2018	118,958	560,938	1,511,061	2,190,957
Charge for the year	7,982	24,454	75,002	107,438
Disposals	-	-	(3,570)	(3,570)
Write off	-	-	(4,384)	(4,384)
At 31.12.2018	126,940	585,392	1,578,109	2,290,441
Net carrying amount				
At 31.12.2018	272,177	464,631	509,605	1,246,413

(a) Group - Land and buildings

	Freehold land RM	Building RM	Right-of-use assets RM	Total RM
2019				
Cost				
At 1.1.2019	7,727,122	11,116,630	-	18,843,752
Reclassification (Note 17)	-	-	891,063	891,063
Addition	1,502,109	-	-	1,502,109
Exchange differences	-	180,757	28,040	208,797
At 31.12.2019	9,229,231	11,297,387	919,103	21,445,721
Accumulated depreciation				
At 1.1.2019	-	2,798,040	-	2,798,040
Reclassification (Note 17)	-	-	237,006	237,006
Charge for the year	-	514,923	36,765	551,688
Exchange differences	-	42,844	-	42,844
At 31.12.2019	-	3,355,807	273,771	3,629,578
Net carrying amount				
At 31.12.2019	9,229,231	7,941,580	645,332	17,816,143

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

(a) Group - Land and buildings

	Freehold land RM	Building RM	Right-of-use assets RM	Total RM
2018				
Cost				
At 1.1.2018	7,727,122	11,397,807	-	19,124,929
Exchange differences	-	(281,177)	-	(281,177)
At 31.12.2018	7,727,122	11,116,630	-	18,843,752
Accumulated depreciation				
At 1.1.2018	-	2,339,179	-	2,339,179
Charge for the year	-	505,749	-	505,749
Exchange differences	-	(46,888)	-	(46,888)
At 31.12.2018	-	2,798,040	-	2,798,040
Net carrying amount				
At 31.12.2018	7,727,122	8,318,590	-	16,045,712

As at 1 January 2019 the Group prepaid lease payments balance of RM654,057 was reclassified as right-of-use assets under property, plant and equipment following the adoption of MFRS 16.

(b) Motor vehicles

Included in the property, plant and equipment of the Group and the Company are assets held under hire purchase agreements with net book values as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Motor vehicles	390,896	501,992	365,541	464,631

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14. Investment properties

The investment properties include properties that are owned by the Group and the Company and that are held as right-of-use assets.

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Cost				
At 1 January	41,876,691	41,876,691	44,201,606	44,201,606
Reclassification (Note 17)	500,000	-	500,000	-
Addition	1,440,910	-	1,440,910	-
Adjustment	(14,155)	-	(14,155)	-
At 31 December	43,803,446	41,876,691	46,128,361	44,201,606
Accumulated depreciation				
At 1 January	4,657,369	3,967,751	2,988,386	2,298,768
Reclassification (Note 17)	325,000	-	325,000	-
Charge for the year	740,914	689,618	740,914	689,618
At 31 December	5,748,283	4,657,369	4,079,300	2,988,386
Net book value	38,055,163	37,219,322	42,049,061	41,213,220

As at 1 January 2019 the Group and the Company prepaid lease payments balances of RM175,000 are reclassified as right-of-use assets under investment properties following the adoption of MFRS 16.

The valuation of investment properties have been performed by Khong & Jaafar Sdn. Bhd., an independent professional valuer. The total market value of the investment properties is RM52,000,000 (2018: RM45,800,000) using income and comparison approach.

Comparison approach to value the land

Entails analysing recent transactions of similar properties in and around the locality for comparison purposes to derive the market value with adjustments made for differences in time, shape, size and condition and location to arrive at the market value.

Income approach to value the building

Entails the capitalisation of the net rent from a property. Net rent is the residue of gross annual rent less annual expenses (outgoings) required to sustain the rent with allowance for void.

The investment property is at its highest and current best use.

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14. Investment properties (cont'd.)

Fair value disclosed in the financial statements is categorised within the Level 3 fair value hierarchy which is described as inputs for the asset liability that are based on unobservable market data.

Investment property	Valuation technique	Significant unobservable inputs	Range		Inter-relationship between significant unobservable inputs and fair value measurement	
			2019	2018	2019	2018
			RM	RM		
Mercu PICORP, Lot 10 Jalan Astaka U8/84 Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan	Income approach	<u>Office & Warehouse</u>			The estimated fair value would increase/(decrease) if:	
		Market rental rate (RM psf/month)	2.00 - 2.50	1.40 - 2.40	- expected market rental growth were higher/(lower)	
		Outgoings (RM psf/month)	0.40 - 0.45	0.40 - 0.45	- expected outgoings rate were lower/(higher)	
		Term yield (%)	6.5	6.5	- term yield were lower/(higher)	
		Void rate (%)	10.0	10.0	- void rate were lower/(higher)	
		Reversionary yield (%)	7.0	7.0	- reversionary yield were lower/(higher)	
Jalan Rugby, 13/3B Off Persiaran Sukan Section 13, 4000, Shah Alam Selangor Darul Ehsan	Comparison approach	<u>Freehold Land</u>				
		Transaction land price (RM psf)	10 - 320	160 - 175	- transacted price were higher/(lower)	
		Building costs (RM psf)	50 - 190	150 - 180	- building costs were (higher)/lower	
H.S. (D) 9844, PT 7605 Mukim of Lumut, District of Manjung, Perak	Comparison approach	<u>Shop lot (leasehold)</u>				
		Building costs (RM psf)	282 - 317	270 - 300	- transacted price were higher/(lower)	
		<u>Agricultural Land (leasehold)</u>				
H.S. (D) 9844, PT 7605 Mukim of Lumut, District of Manjung, Perak	Comparison approach	Transaction land price (RM'000/acre)	250 - 300	250 - 300	- transacted price were higher/(lower)	

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15. Leases

The Group and the Company as a lessee:

	Group	
	2019	2018
	RM	RM
Right-of-use assets:		
Properties	116,017	-
Equipment	21,437	-
	<u>137,454</u>	<u>-</u>
Lease obligations (Secured)		
Non-current	80,501	-
Current	67,445	-
	<u>147,946</u>	<u>-</u>

The leases of properties are typically made for periods from 1 to 5 years. The lessors do not impose any covenants.

(i) The movement in right-of-use-assets are as follows:

	Group	
	2019	2018
	RM	RM
At 1 January	-	-
Addition	226,780	-
Depreciation	(89,326)	-
At 31 December	<u>137,454</u>	<u>-</u>

(ii) The movement in lease obligations (fixed lease payments) are as follows:

	Group	
	2019	2018
	RM	RM
At 1 January	-	-
Addition	226,780	-
Lease payment	(89,101)	-
Finance cost	10,267	-
At 31 December	<u>147,946</u>	<u>-</u>

The weighted average effective profit rate at the reporting date of the leases were as follows:

	Group	
	2019	2018
	RM	RM
Profit rate	<u>5%</u>	<u>5%</u>

NOTES TO THE FINANCIAL STATEMENTS

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15. Leases (cont'd.)

The Group and the Company as a lessee: (cont'd.)

The lease payments associated with short-term leases or leases of low value assets are expensed off on a straight-line basis over the lease term. No right-of-use assets and lease obligations are recognised for these leases.

16. Investment in subsidiaries

	Company	
	2019	2018
	RM	RM
Cost		
At 1 January	64,210,930	47,570,948
Addition during the year	-	17,139,981
Disposal during the year	-	(499,999)
At 31 December	<u>64,210,930</u>	<u>64,210,930</u>
Accumulated impairment		
At 1 January	31,484,591	31,984,591
Reversal of impairment	-	(500,000)
At 31 December	<u>31,484,591</u>	<u>31,484,591</u>
Carrying amount	<u>32,726,339</u>	<u>32,726,339</u>

Impairment of investment in a subsidiary

An impairment review of the carrying amounts of investment in subsidiaries at the reporting date was undertaken by comparing it to the respective recoverable amounts. The losses reported by the Company's subsidiary, Saudi ASMA Environmental Solution LLC ("SAUDI ASMA"), indicated that the carrying amount of the investment in this subsidiary may be impaired. The result of the impairment review of SAUDI ASMA indicated that no further impairment loss was required during the financial year.

The recoverable amount of the cash generating unit ("CGU") is determined based on value in use calculation using cash flow projection based on financial budgets approved by management. The discount rate used is pre-tax weighted average cost of capital determined by management.

The following were the key assumptions used in the value in use calculations:

(i) Revenue

Revenue are estimated based on existing customer contract and anticipated future projects.

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16. Investment in subsidiaries (cont'd.)

Impairment of investment in a subsidiary (cont'd.)

(ii) Discount rate

The discount rate used is 9.5% (2018: 9%) which is based on the risk specific to the CGU.

An increase of 1.5% point in the discount rate used would have increased the impairment loss by RM870,074 (2018: RM1,161,105).

(iii) Terminal growth rate

Cash flow beyond the five-year period are extrapolated using growth rate of 1.4% (2018:1%) which is based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the CGU.

A decrease of 1.5% point in the growth rate used would have increased the impairment loss by RM1,351,971 (2018:RM66,368).

The details of the subsidiaries are as follows :

Name of subsidiaries	Ownership interest and voting interest		Principal activities
	2019 %	2018 %	
(i) Incorporated in Malaysia :			
Held by the Company :			
Alam Sekitar Malaysia Sdn. Bhd. ("ASMA")	100	100	Provision of environmental, consultancy and monitoring services and wastewater management
ALS Technichem (M) Sdn. Bhd. ("ALS")	59	59	Chemical testing consultancy services and other services in similar nature
Quantum Up Returns Sdn. Bhd.*	100	100	Investment holding company
ASMA International Sdn. Bhd.*	100	100	Investment holding company
PI Enviro Technologies Sdn. Bhd.*	100	100	Dormant

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16. Investment in subsidiaries (cont'd.)

The details of the subsidiaries are as follows (cont'd.) :

Name of subsidiaries	Ownership interest and voting interest		Principal activities
	2019 %	2018 %	
(i) Incorporated in Malaysia (cont'd.):			
Held by the Company (cont'd.) :			
Perunding Good Earth Sdn. Bhd.*	100	100	Dormant
Premiere Leap Sdn. Bhd.*	100	100	Dormant
Vertical Plus Sdn. Bhd.*	100	100	Dormant
Held through subsidiaries :			
ASMA Environmental Consultancy Sdn. Bhd.*	100	100	Environmental training and consulting services
Alam Sekitar Eco-Technology Sdn. Bhd. ("ASET")*	90	90	Provision of waste management and consultancy services
Progressive Uni San International Sdn. Bhd.*	50	50	Dormant
(ii) Incorporated outside Malaysia			
Incorporated in Indonesia:			
PT ALS Indonesia ("PT ALS")*	80	80	Laboratory analysis and reports and consulting services

NOTES TO THE FINANCIAL STATEMENTS

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(CONT'D)

16. Investment in subsidiaries (cont'd.)

The details of the subsidiaries are as follows (cont'd.) :

Name of subsidiaries	Ownership interest and voting interest		Principal activities
	2019 %	2018 %	

(ii) Incorporated outside Malaysia (cont'd.)

Incorporated in the Kingdom
of Saudi Arabia:

Saudi ASMA Environmental Solution LLC ("SAUDI ASMA")*	100	100	Provision of environmental consultancy and monitoring services
ASMA Advanced Solutions Co Ltd. ("AAS")*	60	60	Work and maintenance of desalination plants and sewage

* Audited by firms other than Ernst & Young

Non-controlling interests ("NCI")

	AAS RM	ALS Group* RM	ASET RM	Total RM
2019				
NCI percentage of ownership and voting interest	40%	53%	10%	
Carrying amount of NCI	(1,570,813)	31,900,319	(297,276)	30,032,230
(Loss)/profit allocated to NCI	<u>(800,856)</u>	<u>6,518,699</u>	<u>(2,760)</u>	<u>5,715,083</u>
2018				
NCI percentage of ownership and voting interest	40%	53%	10%	
Carrying amount of NCI	<u>(769,957)</u>	<u>29,445,756</u>	<u>(294,516)</u>	<u>28,381,283</u>
(Loss)/profit allocated to NCI	<u>(411,945)</u>	<u>7,110,410</u>	<u>13,364</u>	<u>6,711,829</u>

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16. Investment in subsidiaries (cont'd.)

* Included non-controlling interest percentage of ownership interest and voting interest of PT ALS Indonesia.

The summarised financial information of these subsidiaries are provided below. This information is based on amounts before inter-company eliminations.

Summarised statement of comprehensive (loss)/income:

	AAS RM	ALS Group RM	ASET RM	Total RM
31 December 2019				
Revenue	-	56,798,743	331,329	57,130,072
(Loss)/profit for the year	(2,002,141)	14,565,854	(27,606)	12,536,107
Total comprehensive (loss)/income	<u>(2,002,141)</u>	<u>14,444,623</u>	<u>(27,606)</u>	<u>12,414,876</u>
31 December 2018				
Revenue	-	51,800,931	1,331,230	53,132,161
(Loss)/profit for the year	(1,029,864)	16,109,044	133,645	15,212,825
Total comprehensive (loss)/income	<u>(1,029,864)</u>	<u>15,615,648</u>	<u>133,645</u>	<u>14,719,429</u>

Summarised statement of financial position:

	AAS RM	ALS Group RM	ASET RM	Total RM
31 December 2019				
Non-current assets	6,909	37,995,240	9,455	38,011,604
Current assets	165,771	45,251,845	1,326,003	46,743,619
Non-current liabilities	-	(3,459,131)	-	(3,459,131)
Current liabilities	<u>(3,487,079)</u>	<u>(11,077,256)</u>	<u>(1,244,769)</u>	<u>(15,809,104)</u>
Net (liabilities)/assets	<u>(3,314,399)</u>	<u>68,710,698</u>	<u>90,689</u>	<u>65,486,988</u>
31 December 2018				
Non-current assets	2,114	36,912,133	12,261	36,926,508
Current assets	149,644	40,019,725	1,675,536	41,844,905
Non-current liabilities	-	(2,786,281)	-	(2,786,281)
Current liabilities	<u>(1,505,549)</u>	<u>(9,993,141)</u>	<u>(1,569,501)</u>	<u>(13,068,191)</u>
Net (liabilities)/assets	<u>(1,353,791)</u>	<u>64,152,436</u>	<u>118,296</u>	<u>62,916,941</u>

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16. Investment in subsidiaries (cont'd.)

Summarised statement of cash flows:

	AAS RM	ALS Group RM	ASET RM	Total RM
31 December 2019				
Cash flows from operating activities	(125,107)	17,249,207	56,671	17,180,771
Cash flows from investing activities	(9,702)	(8,835,172)	-	(8,844,874)
Cash flows from financing activities	-	(10,500,000)	-	(10,500,000)
Net (decrease)/increase in cash and cash equivalents	(134,809)	(2,085,965)	56,671	(2,164,103)
Dividend paid to NCI	-	(4,305,000)	-	(4,305,000)
31 December 2018				
Cash flows from operating activities	(180,799)	16,802,683	2,036,271	18,658,155
Cash flows from investing activities	-	(5,937,518)	49,894	(5,887,624)
Cash flows from financing activities	-	(14,826,350)	-	(14,826,350)
Net (decrease) / increase in cash and cash equivalents	(180,799)	(3,961,185)	2,086,165	(2,055,819)
Dividend paid to NCI	-	(4,926,350)	-	(4,926,350)

17. Prepaid land lease payment

	Group 2019 RM	2018 RM	Company 2019 RM	2018 RM
Cost				
At 1 January	1,391,063	1,434,681	500,000	500,000
Reclassification (Note 13)	(891,063)	-	-	-
Reclassification (Note 14)	(500,000)	-	(500,000)	-
Exchange differences	-	(43,618)	-	-
At 31 December	-	1,391,063	-	500,000

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17. Prepaid land lease payment (cont'd.)

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Amortisation				
At 1 January	562,006	501,363	325,000	300,000
Reclassification (Note 13)	(237,006)	-	-	-
Reclassification (Note 14)	(325,000)	-	(325,000)	-
Amortisation during the year	-	60,643	-	25,000
At 31 December	-	562,006	-	325,000
Carrying amount	-	829,057	-	175,000

As at 1 January 2019 the Group and the Company prepaid lease payments balances were reclassified as right-of-use assets under property, plant and equipment and investment properties following the adoption of MFRS 16.

18. Goodwill on consolidation

	Group	
	2019	2018
	RM	RM
At 1 January, at cost	13,583,526	13,583,526
Less: Accumulated impairment	(12,722,554)	(12,722,554)
At 31 December	860,972	860,972

(a) Impairment tests for goodwill

Goodwill has been allocated to the Group's Cash Generating Units ("CGU") identified by business segment and country as follows:

	Indonesia	Total
	RM	RM
At 31 December 2019		
Lab testing services	860,972	860,972
At 31 December 2018		
Lab testing services	860,972	860,972

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18. Goodwill on consolidation (cont'd.)

(a) Impairment tests for goodwill (cont'd.)

Key assumptions used in value in use calculations

The recoverable amount of the CGU is determined based on value in use calculation using cash flow projection based on financial budgets approved by management. The key assumptions used for value in use calculations are:

	Terminal growth rate		Discount rate	
	2019	2018	2019	2018
Lab testing services	5%	5%	10%	12%

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

(i) Revenue

Revenue are estimated based on existing customer contract and anticipated future projects.

(ii) Discount rate

The discount rate used is based on the risk specific to the CGU.

(iii) Terminal growth rate

Cash flow beyond the five-year period is extrapolated using a growth rate which is based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the CGU.

Sensitivity to changes in assumptions

With regard to the assessment of value in use of the CGU, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amounts.

19. Inventories

	Group	
	2019	2018
	RM	RM
Consumables, at cost	54,197	87,728

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM33,531 (2018: Nil).

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20. Trade and other receivables

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Trade receivables (Note (a)):				
Third parties	30,440,751	32,486,842	36,286	310
- ultimate holding	8,892	6,415	8,892	6,415
- subsidiaries	-	-	60,494	44,881
- related parties	307,609	219,480	43,521	42,993
	<u>30,757,252</u>	<u>32,712,737</u>	<u>149,193</u>	<u>94,599</u>
Less: Allowance for expected credit losses	(2,301,843)	(2,010,072)	-	-
Dividend receivable	-	-	3,595,000	6,245,000
	<u>28,455,409</u>	<u>30,702,665</u>	<u>3,744,193</u>	<u>6,339,599</u>
Other receivables (Note (b)):				
Amounts due from related companies (Note (c)):				
- ultimate holding	77,000	34,416	77,000	28,766
- subsidiaries	-	-	13,586,111	7,728,565
- related parties	557,303	602,149	172,245	396,817
Deposits	5,369,081	4,199,907	187,960	187,560
Prepayments	5,811,354	3,662,744	107,892	71,646
Sundry receivables	775,248	990,570	14,772	240,742
	<u>12,589,986</u>	<u>9,489,786</u>	<u>14,145,980</u>	<u>8,654,096</u>
Less: Allowance for expected credit losses:				
- related companies	-	-	(2,630,533)	(2,613,839)
- sundry receivables	(23,454)	(23,454)	-	-
	<u>(23,454)</u>	<u>(23,454)</u>	<u>(2,630,533)</u>	<u>(2,613,839)</u>
	<u>12,566,532</u>	<u>9,466,332</u>	<u>11,515,447</u>	<u>6,040,257</u>
Total trade and other receivables	<u>41,021,941</u>	<u>40,168,997</u>	<u>15,259,640</u>	<u>12,379,856</u>
Less: Prepayments	(5,811,354)	(3,662,744)	(107,892)	(71,646)
Dividend receivable	-	-	(3,595,000)	(6,245,000)
Debt instruments at amortised cost	<u>35,210,587</u>	<u>36,506,253</u>	<u>11,556,748</u>	<u>6,063,210</u>

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20. Trade and other receivables (cont'd.)

(a) Trade receivables

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally for a period of one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a Credit Control Department to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest bearing.

Ageing analysis of trade receivables

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Neither pass due nor impaired	13,572,214	12,374,093	36,286	310
1 to 30 days past due not impaired	3,138,804	6,153,469	-	-
31 to 60 days past due not impaired	2,343,104	3,148,367	-	-
61 to 90 days past due not impaired	2,418,197	1,852,649	-	-
91 to 120 days past due not impaired	2,545,469	3,878,356	-	-
More than 121 days past due not impaired	4,121,120	3,069,836	-	-
	14,566,694	18,102,677	-	-
Impaired	2,301,843	2,010,072	-	-
	<u>30,440,751</u>	<u>32,486,842</u>	<u>36,286</u>	<u>310</u>

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20. Trade and other receivables (cont'd.)

(a) Trade receivables (cont'd.)

Movement in allowance accounts

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
At 1 January	2,010,072	2,701,112	-	-
Charge for the year	732,597	441,573	-	-
Reversal of				
impairment losses	(374,655)	(16,497)	-	-
Written off	(66,171)	(1,116,116)	-	-
At 31 December	<u>2,301,843</u>	<u>2,010,072</u>	<u>-</u>	<u>-</u>

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

(b) Other receivables

Movement in allowance accounts

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
At 1 January	23,454	208,919	2,613,839	602,481
Charge for the year	-	-	16,694	2,025,849
Reversal of				
impairment losses	-	(14,491)	-	(14,491)
Written off	-	(170,974)	-	-
At 31 December	<u>23,454</u>	<u>23,454</u>	<u>2,630,533</u>	<u>2,613,839</u>

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

(c) Amounts due from related parties

Amounts due from all related parties are non-interest bearing and are repayable on demand. All related party receivables are unsecured and are to be settled in cash.

Further details on related party transactions are disclosed in Note 34.

Other information on financial risks of other receivables are disclosed in Note 35.

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21. Contract assets

	Group	
	2019	2018
	RM	RM
Construction contract costs incurred to date	29,523,701	28,456,934
Add: Attributable profits	11,786,976	9,488,541
	41,310,677	37,945,475
Less : Progress billings	(34,942,245)	(32,609,991)
	<u>6,368,432</u>	<u>5,335,484</u>
<i>Presented as:</i>		
Gross amounts due from customers for contract work (Note 4)	6,451,267	5,695,938
Gross amounts due to customers for contract work (Note 4)	(82,835)	(360,454)
	<u>6,368,432</u>	<u>5,335,484</u>

22. Other current financial assets

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Held for trading investments				
Quoted investment in units, at fair value through profit or loss	<u>13,578,249</u>	<u>7,462,226</u>	<u>11,865</u>	<u>11,462</u>

23. Cash and bank balances

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Cash on hand and at banks	14,462,426	13,143,868	259,331	250,959
Deposits with investment banks	<u>7,744,963</u>	<u>9,654,794</u>	<u>7,426,384</u>	<u>9,345,944</u>
	<u>22,207,389</u>	<u>22,798,662</u>	<u>7,685,715</u>	<u>9,596,903</u>

Deposits with investment bank of the Group amounting to RM7,744,963 (2018:RM9,654,794) and the Company amounting to RM7,426,384(2018:RM9,345,944) is pledged as securities for trade facilities.

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23. Cash and bank balances (cont'd.)

(a) The weighted average effective profit rates of the deposits at the reporting date were as follows:

	Group		Company	
	2019	2018	2019	2018
	%	%	%	%
Investment banks	3.18	3.18	2.76	2.87

(b) The average maturities of deposits as at the end of the financial year were as follows:

	Group		Company	
	2019	2018	2019	2018
	Days	Days	Days	Days
Investment banks	15 - 30	15 - 30	30	30

24. Trade and other payables

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Current				
Trade payables				
Third parties (Note (a))	8,364,803	4,278,542	119,389	195,512
Other payables				
Amounts due to related companies (Note (b)):				
- Ultimate holding	65,058	-	4,965	66,078
- Related parties	730,209	553,637	-	9,156
- Subsidiaries	-	-	10,044,011	11,081,323
Accruals	3,633,399	4,329,455	910,087	787,289
Dividend payable	2,555,150	2,555,150	-	-
Sundry payables	2,542,820	3,001,056	1,022,138	988,826
	9,526,636	10,439,298	11,981,201	12,932,672
Total trade and other payables	17,891,439	14,717,840	12,100,590	13,128,184

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24. Trade and other payables (cont'd.)

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Total trade and other payables (cont'd.)	17,891,439	14,717,840	12,100,590	13,128,184
Add: Borrowings (Note 25)	27,628,653	26,031,508	15,828,304	13,080,815
Less: Dividend payable	(2,555,150)	(2,555,150)	-	-
Total financial liabilities carried at amortised cost	<u>42,964,942</u>	<u>38,194,198</u>	<u>27,928,894</u>	<u>26,208,999</u>

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted by the Group range from 30 days to 90 days (2018: 30 days to 90 days).

(b) Amounts due to related parties

Amounts due to all related parties are repayable on demand. These amounts are unsecured and are to be settled in cash.

Further details on related party transactions are disclosed in Note 34.

Other information on financial risks of other payables are disclosed in Note 35.

25. Borrowings

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Current				
Secured:				
Hire purchase	340,426	343,071	100,224	100,224
Overdraft	15,490,816	12,653,318	15,490,816	12,653,318
Revolving credit	10,037,562	10,041,276	-	-
Term loan	1,418,242	2,316,233	-	-
	<u>27,287,046</u>	<u>25,353,898</u>	<u>15,591,040</u>	<u>12,753,542</u>

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019
(CONT'D)

25. Borrowings (cont'd.)

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Non Current				
Secured:				
Hire purchase	341,607	677,610	237,264	327,273
Total borrowings	27,628,653	26,031,508	15,828,304	13,080,815

The weighted average effective profit rate at the reporting date of the borrowings were as follows:

	Group		Company	
	2019	2018	2019	2018
	%	%	%	%
Hire purchase	4.66	4.66	4.31	4.31
Overdraft	8.03	8.03	8.03	6.80
Revolving credit	4.18	4.86	4.18	4.86
Term loan	7.00	6.96	-	-
Finance lease	5.00	5.00	-	-

26. Retirement benefit obligation

The amount recognised in the statement of financial position are determined as follows:

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Present value of obligation/Net liability	2,686,541	2,499,664	1,193,504	1,059,914

NOTES TO THE FINANCIAL STATEMENTS

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26. Retirement benefit obligation (cont'd.)

	Group 2019 RM	2018 RM	Company 2019 RM	2018 RM
Movement in net liability was as follows:				
At 1 January	2,499,664	2,175,395	1,059,914	926,324
Provision during the year (Note 7)	545,188	628,083	133,590	133,590
Payment made during the year	(307,369)	(100,038)	-	-
Actuarial loss on retirement benefit	(50,942)	(203,776)	-	-
As at 31 December	<u>2,686,541</u>	<u>2,499,664</u>	<u>1,193,504</u>	<u>1,059,914</u>
The amount recognised in the statements of comprehensive income:				
Current service cost	<u>545,188</u>	<u>628,083</u>	<u>133,590</u>	<u>133,590</u>
Analysed as:				
Non-current	<u>2,686,541</u>	<u>2,499,664</u>	<u>1,193,504</u>	<u>1,059,914</u>

Actuarial assumptions

The principal assumptions used in determining pension and post retirement benefit obligation for the Group's plans are shown below:

	PT ALS 2019	2018	SAUDI ASMA 2019	2018
Discount rate	8%	9%	3%	4%
Future salary growth	6%	6%	3%	5%
Voluntary resignation rate	<u>6%</u>	<u>6%</u>	<u>-</u>	<u>-</u>

Assumptions regarding future mortality are based on published statistic and mortality tables.

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26. Retirement benefit obligation (cont'd.)

Sensitivity analysis

A quantitative sensitivity analysis for significant assumption is as shown below:

As at 31 December 2019

	PT ALS		SAUDI ASMA	
	Retirement benefit obligation		Retirement benefit obligation	
	Increase	Decrease	Increase	Decrease
	RM	RM	RM	RM
Discount rate (1% movement)	(2,486)	(139,686)	270,118	(355,397)
Future salary growth (1% movement)	(140,182)	(1,032)	(354,890)	269,783
Voluntary resignation rate (10% movement)	(61,945)	(70,595)	-	-

As at 31 December 2018

Discount rate (1% movement)	(6,204)	(134,689)	51,773	(66,153)
Future salary growth (1% movement)	(135,318)	(4,691)	(61,840)	49,436
Voluntary resignation rate (10% movement)	(62,417)	(70,101)	-	-

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the retirement benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the retirement benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

NOTES TO THE FINANCIAL STATEMENTS

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27. Share capital and treasury shares

	Group and Company		Amount	
	Number of ordinary shares 2019	2018	2019 RM	2018 RM
Issued and fully paid:				
At 1 January / 31 December	658,170,290	658,170,290	65,970,290	65,970,290

Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

The Company acquired 764,900 (2018: 303,000) of its own shares during the financial year. The total amount paid to acquire the shares was RM98,046 (2018: RM29,905) and this was presented as a component within shareholders' equity.

The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares.

28. Other reserves

	Group 2019 RM	2018 RM
At 1 January	(675,021)	(329,665)
Decrease / (increase) during the year	300,439	(345,356)
At 31 December	(374,582)	(675,021)
Foreign exchange reserve	(553,196)	(853,635)
Statutory reserve	178,614	178,614
	(374,582)	(675,021)
Foreign exchange reserve		
At 1 January	(853,635)	(508,279)
Arising during the year	300,439	(345,356)
At 31 December	(553,196)	(853,635)
Statutory reserve		
At 1 January / 31 December	178,614	178,614

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

(CONT'D)

28. Other reserves (cont'd.)

The nature and purpose of each category of reserve are as follows:

(a) Foreign exchange reserve

The foreign exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries.

(b) Statutory reserve

This relates to reserve required by state regulator of a subsidiary.

29. Retained earnings

The Company may distribute dividends out of its entire retained earnings as at 31 December 2019 and 2018 under the single tier system.

30. Deferred taxation

	Group 2019 RM	2018 RM	Company 2019 RM	2018 RM
At 1 January	2,709,574	2,926,073	26,602	249,334
Recognised in profit or loss (Note 11)	444,659	(216,499)	(26,602)	(222,732)
At 31 December	<u>3,154,233</u>	<u>2,709,574</u>	<u>-</u>	<u>26,602</u>

Presented after appropriate
offsetting as follows:

Deferred tax liabilities	3,306,452	2,884,719	-	26,602
Deferred tax assets	<u>(152,219)</u>	<u>(175,145)</u>	<u>-</u>	<u>-</u>
	<u>3,154,233</u>	<u>2,709,574</u>	<u>-</u>	<u>26,602</u>

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

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31 DECEMBER 2019

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30. Deferred taxation (cont'd.)

Deferred tax assets:

	Group		Company	
	2019	2018	2019	2018
Provisions	RM	RM	RM	RM
At 1 January	(705,309)	(1,029,688)	(254,488)	(222,400)
Recognised in profit or loss	(214,496)	324,379	(178,646)	(32,088)
At 31 December	<u>(919,805)</u>	<u>(705,309)</u>	<u>(433,134)</u>	<u>(254,488)</u>

Deferred tax liabilities:

	Group		Company	
	2019	2018	2019	2018
Property, plant and equipment	RM	RM	RM	RM
At 1 January	2,179,838	2,685,632	281,090	471,734
Recognised in profit and loss	375,975	(505,794)	152,044	(190,644)
At 31 December	<u>2,555,813</u>	<u>2,179,838</u>	<u>433,134</u>	<u>281,090</u>

Provision for withholding tax

At 1 January	1,235,045	1,270,129	-	-
Recognised in profit and loss	283,180	(35,084)	-	-
At 31 December	<u>1,518,225</u>	<u>1,235,045</u>	<u>-</u>	<u>-</u>
Total deferred tax liabilities	<u>4,074,038</u>	<u>3,414,883</u>	<u>-</u>	<u>281,090</u>
Deferred taxation, net	<u>3,154,233</u>	<u>2,709,574</u>	<u>-</u>	<u>26,602</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

(CONT'D)

30. Deferred taxation (cont'd.)

Deferred tax assets have not been recognised in respect of the following items:

	Group 2019 RM	2018 RM
Unutilised tax losses	7,228,594	7,542,249
Other deductible temporary differences	293,540	292,826
	<u>7,522,134</u>	<u>7,835,075</u>

The unutilised tax losses of the Group are available indefinitely for offsetting against future taxable profits of the respective entities within the Group, subject to no substantial change in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authority.

However, effective from year of assessment 2019 as announced in the Malaysia Annual Budget 2019, the unutilised tax losses of the Group as at 31 December 2019 and thereafter will be only be available for carry forward for a period of 7 consecutive years. Upon expiry of the 7 years, the unutilised tax losses will be disregarded.

31. Dividends

	Amount 2019 RM	2018 RM	Net dividends per share 2019 RM	2018 RM
In respect of the financial year ended 31.12.2017				
Final dividend on 656,609,000 ordinary shares declared on 13 June 2018 and paid on 29 June 2018 (carried forward)	<u>-</u>	<u>3,283,045</u>	-	0.50

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

(CONT'D)

31. Dividends (cont'd.)

	Amount		Net dividends per share	
	2019	2018	2019	2018
	RM	RM	RM	RM
Dividends (carried forward)	-	3,283,045	-	0.50
In respect of the financial year ended 31.12.2018				
Interim dividend on 655,796,000 ordinary shares declared on 30 August 2018 and paid on 12 October 2018	-	984,913	-	0.15
In respect of the financial year ended 31.12.2019				
Final dividend on 655,796,000 ordinary shares declared on 20 June 2019 and paid on 8 July 2019	2,295,286	-	0.35	-
	<u>2,295,286</u>	<u>4,267,958</u>		

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2019 of 0.55 sen per share on 655,631,100 ordinary shares amounting to dividend payable of RM3,605,971 will be proposed for shareholders' approval. The financial statements for the current year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the next financial year ending 31 December 2020.

NOTES TO THE FINANCIAL STATEMENTS

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32. Commitments

	Group 2019 RM	2018 RM
Capital commitments		
Property, plant and equipment		
- Approved but contracted for	<u>180,440</u>	<u>1,009,213</u>

33. Financial guarantee

	Company 2019 RM	2018 RM
Unsecured		
Corporate guarantees		
given for banking		
facilities	<u>15,000,000</u>	<u>15,000,000</u>

No fair value adjustment required as no liability is expected to arise.

34. Significant related party transactions

- (a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

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31 DECEMBER 2019
(CONT'D)

34. Significant related party transactions (cont'd.)

Group	2019 RM	2018 RM
Rental income from Zaiyadal Keluarga Sdn. Bhd., ("ZKSB") corporate shareholder	(65,478)	(67,315)
Rental income from subsidiaries of ZKSB, corporate shareholder:		
- Foxboro (Malaysia) Sdn. Bhd.	(358,187)	(504,145)
- Progressive Impact Technology Sdn. Bhd.	(318,923)	(146,323)
- Cosasco Sdn. Bhd.	(32,872)	(56,870)
- IAM- Wonderware Sdn. Bhd.	(160,937)	(153,244)
- Untung Aquaculture Sdn. Bhd.	(22,800)	(22,800)
Provision of corporate service to ZKSB, corporate shareholder	(156,666)	(173,060)
Provision of corporate service to subsidiary of ZKSB, corporate shareholder		
- Progressive Impact Technology Sdn. Bhd.	(888,258)	(101,800)
Information technology support to ZKSB, corporate shareholder	36,390	18,725
Information technology support to subsidiary of ZKSB, corporate shareholder		
- Foxboro (Malaysia) Sdn. Bhd.	150,625	133,725
- Progressive Impact Technology Sdn. Bhd.	93,600	53,283
- Cosasco Sdn. Bhd.	21,900	14,725
Provision for consultancy and management services from ZKSB	<u>169,600</u>	<u>409,500</u>
Provision for consultancy and management services from LI Commerce Sdn Bhd	<u>374,533</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019
(CONT'D)

34. Significant related party transactions (cont'd.)

Company	2019 RM	2018 RM
Rental income from Zaiyadal Keluarga Sdn. Bhd., ("ZKSB") corporate shareholder	(65,478)	(67,315)
Rental income from subsidiaries of ZKSB, corporate shareholder:		
- Foxboro (Malaysia) Sdn. Bhd.	(358,187)	(504,145)
- Progressive Impact Technology Sdn. Bhd.	(318,923)	(146,323)
- Cosasco Sdn. Bhd.	(32,872)	(56,870)
- IAM- Wonderware Sdn. Bhd.	(160,937)	(153,244)
- Untung Aquaculture Sdn. Bhd.	(22,800)	(22,800)
Provision of corporate service to ZKSB, corporate shareholder	(156,666)	(173,060)
Provision of corporate service to subsidiary of ZKSB, corporate shareholder		
- Progressive Impact Technology Sdn. Bhd.	(888,258)	(101,800)
Provision for consultancy and management services from ZKSB	<u>169,600</u>	<u>409,500</u>
Provision for consultancy and management services from LI Commerce Sdn Bhd	<u>374,533</u>	<u>-</u>
Rental income from subsidiaries		
- Alam Sekitar Malaysia Sdn. Bhd.	(272,738)	(283,271)
- Alam Sekitar Eco-Technology Sdn. Bhd.	<u>-</u>	<u>(26,736)</u>

The Directors are of the opinion that the transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

(b) Compensation to key management personnel

Key management personnel are defined as persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company directly or indirectly, including any Director of the Group and the Company. The remuneration and compensation of Directors and other members of key management during the year was as follows:

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(CONT'D)

34. Significant related party transactions (cont'd.)

(b) Compensation to key management personnel (cont'd.)

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Salaries, bonus and other emoluments	4,467,856	3,006,567	1,618,524	1,502,980
Social security costs	3,267	4,093	1,515	2,317
Pension costs:				
- defined contribution plan	439,632	476,850	255,650	284,166
- defined benefit plan	133,590	133,590	133,590	133,590
	<u>5,044,345</u>	<u>3,621,100</u>	<u>2,009,279</u>	<u>1,923,053</u>

Included in the total key management personnel are:

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Executive directors' remuneration	<u>2,090,489</u>	<u>1,956,243</u>	<u>2,090,489</u>	<u>1,926,993</u>

35. Financial instruments

(i) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its profit rate, liquidity and credit risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transaction.

(ii) Profit rate risk

The Group's primary profit rate risk relates to profit-bearing debt, the Group had no substantial long term profit-bearing assets as at 31 December 2019. The investments in financial assets are mainly deposits held with licensed banks which are short term in nature and are not held for speculative purposes.

The information on maturity dates and effective profit rates of the financial assets and liabilities are disclosed in their respective notes.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

(CONT'D)

35. Financial instruments (cont'd.)

(ii) Profit rate risk (cont'd.)

With all other variables held constant, the following table demonstrates the sensitivity of the Group and the Company's profit net of tax to a reasonably possible change in the interest rates.

	Group		Company	
	Increase/ (decrease) in basis points	Effect on profit net of tax (Decrease)/ increase RM	Increase/ (decrease) in basis points	Effect on profit net of tax (Decrease)/ increase RM
As at 31 December 2019				
Ringgit Malaysia	+ 25	(5,172)	+ 25	(4,024)
Ringgit Malaysia	- 25	5,172	- 25	4,024
Saudi Riyal	+ 25	(1,287)	-	-
Saudi Riyal	- 25	1,287	-	-
As at 31 December 2018				
Ringgit Malaysia	+ 25	(3,231)	+ 25	(2,598)
Ringgit Malaysia	- 25	3,231	- 25	2,598
Saudi Riyal	+ 25	(432)	-	-
Saudi Riyal	- 25	432	-	-

(iii) Liquidity risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements.

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(CONT'D)

35. Financial instruments (cont'd.)

(iii) Liquidity risk (cont'd.)

The table below summaries the maturity profile of the Group and the Company's financial liabilities as at the reporting date based on undiscounted contractual payments.

	On demand or within one year RM	One to five years RM	Total RM
As at 31 December 2019			
Group			
Financial liabilities:			
Trade and other payables	15,336,289	-	15,336,289
Borrowings	27,287,046	341,607	27,628,653
Lease liabilities	67,445	80,501	147,946
Total undiscounted financial liabilities	<u>42,690,780</u>	<u>422,108</u>	<u>43,112,888</u>
Company			
Financial liabilities:			
Trade and other payables	12,100,590	-	12,100,590
Borrowings	15,591,040	237,264	15,828,304
Total undiscounted financial liabilities	<u>27,691,630</u>	<u>237,264</u>	<u>27,928,894</u>
As at 31 December 2018			
Group			
Financial liabilities:			
Trade and other payables	12,162,690	-	12,162,690
Borrowings	25,353,898	677,610	26,031,508
Total undiscounted financial liabilities	<u>37,516,588</u>	<u>677,610</u>	<u>38,194,198</u>
Company			
Financial liabilities:			
Trade and other payables	13,128,184	-	13,128,184
Borrowings	12,753,542	327,273	13,080,815
Total undiscounted financial liabilities	<u>25,881,726</u>	<u>327,273</u>	<u>26,208,999</u>

NOTES TO THE FINANCIAL STATEMENTS

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(CONT'D)

35. Financial instruments (cont'd.)

(iv) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with reputable financial institutions.

Receivables

The Group and the Company minimise credit risk by entering into contracts with highly credit rated counterparties and through credit approval, financial limits and on-going monitoring procedures. Counterparties credit evaluation is done systematically using quantitative and qualitative criteria on credit risks specified by individual operating units. Depending on the creditworthiness of the counterparty, the Group's and the Company's may require collateral or other credit enhancements.

The maximum exposure to credit risk for the Group and the Company are represented by the carrying amount of each financial asset as reported in the statement of financial position.

The Group and the Company use ageing analysis and credit limit review to monitor the credit quality of the receivables. Any customers exceeding their credit limit are monitored closely. With respect to the trade and other receivables that are neither impaired nor past due, there are no indications as of the reporting date that the debtors will not meet their payment obligations.

With respect to the trade and other receivables which have no realistic prospect of recovery, the gross carrying amounts of the credit impaired receivables will be written off (either in partial or in full).

Recognition and measurement of impairment loss

The Group and the Company measure its impairment losses for financial assets using a forward-looking expected credit loss ("ECL") approach. In determining the ECL, the probability of default assigned to each customer is based on their individual both quantitative and qualitative information and analysis, Group's and Company's historical experience and informed credit assessment and including forward-looking information.

There are trade receivables where the Group and the Company have not recognised any loss allowance as the trade receivables are secured by collateral and/or other credit enhancements such as cash deposits, letter of credit and bank guarantees.

Information regarding trade receivables that are either past due or individually impaired is as disclosed in Note 20.

NOTES TO THE FINANCIAL STATEMENTS

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(CONT'D)

35. Financial instruments (cont'd.)

(v) Foreign currency risk

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily, United States Dollar ("USD"), Australian Dollar ("AUD"), European Euro ("EURO"), Singaporean Dollar ("SGD") and Indonesian Rupiah ("IDR"). Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The net unhedged financial assets and financial liabilities of the Group that are not denominated in their functional currencies are as follows:

Functional currency of Group	Ringgit Malaysia RM	Indonesian Rupiah RM	Total RM
As at 31.12.2019:			
United States Dollar	154,540	(2,979,504)	(2,824,964)
Australian Dollar	(55,327)	(118,694)	(174,021)
European Euro	(131,757)	(4,709)	(136,466)
Singapore Dollar	(34,112)	(43,494)	(77,606)
Saudi Riyal	9,478,270	-	9,478,270
	<u>9,411,614</u>	<u>(3,146,401)</u>	<u>6,265,213</u>
As at 31.12.2018:			
United States Dollar	3,864,463	(249,239)	3,615,224
Australian Dollar	79,206	(27,557)	51,649
European Euro	(123,430)	(13,227)	(136,657)
Singapore Dollar	(44,604)	(26,879)	(71,483)
Saudi Riyal	3,543,438	-	3,543,438
	<u>7,319,073</u>	<u>(316,902)</u>	<u>7,002,171</u>

With all other variables held constant, the following table demonstrates the sensitivity of the Group's profit before taxation to a reasonably possible change in those exchange rates against the functional currency of the Group:

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(CONT'D)

35. Financial instruments (cont'd.)

(v) Foreign currency risk (cont'd.)

	Group	
	Profit before tax	
	2019	2018
	RM	RM
USD/RM - strengthen 3%	(4,636)	(115,934)
- weaken 3%	4,636	115,934
AUD/RM - strengthen 3%	1,660	(2,376)
- weaken 3%	(1,660)	2,376
EURO/RM - strengthen 3%	3,953	3,703
- weaken 3%	(3,953)	(3,703)
SGD/RM - strengthen 3%	(1,023)	(1,338)
- weaken 3%	1,023	1,338
SAR/RM - strengthen 3%	(284,348)	(106,303)
- weaken 3%	<u>284,348</u>	<u>106,303</u>

(vi) Fair value

The fair value of financial assets and financial liabilities approximate their respective carrying values on the statements of financial position of the Group and the Company.

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(i) Cash and bank balances, receivables and payables

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

(ii) Other current financial assets

Other current financial assets that are quoted and determined by reference to fair value provided by the bank at the close of the business on the reporting date. The investments are classified as level 2 in the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

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35. Financial instruments (cont'd.)

(vi) Fair value (cont'd.)

(iii) Non-current borrowings

The fair value of the financial instrument is estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowings or leasing arrangements at the reporting date. The fair value of non-current borrowings of the Group and of the Company are classified as level 2 in the fair value hierarchy.

(iv) Leases

The fair value of lease liabilities are estimated by discounting expected future cash flows at a rate for similar types of leasing arrangements at the reporting date.

The following table analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

Financial instruments not carried at fair value

Group	Note	2019		2018	
		Carrying amount	Fair value	Carrying amount	Fair value
		RM	RM	RM	RM
Financial assets:					
Cash and bank balances	23	22,207,389	18,989,778	22,798,662	19,495,382
Other current financial assets	22	13,578,249	11,610,907	7,462,226	6,381,031
Trade and other receivables	20	41,021,941	35,078,304	40,168,997	34,348,942
		<u>76,807,579</u>	<u>65,678,989</u>	<u>70,429,885</u>	<u>60,225,354</u>
Financial liabilities:					
Trade and other payables	24	17,891,439	15,299,162	14,717,840	12,585,384
Non-current borrowings	25	341,607	292,112	677,610	579,432
		<u>18,233,046</u>	<u>15,591,274</u>	<u>15,395,450</u>	<u>13,164,815</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

(CONT'D)

35. Financial instruments (cont'd.)

(vi) Fair value (cont'd.)

Financial instruments not carried at fair value (cont'd.)

		2019		2018	
		Carrying	Fair	Carrying	Fair
	Note	amount	value	amount	value
		RM	RM	RM	RM
Company					
Financial assets:					
Cash and bank balances	23	7,685,715	6,707,548	9,596,903	8,330,813
Other current financial assets	22	11,865	10,355	11,462	9,950
Trade and other receivables	20	15,259,640	13,317,534	12,379,856	10,746,620
		<u>22,957,220</u>	<u>20,035,437</u>	<u>21,988,221</u>	<u>19,087,383</u>
Financial liabilities:					
Trade and other payables	24	12,100,590	10,560,539	13,128,184	11,396,223
Non-current borrowings	25	237,264	207,067	327,273	284,097
		<u>12,337,854</u>	<u>10,767,606</u>	<u>13,455,457</u>	<u>11,680,320</u>

Financial instruments carried at fair value

		2019	2018
	Note	RM	RM
Financial liabilities:			
Group			
Lease liabilities	15	<u>147,946</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

(CONT'D)

35. Financial instruments (cont'd.)

(vi) Fair value (cont'd.)

Determination of fair value hierarchy

The financial instruments of the Group and the Company are carried at fair value by level of the following fair value measurement hierarchy:

- (i) Level 1 - Unadjusted quoted prices in active market for identical financial instruments
- (ii) Level 2 - Inputs other than quoted prices that are observable market data
- (iii) Level 3 - Inputs that are not based on observable market data

Transfer between Level 1 and Level 2 fair values

There has been no transfers between Level 1 and Level 2 fair values during the financial year.

36. Segmental information

(a) Business segments

The Group is organised into 3 major business segments:

- (i) Environmental consultancy and monitoring services - providing environmental related services.
- (ii) Laboratory testing services - chemical testing, consultancy service and other services of similar nature.
- (iii) Wastewater treatment and solutions - provision of sewerage and solid waste management systems.

Other business segments include the results of the Company as an investment holding of its subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019
(CONT'D)

36. Segmental information (cont'd.)

(a) Business segments (cont'd.)

2019	Environmental consultancy and monitoring services RM	Laboratory testing services RM	Others RM	Elimination RM	Consolidated RM
Revenue					
External sales	40,880,145	55,725,923	2,899,490	-	99,505,558
Inter-segment sales	226,186	1,072,820	6,902,081	(8,201,087)	-
Total revenue	41,106,331	56,798,743	9,801,571	(8,201,087)	99,505,558
Results					
Profit/(loss) from operations	473,917	20,287,603	4,152,042	(8,082,423)	16,831,139
Finance costs	(1,830,999)	(7,544)	(1,621,846)	1,325,850	(2,134,538)
Taxation	(1,191,021)	(5,714,199)	(142,722)	-	(7,047,942)
Profit after taxation					7,648,659

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019
(CONT'D)

36. Segmental information (cont'd.)

(a) Business segments (cont'd.)

2019 (cont'd.)	Environmental consultancy and monitoring services RM	Laboratory testing services RM	Others RM	Elimination RM	Consolidated RM
Assets					
Segment assets	48,811,765	83,247,085	99,388,172	(68,166,497)	163,280,525
Liabilities					
Segment liabilities	39,005,835	14,536,387	31,508,487	(32,028,978)	53,021,731
Other Information					
Capital expenditure	1,358,618	4,287,487	2,059,307	-	7,705,412
Depreciation and amortisation	(1,545,480)	(3,601,885)	(1,079,067)	204,690	(6,021,742)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019
(CONT'D)

36. Segmental information (cont'd.)

(a) Business segments (cont'd.)

2018						
Revenue						
External sales	34,186,313	50,425,634	2,853,027	-	87,464,974	
Inter-segment sales	583,866	1,375,298	9,822,235	(11,781,399)	-	
Total revenue	34,770,179	51,800,932	12,675,262	(11,781,399)	87,464,974	
Results						
Profit/(loss) from operations	78,073	21,635,306	3,490,588	(10,114,120)	15,089,847	
Finance costs	(1,320,469)	-	(1,579,699)	625,410	(2,274,758)	
Taxation	55,298	(5,526,259)	(184,148)	-	(5,655,109)	
Profit after taxation					7,159,980	

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019
(CONT'D)

36. Segmental information (cont'd.)

(a) Business segments (cont'd.)

2018 (cont'd.)	Environmental consultancy and monitoring services	Laboratory testing services	Others	Elimination	Consolidated
Assets					
Segment assets	48,743,111	76,931,858	97,532,666	(66,359,322)	156,848,313
Liabilities					
Segment liabilities	36,107,414	12,779,389	29,656,929	(30,462,583)	48,081,149
Other Information					
Capital expenditure	2,007,642	3,598,778	829,064	-	6,435,484
Depreciation and amortisation	(2,061,994)	(3,270,121)	(1,332,496)	-	(6,664,611)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

(CONT'D)

36. Segmental information (cont'd.)

(b) Geographical segments

The Group's geographical segments are for its subsidiaries that are involved in laboratory testing services, environmental consultancy and monitoring services which operates in three geographical areas:

- (i) Malaysia
- (ii) Indonesia
- (iii) Saudi Arabia

The directors are of the opinion that the inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

	Total revenue from external customers RM	Segment assets RM	Capital expenditure RM
2019			
Malaysia	66,882,376	124,496,547	6,815,173
Indonesia	21,108,474	28,302,237	552,692
Saudi Arabia	11,514,708	10,481,742	337,547
	<u>99,505,558</u>	<u>163,280,525</u>	<u>7,705,412</u>
2018			
Malaysia	57,142,080	122,150,398	3,585,537
Indonesia	18,266,187	23,422,630	1,770,909
Saudi Arabia	12,056,707	11,275,285	1,079,038
	<u>87,464,974</u>	<u>156,848,313</u>	<u>6,435,484</u>

37. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders value.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

(CONT'D)

37. Capital management (cont'd.)

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, borrowings, hire purchase payables, trade and other payables, less cash and bank balances. Capital represents the total share capital.

The debt to equity ratio as at 31 December 2019 and 2018 are as follows:

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Borrowings (Note 25)	27,628,653	26,031,508	15,828,304	13,080,815
Trade and other payables (Note 24)	17,891,439	14,717,840	12,100,590	13,128,184
Less: Cash and bank balances (Note 23)	(22,207,389)	(22,798,662)	(7,685,715)	(9,596,903)
Net debt	<u>23,312,703</u>	<u>17,950,686</u>	<u>20,243,179</u>	<u>16,612,096</u>
Total share capital	<u>65,970,290</u>	<u>65,970,290</u>	<u>65,970,290</u>	<u>65,970,290</u>
Capital and net debt	<u>89,282,993</u>	<u>83,920,976</u>	<u>86,213,469</u>	<u>82,582,386</u>
Gearing ratio	<u>0.26</u>	<u>0.21</u>	<u>0.23</u>	<u>0.20</u>

The gearing ratio is not governed by the MFRS and its definition and calculation may vary from one Group or Company to another.

38. Comparative figures

In 2019, the Group and the Company performed review of its balances and corrected the error resulting to the restatements of the following:

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019
(CONT'D)

38. Comparative figures (cont'd.)

	As previously stated RM	Re- classification RM	As restated RM
GROUP			
2018			
Statements of Comprehensive Income			
Cost of sales	(27,866,019)	48,420	(27,817,599)
Other income	1,224,443	(197,170)	1,027,273
Staff costs	(25,933,162)	603,978	(25,329,184)
Other operating expenses	(13,943,131)	352,125	(13,591,006)
Finance costs	(1,467,405)	(807,353)	(2,274,758)
Statement of Financial Position			
Property, plant and equipment	39,050,127	(303,738)	38,746,389
Inventories	-	87,728	87,728
Trade and other receivables	39,952,987	216,010	40,168,997
Statements of Cash Flows			
Cash flows from operating activities			
Adjustments for:			
Write off on trade receivables	-	(1,116,116)	(1,116,116)
Write off of other receivables	-	(170,974)	(170,974)
Fair value gain on other current financial assets	(261,301)	(403)	(261,704)
Finance cost	1,467,405	807,353	2,274,758
Dividend from unit trust	(1,293)	403	(890)
Working capital changes:			
Increase in receivables	(10,187,465)	1,074,943	(9,112,522)
Financing cost paid	(1,467,405)	(807,353)	(2,274,758)
Retirement benefit obligation paid	-	(100,038)	(100,038)
Net cash generated from operating activities	7,093,320	(312,185)	6,781,135

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

(CONT'D)

38. Comparative figures (cont'd.)

	As previously stated RM	Re- classification RM	As restated RM
GROUP (cont'd.)			
2018 (cont'd.)			
Statements of Cash Flows (cont'd.)			
Cash flows from investing activities			
Purchase of property, plant and equipment	(6,739,222)	303,738	(6,435,484)
Dividend from unit trust	1,293	(403)	890
Net cash used in investing activities	<u>(8,279,347)</u>	<u>303,335</u>	<u>(7,976,012)</u>
Cash flows from financing activities			
Islamic hire purchase drawdown	501,120	593,184	1,094,304
Hire purchase drawdown	593,184	(593,184)	-
Net cash used in financing activities	<u>(1,791,518)</u>	<u>-</u>	<u>(1,791,518)</u>
Cash and cash equivalents at end of the year	<u>499,400</u>	<u>(8,850)</u>	<u>490,550</u>
Cash and cash equivalents:			
Restricted deposits	<u>(9,645,944)</u>	<u>(8,850)</u>	<u>(9,654,794)</u>
COMPANY			
2018			
Statements of Comprehensive Income			
Cost of sales	(1,370,866)	72,269	(1,298,597)
Staff costs	(4,648,808)	988,460	(3,660,348)
Other operating expenses	(2,923,574)	(880,729)	(3,804,303)
Finance costs	(1,394,498)	(180,000)	(1,574,498)
Statement of Financial Position			
Property, plant and equipment	1,462,423	(216,010)	1,246,413
Trade and other receivables	<u>12,163,846</u>	<u>216,010</u>	<u>12,379,856</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

(CONT'D)

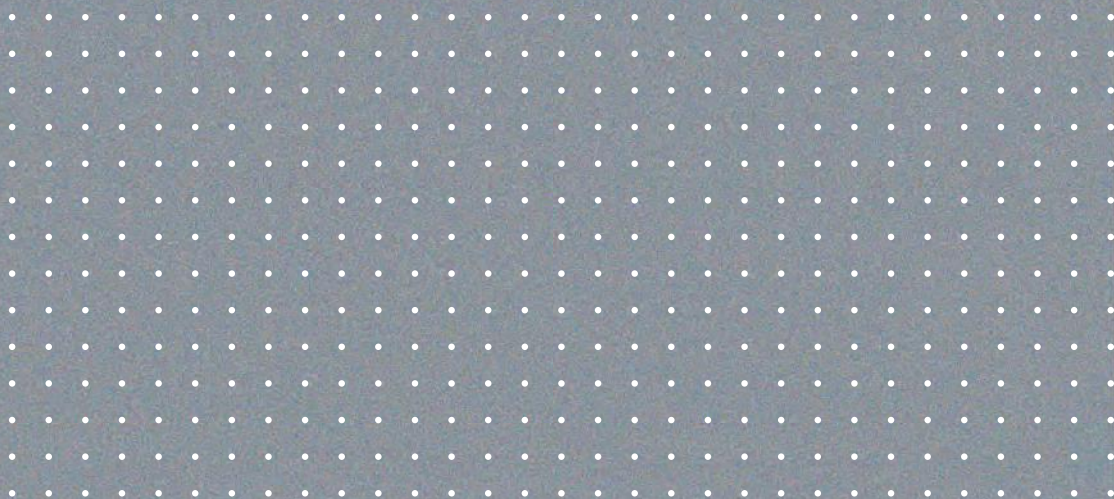
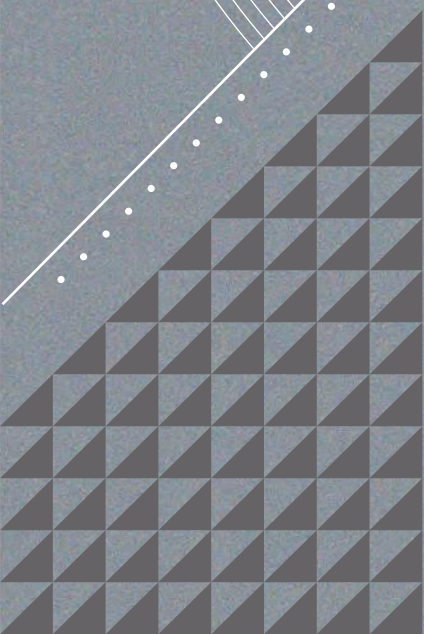
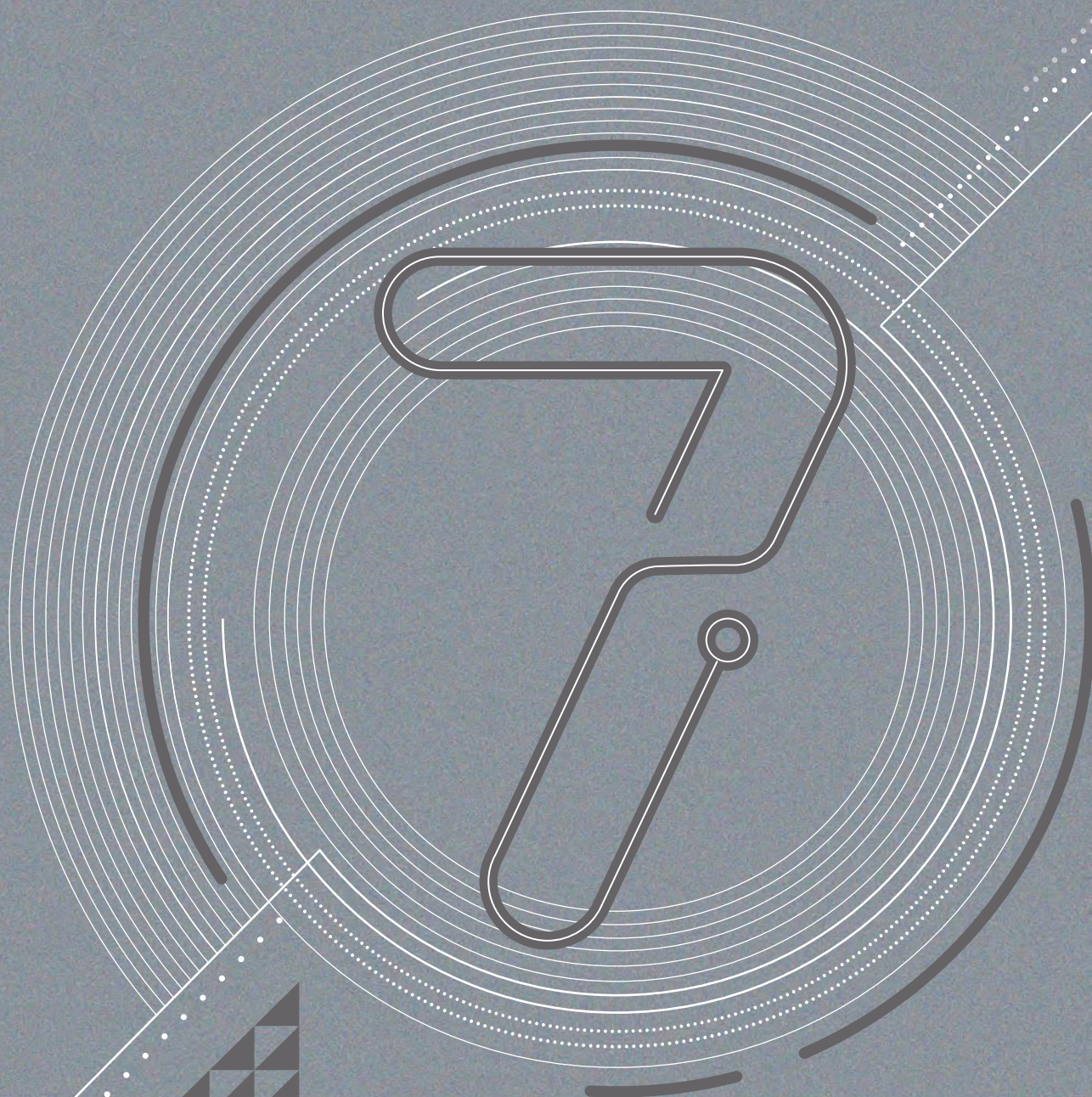
38. Comparative figures (cont'd.)

	As previously stated RM	Re- classification RM	As restated RM
COMPANY (cont'd.)			
2018 (cont'd.)			
Statements of Cash Flows			
Cash flows from operating activities			
Adjustments for:			
Finance cost	1,394,498	180,000	1,574,498
Dividend from unit trust	(1,293)	403	(890)
Working capital changes:			
Decrease in receivables	13,044,573	(216,010)	12,828,563
Finance cost paid	(1,394,498)	(180,000)	(1,574,498)
Net cash generated from operating activities	<u>2,722,916</u>	<u>(215,607)</u>	<u>2,507,309</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	(1,045,078)	216,010	(829,068)
	1,293	(403)	890
Net cash used in investing activities	<u>(11,387,421)</u>	<u>215,607</u>	<u>(11,171,814)</u>

39. Subsequent event

The novel coronavirus (COVID-19) outbreak and the global recession may have an impact on the Group's businesses. While we acknowledged that a substantial portion of the businesses relates to essential services, the scale and duration of the Movement Control Order (MCO) will somewhat impact our business particularly on the cashflows, earnings and financial condition to the extent of which is currently indeterminate. Notwithstanding the challenges faced, the Group has identified a number of key risks area due to the outbreak and the global recession and has undertaken the necessary measures to lessen the impact of the crisis.

.....
SUPPLEMENTARY
INFORMATION





STATISTICS OF SHAREHOLDINGS

AS AT 4 MAY 2020

SHARE CAPITAL

No. of issued shares	: 658,000,000 ordinary shares
Class of shares	: Ordinary shares
Voting rights	: One (1) vote per ordinary share
Number of shareholders	: 2,281
Number of Treasury Shares	: 2,368,900 ordinary shares

ANALYSIS OF SHAREHOLDINGS

Size of holdings	No. of shareholders	%	Shareholdings	%*
Less than 100	4	0.175	141	0.000
100 to 1,000	532	23.323	348,234	0.053
1,001 to 10,000	660	28.934	4,306,100	0.656
10,001 to 100,000	844	37.001	33,779,267	5.152
100,001 to less than 5% of issued shares	238	10.434	207,988,736	31.723
5% and above of issued shares	3	0.131	409,208,622	62.414
Total	2,281	100.00	655,631,100	100.00

Note:-

* Based on the total number of issued shares in the Company excluding 2,368,900 ordinary shares bought back by the Company and retained as treasury shares as at 4 May 2020.

SUBSTANTIAL SHAREHOLDERS

SHAREHOLDINGS

Name	Direct Interest	%^	Deemed Interest	%^
Zaiyadal Keluarga Sdn Bhd	309,943,622	47.274	-	-
Urusharta Jamaah Sdn Bhd	47,683,200	7.273	-	-
Zaid bin Abdullah	47,925,100	7.310	309,943,622*	47.274*
Zaidah binti Mohd Salleh	8,769,400	1.338	309,943,622*	47.274*

Note:-

* Deemed interest by virtue of his/her interest in Zaiyadal Keluarga Sdn Bhd. pursuant to Section 8 of the Companies Act 2016.

^ Based on the total number of issued shares in the Company excluding 2,368,900 ordinary shares bought back by the Company and retained as treasury shares as at 4 May 2020.

DIRECTORS' INTEREST IN SHARES
As per the Register of Directors' Shareholdings

Name	Direct Interest	% ^	Deemed & Indirect	% ^
Zaid bin Abdullah	47,925,100	7.310	310,419,922*	47.347*
Zaidah binti Mohd Salleh	8,769,400	1.338	310,419,922*	47.347*
Usamah bin Zaid	112,000	0.017	-	-
Datuk Abdul Hamid bin Sawal	-	-	-	-
Dato' Hajjah Rosnani binti Ibarahim	-	-	-	-
Dato' Dr. Lukman bin Ibrahim	-	-	-	-
Lee Weng Chong	1,050,000	0.160	-	-
Fatimah Zahrah binti Zaid (Alternate Director)	110,300	0.016	-	-

Note:-

* Deemed interest by virtue of his/her interest in Zaiyadal Keluarga Sdn Bhd pursuant to Section 8 of the Companies Act 2016 ("the Act" and indirect interest pursuant to Section 59(1)(c) of the Act in respect of his/her children's shareholdings.

^ Based on the total number of issued shares in the Company excluding 2,368,900 ordinary shares bought back by the Company and retained as treasury shares as at 4 May 2020.

THIRTY LARGEST SHAREHOLDERS

No.	Name	Holdings	%*
1.	Zaiyadal Keluarga Sdn Bhd	307,278,622	46.867
2.	Citigroup Nominees (Asing) Sdn Bhd	54,004,900	8.237
3.	Exempt an For Bank of Singapore Limited (Foreign)	47,925,100	7.309
4.	Zaid Bin Abdullah	32,500,000	4.957
	Citigroup Nominees (Tempatan) Sdn Bhd		
	Urusharta Jamaah Sdn Bhd (Franklin 1)		
5.	Kal-Yadaiin Sdn Bhd	28,813,078	4.394
6.	Citigroup Nominees (Tempatan) Sdn Bhd	20,183,200	3.078
	Urusharta Jamaah Sdn Bhd (Amundi 1)		
7.	Zaidah Binti Mohd Salleh	7,063,400	1.077
8.	HLB Nominees (Tempatan) Sdn Bhd	6,079,600	0.927
	Pledged Securities Account for Ab Ghaus bin Ismail		
9.	Public Invest Nominees (Asing) Sdn Bhd	5,265,300	0.803
	Exempt AN for Phillip Securities Pte Ltd (Clients)		
10.	RHB Nominees (Tempatan) Sdn Bhd	4,950,000	0.754
	Pledged Securities Account for		
	Mohd Shafei bin Abdullah		
11.	Ahmad Ridzwan Bin Mohd Salleh	4,879,175	0.744
12.	Nik Abdul Aziz Bin Nik Sulaiman	4,323,235	0.659
13.	CGS-CIMB Nominees (Tempatan) Sdn Bhd	4,015,400	0.612
	Pledged Securities Account for Mohammed Amin		
	Bin Mahmud (MM1004)		
14.	Rasal Keluarga Sdn Bhd	3,992,150	0.608
15.	CGS-CIMB Nominees (Tempatan) Sdn Bhd	3,288,900	0.501
	Pledged Securities Account for Loong Ding Tong		
	(MY3120)		
16.	Kenanga Nominees (Tempatan) Sdn Bhd	2,972,000	0.453
	Pledged Securities Account for Tan Seng Hong		
17.	Yen Tien Fook	2,950,000	0.449
18.	Zaiyadal Keluarga Sdn Bhd	2,665,000	0.406
19.	Maybank Nominees (Tempatan) Sdn Bhd	2,470,000	0.376
	Pledged Securities Account for Ooi Boon Chai		
20.	RHB Nominees (Tempatan) Sdn Bhd	1,757,200	0.268
	Exempt AN for RHB Securities Singapore Pte. Ltd (A/C		
	Clients)		
21.	Zaidah Binti Mohd Salleh	1,696,000	0.258
22.	Ahmad Rafa'i Bin Abdullah	1,689,520	0.257
23.	Johar bin Yusof	1,523,000	0.232
24.	Wong Kim Choong	1,435,000	0.218
25.	RHB Capital Nominees (Tempatan) Sdn Bhd	1,415,000	0.215
	Pledged Securities Account for Rossana Annizah Binti		
	Ahmad Rashid @ Mohd Rashidi (CEB)		
26.	Shireen Mardziah Hashim	1,387,800	0.211
27.	Mohd Shukri bin Hussain	1,300,000	0.198
28.	Yeu Swee Hing	1,281,100	0.195
29.	Khadijah binti Ahmad Thani	1,050,000	0.160
30.	Lee Weng Chong	1,050,000	0.160

Note:-

* Based on the total number of issued shares in the Company excluding 2,368,900 ordinary shares bought back by the Company and retained as treasury shares as at 4 May 2020.

▶▶ NOTICE OF ANNUAL GENERAL MEETING

PROGRESSIVE IMPACT CORPORATION BERHAD
REGISTRATION NO. 199001011782 (203352 V)
(Incorporated in Malaysia)

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 28th Annual General Meeting of the Company will be conducted entirely through live streaming from the broadcast venue at PICORP Corporate R&D Gallery, 4th Floor, Mercu PICORP, Lot 10, Jalan Astaka U8/84, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia ("Broadcast Venue") on **Tuesday, 16 June 2020 at 10.00 a.m.** to transact the following businesses:-

ORDINARY BUSINESS

- | | |
|---|---|
| 1. To receive the Audited Financial Statements for the financial year ended 31 December 2019 together with the Directors' and Auditors' Reports thereon. | (Please refer to Note 1 of the Explanatory Notes) |
| 2. To approve the payment of the Single Tier Final Dividend of 0.55 sen per share for the financial year ended 31 December 2019. | Ordinary Resolution 1 |
| 3. To re-elect Datuk Abdul Hamid bin Sawal, who shall retire pursuant to Clause 76(3) of the Constitution of the Company, as Director. | Ordinary Resolution 2 |
| 4. To re-elect Zaid bin Abdullah, who shall retire pursuant to Clause 76(3) of the Constitution of the Company, as Director. | Ordinary Resolution 3 |
| 5. To re-elect Lee Weng Chong, who shall retire pursuant to Clause 76(3) of the Constitution of the Company, as Director. | Ordinary Resolution 4 |
| 6. To approve the Non-Executive Directors' fees of RM237,600 for the period commencing from the date immediately after the 28th Annual General Meeting up to the date of the next Annual General Meeting to be held in 2021. | Ordinary Resolution 5 |
| 7. To approve the Directors' benefits of RM264,000 for the period for the period commencing from the date immediately after the 28th Annual General Meeting up to the date of the next Annual General Meeting to be held in 2021. | Ordinary Resolution 6 |
| 8. To re-appoint Messrs Ernst & Young PLT as Auditors of the Company and authorise the Directors to fix their remuneration. | Ordinary Resolution 7 |

SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions, with or without modifications, as Ordinary Resolutions of the Company:

9. ORDINARY RESOLUTION

Proposed renewal of the existing shareholders' mandate for recurrent related party transactions of a revenue or trading nature

"THAT pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company and its subsidiaries ("the Group") be and are hereby authorised to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related parties as set out in Section 2.2 of the Circular to Shareholders dated 18 May 2020 ("Related Parties") provided that such transactions and/or arrangements are:

Ordinary Resolution 8

- (a) necessary for the day-to-day operations;
- (b) undertaken in the ordinary course of business at arm's length basis and are on normal commercial terms and transaction price which are not more favourable to the Related Parties than those generally available to the public; and
- (c) not detrimental to the minority shareholders of the Company,

("Shareholders' Mandate");

AND THAT such approval, shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at such AGM, the authority is renewed; or
- (ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("the Act") but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting,

whichever is earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate."

10. ORDINARY RESOLUTION

Proposed renewal of shareholders' mandate to purchase its own ordinary shares of up to 10% of the total number of issued shares in the company

"THAT subject always to the Companies Act 2016 ("the Act"), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

Ordinary
Resolution 9

- (i) the aggregate number of issued shares in the Company ("Shares") purchased ("Purchased Shares") and/or held as treasury shares pursuant to this ordinary resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at point of purchase; and
- (ii) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase,

("Proposed Share Buy-Back").

AND THAT the authority to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this Ordinary Resolution and will continue to be in force until:

- (a) the conclusion of the next Annual General Meeting of the Company following at which time the authority shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; or
- (c) revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own Shares before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements and any applicable laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

AND THAT the Directors of the Company be and are hereby authorised, at their discretion, to deal with the Purchased Shares until all the Purchased Shares have been dealt with by the Directors in the following manner as may be permitted by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force:

- (i) to cancel all or part of the Purchased Shares;
- (ii) to retain all or part of the Purchased Shares as treasury shares as defined in Section 127 of the Act;
- (iii) to distribute all or part of the treasury shares as dividends to the shareholders of the Company;
- (iv) to resell all or part of the treasury shares;
- (v) to transfer all or part of the treasury shares for the purposes of or under the employees' share scheme established by the Company and/or its subsidiaries;
- (vi) to transfer all or part of the treasury shares as purchase consideration;
- (vii) to sell, transfer or otherwise use the shares for such other purposes as the Minister charged with the responsibility for companies may by order prescribe; and/or
- (viii) to deal with the treasury shares in any other manner as allowed by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are authorised to take all such steps as are necessary or expedient [including without limitation, the opening and maintaining of central depository account(s) under Securities Industry (Central Depositories) Act, 1991, and the entering into all other agreements, arrangements and guarantee with any party or parties] to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities."

11. **ORDINARY RESOLUTION**

Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016, and subject to the approval of the relevant governmental/regulatory authorities (if any), the Directors of the Company be and are hereby authorised to issue and allot shares in the Company from time to time, at such price, upon such terms and conditions and for such purposes and to such persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued during the preceding 12 months does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued from Bursa Malaysia Securities Berhad AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company after the approval was given or at the expiry of the period within which the next Annual General Meeting is required to be held after the approval was given, whichever is earlier, unless revoked or varied by an ordinary resolution of the Company at a general meeting."

Ordinary
Resolution 10

12. **ORDINARY RESOLUTION**

Continuing in office as Independent Non-Executive Director

"THAT authority be and is hereby given to Lee Weng Chong who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting."

Ordinary
Resolution 11

13. **ORDINARY RESOLUTION**
Continuing in office as Independent Non-Executive Director

"THAT approval be and is hereby given for Datuk Abdul Hamid Bin Sawal who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting."

Ordinary
Resolution 12

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

NOTICE OF DIVIDEND PAYMENT

Notice is hereby given that a Single Tier Final Dividend of 0.55 sen per share for the financial year ended 31 December 2019, if approved, will be paid on 13 July 2020. The entitlement date for the dividend payment is 30 June 2020.

A Depositor shall qualify for entitlement to the dividend only in respect of:-

- (a) Shares transferred into the depositor's Securities Account on or before 4.30 p.m. on 30 June 2020 in respect of ordinary transfers; and
- (b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of Bursa Malaysia Securities Berhad.

By order of the Board
ZAIDAH BINTI MOHD SALLEH (MIA 3313)
SSM PC No. 202008000888
Company Secretary

Shah Alam
18 May 2020

Notes:

1. **IMPORTANT NOTICE**

The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 2016** which requires the Chairman of the meeting to be present at the main venue of the meeting.

Shareholders **will not be allowed** to attend this Annual General Meeting ("AGM") in person at the Broadcast Venue on the day of the meeting.

Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at this AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its **TIIH Online** website at <https://tiih.online>.

Please read these Notes carefully and follow the procedures in the Administrative Guide for the AGM in order to participate remotely via RPV.

- 2. For the purpose of determining who shall be entitled to participate in this AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the Record of Depositors as at 8 June 2020. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM via RPV.
- 3. A member who is entitled to participate in this AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
- 4. A member of the Company who is entitled to participate at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the AGM.
- 5. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.
- 6. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- 7. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit

to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.

8. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
9. A member who has appointed a proxy or attorney or authorised representative to participate at the 28th AGM via RPV **must request his/her proxy or attorney or authorised representative to register himself/herself for RPV** via TIIH Online website at <https://tiih.online>. Procedures for RPV can be found in the Administrative Guide for the AGM.
10. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:

(i) In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

(ii) By electronic means

The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at <https://tiih.online>. Kindly refer to the Administrative Guide for the AGM on the procedures for electronic lodgement of proxy form via TIIH Online.

11. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
12. Last date and time for lodging the proxy form is Sunday, 14 June 2020 at 10.00 a.m..
13. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
14. For a corporate member who has appointed an authorised representative, please deposit the ORIGINAL certificate of appointment of authorised representative with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:
 - (i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
 - (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - (a) at least two (2) authorised officers, of whom one shall be a director; or
 - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

Explanatory Notes on Ordinary Business

1. Agenda item no. 1 is meant for discussion only as the provisions of Sections 248(2) and 340(1)(a) of the Companies Act 2016 do not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is **not put forward for voting**.

2. Ordinary Resolutions 2, 3 and 4:

Datuk Abdul Hamid bin Sawal, Zaid bin Abdullah and Lee Weng Chong are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at this AGM. The Board has through the Nominating Committee, considered the assessment of the Directors and collectively agreed that they meet the criteria as prescribed by Paragraph 2.20A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad on character, experience, integrity, competence and time to effectively discharge their roles as Directors.

The Board has also through the Nomination Committee, conducted an assessment on the independence of Datuk Abdul Hamid bin Sawal and Lee Weng Chong and is satisfied that they have complied with the criteria prescribed by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Malaysian Code on Corporate Governance.

3. Ordinary Resolution 5:

Shareholders' approval is sought under this Resolution to allow the Company to pay Non-Executive Directors' fees on a monthly basis for the period commencing from the date immediately after this AGM up to the date of the next AGM to be held in 2021. The Directors' fees are based on the targeted Board size. In the event the proposed amount is insufficient, approval will be sought at the next AGM for the shortfall.

4. Ordinary Resolution 6:

The Directors' benefits are calculated based on the current Board size and the number of scheduled Board and Committee meetings for the period commencing from the date immediately after this AGM up to the date of the next AGM. In the event the proposed amount is insufficient (due to enlarged Board size or more meetings), approval will be sought at the next AGM for the shortfall.

5. Ordinary Resolution 7:

The Board has through the Audit Committee, considered the re-appointment of Messrs Ernst & Young PLT as Auditors of the Company. The factors considered by the Audit Committee in making the recommendation to the Board to table their re-appointment at this AGM are stated in the Corporate Governance Overview Statement of the Annual Report 2019.

Messrs Ernst & Young has converted its legal entity status from a conventional partnership pursuant to the Partnership Act 1961 to a limited liability partnership pursuant to Section 29 of the Limited Liability Partnerships Act 2012 and is now known as Ernst & Young PLT.

Explanatory Notes on Special Business

1. Ordinary Resolutions 8:

This proposed Resolution, if passed, will enable the Company and/or its subsidiaries renew its existing mandate to enter into recurrent transactions involving the interest of Related Parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company.

For further information on the recurrent related party transactions, please refer to the Circular to Shareholders dated 18 May 2020.

2. Ordinary Resolution 9

The proposed Resolution is intended to allow the Company to renew its existing authorisation to purchase its own shares up to 10% of the total number of issued shares of the Company at any time within the time period stipulated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Please refer to the Statement on Share Buy-Back in the Circular to Shareholders dated 18 May 2020 for further information.

3. Ordinary Resolution 10

This proposed Resolution, if passed, will empower the Directors to allot up to a maximum of 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being for such

purposes as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

This proposed Resolution is a renewal of the previous year's mandate. The mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional costs and time. The purpose of this general mandate is for possible fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of bank borrowings, acquisitions and/or for issuance of shares as settlement of purchase consideration or such other application as the Directors may deem fit in the best interest of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM held on 19 June 2019 and the mandate will lapse at the conclusion of the 28th AGM.

4. Ordinary Resolution 11

The Board has assessed the independence of Mr. Lee Weng Chong, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, and recommended that he continues to act as an Independent Non-Executive Director of the Company based on the justifications in the Corporate Governance Overview Statement of the Annual Report 2019.

5. Ordinary Resolution 12

The Board has assessed the independence of Datuk Abdul Hamid Bin Sawal, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years and recommended that he continues to act as an Independent Non-Executive Director of the Company based on the justifications in the Corporate Governance Overview Statement of the Annual Report 2019.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Directors standing for election

As at date of this notice, there are no individuals who are standing for election as Directors at the 28th Annual General Meeting.

PROGRESSIVE IMPACT CORPORATION BERHAD

ADMINISTRATIVE GUIDE FOR THE ANNUAL GENERAL MEETING ("AGM")

Date	:	Tuesday, 16 June 2020
Time	:	10.00 a.m.
Broadcast Venue	:	PICORP Corporate R&D Gallery 4th Floor, Mercu PICORP Lot 10, Jalan Astaka U8/84 Bukit Jelutong 40150 Shah Alam Selangor Darul Ehsan, Malaysia

MODE OF MEETING

In view of the COVID-19 outbreak and as part of our safety measures, the 28th AGM will be conducted entirely through live streaming from the Broadcast Venue. This is in line with the Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 18 April 2020.

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Shareholders will not be allowed to attend the 28th AGM in person at the Broadcast Venue on the day of the meeting.

REMOTE PARTICIPATION AND VOTING FACILITIES ("RPV")

Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 28th AGM using RPV provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its TIH Online website at <https://tiih.online>.

Shareholders who appoint proxies to participate via RPV in the 28th AGM must ensure that the duly executed proxy forms are deposited in a hard copy form or by electronic means to Tricor no later than **Sunday, 14 June 2020 at 10.00 a.m.**

Authorised representatives of corporate members must deposit their original certificate of appointment of authorised representative to Tricor not later than **Sunday, 14 June 2020 at 10.00 a.m.** to participate via RPV in the 28th AGM.

Attorneys appointed by power of attorney are to deposit their power of attorney with Tricor not later than **Sunday, 14 June 2020 at 10.00 a.m.** to participate via RPV in the AGM.

A shareholder who has appointed a proxy or attorney or authorised representative to participate at this AGM via RPV must request his/her proxy or attorney or authorized representative to register himself/herself for RPV at TIH Online website at <https://tiih.online>.

As the 28th AGM is a fully virtual AGM, members who are unable to participate in this AGM may appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the proxy form.

PROCEDURES FOR RPV

Shareholders/proxies/authorised representatives/attorneys who wish to participate the 28th AGM remotely using the RPV are to follow the requirements and procedures as summarised below:

	Procedure	Action
BEFORE THE AGM DAY		
(a)	Register as a user with TIH Online	<ul style="list-style-type: none">Using your computer, access the website at https://tiih.online. Register as a user under the "e-Services". Refer to the tutorial guide posted on the homepage for assistance.If you are already a user with TIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIH Online.

	Procedure	Action
BEFORE THE AGM DAY		
(b)	Submit your request	<ul style="list-style-type: none"> Registration is open from Monday, 18 May 2020 at 10.00 a.m. up to Sunday, 14 June 2020 at 10.00 a.m. Login with your user ID and password and select the corporate event: "(REGISTRATION) PICORP 28th AGM". Read and agree to the Terms & Conditions and confirm the Declaration. Select "Register for Remote Participation and Voting." Review your registration and proceed to register. System will send an e-mail to notify that your registration for remote participation is received and will be verified. After verification of your registration against the General Meeting Record of Depositors as at 8 June 2020, the system will send you an e-mail to approve or reject your registration for remote participation.
ON THE DAY OF THE AGM		
(c)	Login to TIIH Online	<ul style="list-style-type: none"> Login with your user ID and password for remote participation at the 28th AGM at any time from 9.40 a.m. i.e. 20 minutes before the commencement of the AGM on Tuesday, 16 June 2020 at 10.00 a.m.
(d)	Participate through Live Streaming	<ul style="list-style-type: none"> Select the corporate event: "(LIVE STREAMING MEETING) PICORP 28TH AGM" to engage in the proceedings of the 28th AGM remotely. If you have any question for the Chairperson/Board, you may use the query box to transmit your question. The Chairperson/Board will endeavor to respond to questions submitted by remote participants during the 28th AGM.
(e)	Online Remote Voting	<ul style="list-style-type: none"> Voting session commences from 10.30 a.m. on Tuesday, 16 June 2020 until a time when the Chairperson announces the completion of the voting session of the 28th AGM. Select the corporate event: "(REMOTE VOTING) PICORP 28TH AGM". Read and agree to the Terms & Conditions and confirm the Declaration. Select the CDS account that represents your shareholdings. Indicate your votes for the resolutions that are tabled for voting. Confirm and submit your votes.
(f)	End of remote participation	<ul style="list-style-type: none"> Upon the announcement by the Chairperson on the closure of the 28th AGM, the live streaming will end.

Note to users of the RPV:

- Should your application to join the meeting be approved, we will make available to you the rights to join the live streamed meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.
- The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
- In the event you encounter any issues with logging-in, connection to the live streamed meeting or online voting, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 or e-mail to tiih.online@my.tricorglobal.com for assistance.

The procedures to lodge your proxy form electronically via Tricor's **TIH Online** website are summarised below:

PRE-MEETING SUBMISSION OF QUESTION TO THE BOARD OF DIRECTORS

NO DOOR GIFT /FOOD VOUCHER

There will be **no distribution of door gifts or food vouchers** for the 28th AGM.

Progressive Impact Corporation Berhad would like to thank all its shareholders for their kind co-operation and understanding in these challenging times.

If you have any enquiries on the above, please contact the following persons during office hours on Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except on public holidays):

General Line : +603-2783 9299
Fax Number : +603-2783 9222
Email : is.enquiry@my.tricorglobal.com
Contact persons : En. Muhammad Ashraff Bin. Mohd Khaizan
+603- 27839276 (Muhammad.Ashraff@my.tricorglobal.com)
Ms Esther Loo
+603-27839293 (Esther.Loo@my.tricorglobal.com)

PROGRESSIVE IMPACT CORPORATION BERHAD REGISTRATION
NO. 199001011782 (203352-V)
(Incorporated in Malaysia)

PROXY FORM

No. of shares held

CDS Account No.											

I/We _____ Tel: _____
[Full name in block and as per NRIC/passport, NRIC/Passport/Company No.]
of _____
[Full address]

being member(s) of Progressive Impact Corporation Berhad, hereby appoint:

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No	Proportion of Shareholdings	
		No. of Shares	%
Address			

and

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing ^him/her, the Chairman of the Meeting, as ^my/our proxy/proxies to vote for ^me/us and on ^my/our behalf at the 28th Annual General Meeting ("AGM") of the Company which will be conducted entirely through live streaming from the broadcast venue at PICORP Corporate R&D Gallery, 4th Floor, Mercu PICORP, Lot 10, Jalan Astaka U8/84, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia ("Broadcast Venue") on Tuesday, 16 June 2020 at 10.00 a.m. or any adjournment thereof, and to vote as indicated below:

Ordinary Resolution	Description of Resolution	For	Against
1.	Single Tier Final Dividend		
2.	Re-election of Datuk Abdul Hamid bin Sawal as Director		
3.	Re-election of Zaid bin Abdullah as Director		
4.	Re-election of Lee Weng Chong as Director		
5.	Payment of Non-Executive Directors' Fees for the period commencing from the date immediately after the 28th AGM up to the date of the next AGM to be held in 2021		
6.	Payment of Directors' Benefits for the period commencing from the date immediately after the 28th AGM up to the date of the next AGM to be held in 2021		
7.	Re-appointment of Messrs Ernst & Young PLT as Auditors of the Company and authorise the Directors to fix their remuneration		
8.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
9.	Proposed Renewal of Shareholders' Mandate to purchase its own Ordinary Shares of up to 10% of the total number of issued shares in the Company		
10.	Authority to issue shares		
11.	Approval for Lee Weng Chong to continue in office as Independent Non-Executive Director		
12.	Approval for Datuk Abdul Hamid bin Sawal to continue in office as Independent Non-Executive Director		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he/she thinks fit.

Signed this _____ day of _____ 2020

Signature*
Member

[^] Delete whichever is inapplicable

* Manner of execution

- (a) If you are an individual member, please sign where indicated.
- (b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
- (c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
 - (i) at least two (2) authorised officers, of whom one shall be a director; or
 - (ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

Notes:

1. **IMPORTANT NOTICE**

The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 2016** which requires the Chairman of the meeting to be present at the main venue of the meeting.

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Please read these Notes carefully and follow the procedures in the Administrative Guide for the AGM in order to participate remotely via RPV

- 2. For the purpose of determining who shall be entitled to participate in this AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the Record of Depositors as at 8 June 2020. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM via RPV.
- 3. A member who is entitled to participate in this AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
- 4. A member of the Company who is entitled to participate at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the AGM.
- 5. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.
- 6. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- 7. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
- 8. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- 9. A member who has appointed a proxy or attorney or authorised representative to participate at the 28th AGM via RPV must request his/her proxy or attorney or authorised representative to register himself/herself for RPV via TIIH Online website at <https://tiih.online>. Procedures for RPV can be found in the Administrative Guide for the AGM.
- 10. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:

(i) In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

(ii) By electronic means

The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at <https://tiih.online>. Kindly refer to the Administrative Guide for the AGM on the procedures for electronic lodgement of proxy form via TIIH Online.

11. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
12. Last date and time for lodging the proxy form is Sunday, **14 June 2020 at 10.00 a.m.**.
13. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
14. For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:
 - (i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
 - (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - (a) at least two (2) authorised officers, of whom one shall be a director; or
 - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

Fold this flap for sealing

Then fold here

Affix
stamp

Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A, Vertical Business Suite
Avenue 3, Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

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