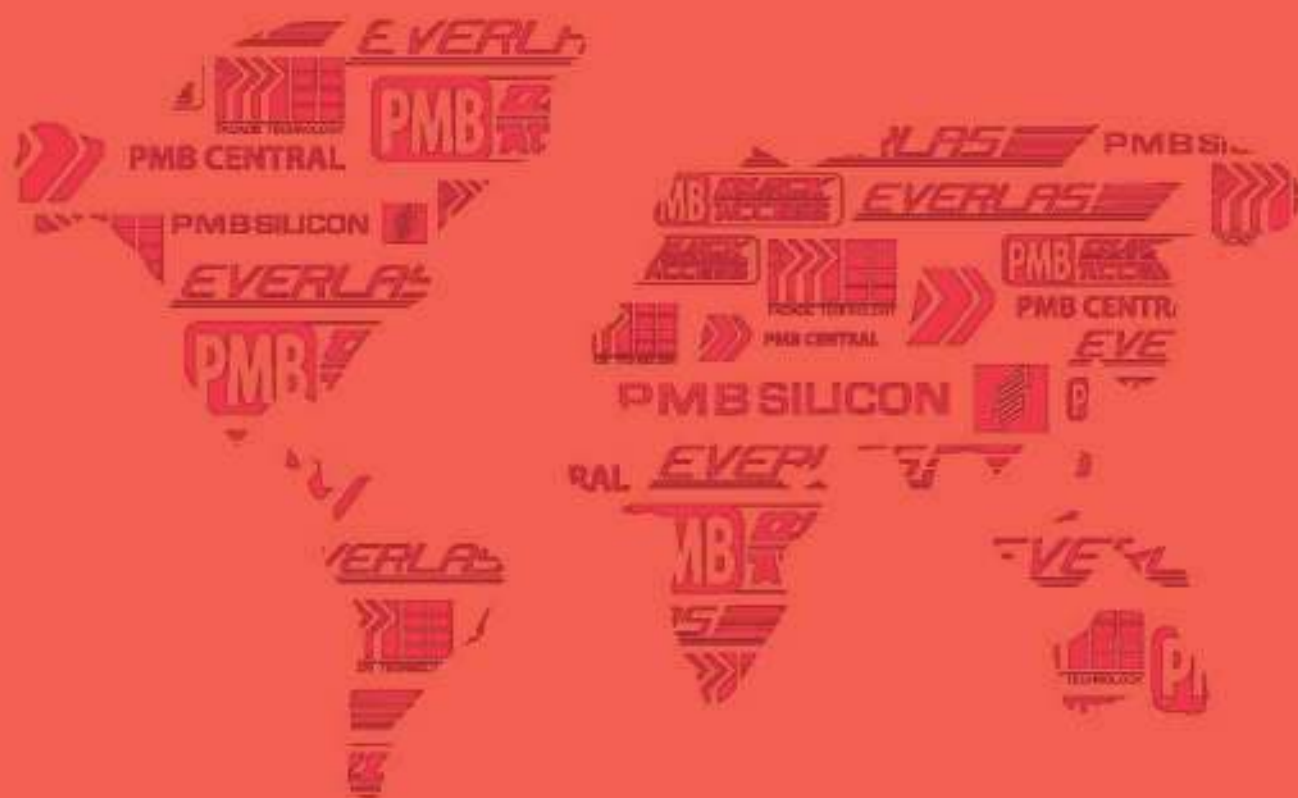




PMB TECHNOLOGY BERHAD
(Company No. 584257-X)



ANNUAL REPORT 2017



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Dato' Koon Poh Keong
Koon Poh Ming
Koon Poh Weng
Dato' Koon Poh Tat
Loo Lean Hock
Ernest Bong Miao Fatt
Noor Alina Binti Mohamad Faiz

Executive Chairman
Chief Executive Officer
Executive Director
Executive Director
Senior Independent Non-Executive Director
Independent Non-Executive Director
Independent Non-Executive Director

COMPANY SECRETARIES

Tan Ai Ning (MAICSA 7015852)
Te Hock Wee (MAICSA 7054787)

SHARE REGISTRAR

Tricor Investor & Issuing House
Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur,
Malaysia.

Tel : 603 - 2783 9299
Fax : 603 - 2783 9222

REGISTERED OFFICE

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

Tel : 603 - 7720 1188
Fax : 603 - 7720 1111

CORPORATE OFFICE

Lot 1797, Jalan Balakong,
Bukit Belimbing,
43300 Seri Kembangan,
Selangor Darul Ehsan,
Malaysia.

Tel : 603 - 8961 5205
Fax : 603 - 8961 1904
Website URL: www.pmbtechnology.com

PRINCIPAL BANKERS

Ambank (M) Berhad
Bangkok Bank Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad

AUDITORS

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

Tel : 603 - 7721 3388
Fax : 603 - 7721 3399

STOCK EXCHANGE LISTING

Main Market
Bursa Malaysia Securities Berhad

NOTICE OF SIXTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Sixteenth Annual General Meeting of PMB Technology Berhad will be held at Room Tunku Abdul Rahman, The Royal Commonwealth Society of Malaysia, No. 4, Jalan Birah, Damansara Heights, 50490 Kuala Lumpur, Malaysia on Wednesday, 30 May 2018 at 10.30 a.m. for the following purposes:

A G E N D A

As Ordinary Business

- | | |
|---|---|
| <p>1. To receive the Audited Financial Statements for the financial year ended 31 December 2017 together with the Reports of the Directors and Auditors thereon.</p> | <p>(Please refer to
Note 1 of the
Explanatory Notes)</p> |
| <p>2. To approve the payment of Directors' fees and benefits payable to the Directors of up to an aggregate amount of RM150,000 for the financial year ending 31 December 2018.</p> | <p>Ordinary Resolution 1</p> |
| <p>3. To re-elect the following Directors who are retiring pursuant to Article 84 of the Articles of Association of the Company:</p> <p style="margin-left: 40px;">(i) Koon Poh Weng
(ii) Koon Poh Ming</p> | <p>Ordinary Resolution 2
Ordinary Resolution 3</p> |
| <p>4. To re-appoint KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.</p> | <p>Ordinary Resolution 4</p> |

As Special Business

To consider and, if thought fit, to pass the following resolutions:

- | | |
|---|-------------------------------------|
| <p>5. Authority under Section 76 of the Companies Act 2016 for the Directors to allot and issue shares</p> <p>"THAT pursuant to Section 76 of the Companies Act 2016, the Directors be and are hereby authorised to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being, subject always to the approval of all relevant regulatory bodies being obtained for such allotment and issuance."</p> | <p>Ordinary Resolution 5</p> |
| <p>6. Authority for Loo Lean Hock to continue in office as Independent Non-Executive Director</p> <p>"THAT authority be and is hereby given to Loo Lean Hock who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with the new Malaysian Code on Corporate Governance."</p> | <p>Ordinary Resolution 6</p> |

NOTICE OF SIXTEENTH ANNUAL GENERAL MEETING

cont'd

7. **Authority for Ernest Bong Miau Fatt to continue in office as Independent Non-Executive Director**

"THAT authority be and is hereby given to Ernest Bong Miau Fatt who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with the new Malaysian Code on Corporate Governance."

Ordinary Resolution 7

8. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions and Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions for PMB Technology Berhad and its subsidiaries ("Proposed Shareholders' Mandate")**

"THAT approval be and is hereby given to the Company and its subsidiaries ("PMBT Group") to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.3 (i) of the Circular to Shareholders dated 27 April 2018 which are necessary for the PMBT Group's day-to-day operations subject to the following:

- a) the transactions are in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and
- b) the disclosure will be made in the Annual Report of the breakdown of the aggregate value of the recurrent related party transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year on the type of recurrent related party transactions made, the names of the related parties involved in each type of recurrent related party transactions and their relationships with the Company.

THAT the authority conferred shall continue to be in force until:

- i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the forthcoming AGM at which the Proposed Shareholders' Mandate is approved, at which time it will lapse, unless by a resolution passed at the AGM, the mandate is again renewed;
- 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 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate."

Ordinary Resolution 8

NOTICE OF SIXTEENTH ANNUAL GENERAL MEETING

cont'd

9. **Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares**

"THAT subject to the Companies Act 2016 ("Act"), the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant governmental and/or regulatory authorities (if any), the Company be and is hereby authorised to utilise an amount not exceeding the Company's aggregate retained profits as at 31 December 2017 to purchase such amount of ordinary shares in the Company ("Proposed Renewal of Share Buy-Back Authority") 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 the aggregate number of shares purchased and/or held pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company.

THAT an amount not exceeding the Company's retained profits be allocated by the Company for the Proposed Renewal of Share Buy-Back Authority.

THAT authority be and is hereby given to the Directors of the Company to decide at their absolute discretion to either retain the shares so purchased as treasury shares (as defined in Section 127 of the Act) and/or to cancel the shares so purchased and if retained as treasury shares, may resell the treasury shares and/or to distribute them as share dividend and/or subsequently cancel them.

THAT the authority conferred by this resolution will be effective immediately upon the passing of this resolution and will expire at:-

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time the said authority will lapse unless by an ordinary resolution passed at a general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions;
- (ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first, but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and/or any other relevant governmental and/or regulatory authorities (if any).

AND THAT the Directors of the Company be authorised to take all steps necessary to implement, complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of Share Buy-Back Authority as may be agreed or allowed by any relevant governmental and/or regulatory authority."

Ordinary Resolution 9

NOTICE OF SIXTEENTH ANNUAL GENERAL MEETING

cont'd

10. **Proposed Adoption of New Constitution of the Company ("Proposed Adoption of New Constitution")**

"THAT the Company's existing Memorandum and Articles of Association be deleted in its entirety and that the new Constitution as set out in Part C of the Circular to Shareholders dated 27 April 2018 be and is hereby adopted as the new Constitution of the Company.

AND THAT the Directors of the Company be and are hereby authorised to do all acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed Adoption of New Constitution with full powers to assent to any conditions, modifications and/or amendments as may be required by any authorities to give effect to the Proposed Adoption of New Constitution."

Special Resolution

11. To transact any other business for which due notice shall have been given.

BY ORDER OF THE BOARD

TAN AI NING (MAICSA 7015852)
TE HOCK WEE (MAICSA 7054787)
Company Secretaries

Selangor Darul Ehsan

Date: 27 April 2018

NOTES:

1. *A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.*
2. *Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*
3. *Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
4. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or signed by an officer or attorney so authorised.*
5. *The instrument appointing a proxy or proxies and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, must be deposited at the Share Registrar's office of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof, otherwise the instrument of proxy shall not be treated as valid.*
6. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 21 May 2018 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.*
7. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions at the Sixteenth Annual General Meeting of the Company shall be put to vote by way of poll.*

NOTICE OF SIXTEENTH ANNUAL GENERAL MEETING

cont'd

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. To receive the Audited Financial Statements

The Audited Financial Statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence, will **not be put for voting**.

2. Ordinary Resolution 5 on Authority under Section 76 of the Companies Act 2016 for the Directors to allot and issue shares

The Company had, during its Fifteenth Annual General Meeting held on 7 June 2017, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 76 of the Companies Act 2016 ("the Act"). As at the date of this notice, the Company did not issue any shares pursuant to this mandate obtained.

The Ordinary Resolution 5 proposed under item 5 of the Agenda is a renewal of the general mandate for issuance of shares by the Company under Section 76 of the Act. The mandate, if passed, will provide flexibility for the Company and empower the Directors to allot and issue new shares speedily in the Company up to an amount not exceeding in total 10% of the total number of issued shares of the Company for purpose of funding the working capital or strategic development of the Group. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting.

At this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is sought, the Company will make an announcement in respect thereof.

3. Ordinary Resolution 6 on Authority for Loo Lean Hock to continue in office as Independent Non-Executive Director

Mr Loo Lean Hock was appointed as an Independent Non-Executive Director on 15 September 2003. His term as an independent director exceeded twelve years after 15 September 2015. Pursuant to the Malaysian Code on Corporate Governance, the Board through the Nomination Committee has carried out the necessary assessment and is satisfied that Mr Loo Lean Hock is able to exercise independent judgement and act in the best interest of the Company. He has effectively applied his experience and knowledge to discharge his duties and responsibilities as a Director of the Company. He is also in compliance with the relevant criteria and provisions in the Bursa Malaysia Securities Berhad Main Market Listing Requirements on independent directors. Mr Loo Lean Hock abstained from all deliberations at the Board meeting in relation to the recommendation of Ordinary Resolution 6.

The Board received performance evaluation of him and he was found to be effective in his role and he has given time commitment to attend the Company's Board meetings and performance of duties. The Board recommends that you support the resolution for the Director to continue office.

4. Ordinary Resolution 7 on Authority for Ernest Bong Miao Fatt to continue in office as Independent Non-Executive Director

Mr Ernest Bong Miao Fatt was appointed as an Independent Non-Executive Director on 30 November 2007. His term as an independent director exceeded nine years after 30 November 2016. Pursuant to the Malaysian Code on Corporate Governance, the Board through the Nomination Committee has carried out the necessary assessment and is satisfied that Mr Ernest Bong Miao Fatt is able to exercise independent judgement and act in the best interest of the Company. He has effectively applied his experience and knowledge to discharge his duties and responsibilities as a Director of the Company. He is also in compliance with the relevant criteria and provisions in the Bursa Malaysia Securities Berhad Main Market Listing Requirements on independent directors. Mr Ernest Bong Miao Fatt abstained from all deliberations at the Board meeting in relation to the recommendation of Ordinary Resolution 7.

The Board received performance evaluation of him and he was found to be effective in his role and he has given time commitment to attend the Company's Board meetings and performance of duties. The Board recommends that you support the resolution for the Director to continue office.

NOTICE OF SIXTEENTH ANNUAL GENERAL MEETING

cont'd

5. Ordinary Resolution 8 on Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions and Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions for PMB Technology Berhad and its subsidiaries ("Proposed Shareholders' Mandate")

Ordinary Resolution 8 proposed under item 8 of the Agenda, if passed, will allow the Company and its subsidiaries to enter into recurrent related party transactions in accordance with Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad without the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such recurrent related party transactions occur. This would reduce substantial administrative time and expenses associated with the convening of such meetings without compromising the corporate objectives of the Group or affecting the business opportunities available to the Group. The shareholders' mandate is subject to renewal on an annual basis.

For further information on Ordinary Resolution 8, please refer to Part A of the Circular to Shareholders dated 27 April 2018 accompanying the Annual Report of the Company for the financial year ended 31 December 2017.

6. Ordinary Resolution 9 on Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares

The proposed Ordinary Resolution 9, if passed, will give the Directors of the Company authority to take all such steps as are necessary or expedient to implement, finalise, complete and/or to effect the purchase(s) of shares by the Company as the Directors may deem fit and expedient in the best interest of the Company. The authority will, unless revoked or varied by the Company in a general meeting, continue to be in force until the conclusion of the next Annual General Meeting of the Company or the expiry of the period within which the next Annual General Meeting of the Company is required by law to be held.

For further information on Ordinary Resolution 9, please refer to Part B of the Circular to Shareholders dated 27 April 2018 accompanying the Annual Report of the Company for the financial year ended 31 December 2017.

7. Special Resolution on Proposed Adoption of New Constitution

The Special Resolution, if passed, will align the Constitution of the Company with the Companies Act 2016 which came into force on 31 January 2017, the updated provision of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the prevailing laws, guidelines or requirements of the relevant authorities, to enhance administrative efficiency and provide greater clarity.

Please refer to Part C of the Circular to Shareholders dated 27 April 2018 for further information.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

PROFILE OF DIRECTORS

TAN SRI DATO' KOON POH KEONG

*Executive Chairman, Non-Independent
(Malaysian, Male, Aged 57)*

Tan Sri Dato' Koon Poh Keong is a Non-Independent Executive Chairman of the Company since 15 September 2003. He attended all the four (4) Board meetings held during the financial year. He is also the Group Chief Executive Officer of Press Metal Aluminium Holdings Berhad and Director of Press Metal Berhad. He graduated with a Bachelor of Science in Electrical Engineering from The University of Oklahoma, United States of America, in 1986. He is the brother to Koon Poh Ming, Koon Poh Weng and Dato' Koon Poh Tat. He has not been convicted of any offence (other than traffic offence, if any) within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

KOON POH MING

*Chief Executive Officer, Non-Independent
(Malaysian, Male, Aged 61)*

Mr Koon Poh Ming is a Non-Independent Executive Director and Chief Executive Officer of the Company since 15 September 2003. He attended all the four (4) Board meetings held during the financial year. He is also the Executive Vice Chairman of Press Metal Aluminium Holdings Berhad and Director of Press Metal Berhad. He graduated from University of Wales, United Kingdom with a degree in Civil and Structural Engineering in 1981. He is a professional engineer registered with the Board of Engineers, Malaysia and The Institute of Engineers, Malaysia. He has been actively involved in the aluminium trading and manufacturing and construction for more than 30 years. He is the brother to Tan Sri Dato' Koon Poh Keong, Koon Poh Weng and Dato' Koon Poh Tat. He has not been convicted of any offence (other than traffic offence, if any) within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.



PROFILE OF DIRECTORS

cont'd

KOON POH WENG*Executive Director**(Malaysian, Male, Aged 62)*

Mr Koon Poh Weng is a Non-Independent Executive Director of the Company since 15 September 2003. He attended all the four (4) Board meetings held during the financial year. He is currently the Executive Director of Press Metal Aluminium Holdings Berhad. His experiences include the management of major projects throughout the country. He has been responsible for all aspects of the management and for producing satisfactory results on large variety of projects ranging from schools, government complexes to prominent hotels. He is the brother to Koon Poh Ming, Tan Sri Dato' Koon Poh Keong and Dato' Koon Poh Tat. He has not been convicted of any offence (other than traffic offence, if any) within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

DATO' KOON POH TAT*Executive Director**(Malaysian, Male, Aged 58)*

Dato' Koon Poh Tat is a Non-Independent Executive Director of the Company since 15 September 2003. He attended three (3) out of four (4) Board meetings held during the financial year. Currently, he is also the Director of Press Metal Berhad and the Executive Director of Press Metal Aluminium Holdings Berhad. He has more than 25 years of experience in the aluminium industry. He is the brother to Koon Poh Ming, Tan Sri Dato' Koon Poh Keong and Koon Poh Weng. He has not been convicted of any offence (other than traffic offence, if any) within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.



PROFILE OF DIRECTORS

cont'd

LOO LEAN HOCK

*Senior Independent Non-Executive
(Malaysian, Male, Aged 58)*

Mr Loo Lean Hock was appointed as an Independent Non-Executive Director of the Company on 15 September 2003 and redesignated as Senior Independent Non-Executive Director on 27 February 2006. He is the Chairman of the Audit Committee and Nomination Committee and a member of the Remuneration Committee. He attended all the four (4) Board meetings held during the financial year. He is a Chartered Accountant of Malaysian Institute of Accountants, a practicing member of Malaysian Institute of Certified Public Accountants, Fellow of CPA Australia; associate member of Chartered Tax Institute of Malaysia; and professional member of Institute of Internal Auditors Malaysia. He obtained his Masters in Business Administration from University of Bath, United Kingdom in 1992. He started his professional career in Coopers & Lybrand from 1980 to 1990. He joined Press Metal Berhad (became a subsidiary of Press Metal Aluminium Holdings Berhad on 21 June 2017) in 1990 as the Financial Controller. After that, he joined The Crown Princess Kuala Lumpur (a hotel division of Asia Pacific Land Berhad) as the Financial Controller. He set up his own auditing firm, L.H. Loo & Co. in July 1993 as the sole practitioner. He is also a director of L. H. Loo Taxation Services Sdn. Bhd., and the Managing Director and Chief Executive Officer of LVIO Precision Sdn. Bhd. Presently, he is an Independent Non-Executive Director of Press Metal Aluminium Holdings Berhad. He has no conflict of interest with the Group and has no family relationship with any director and/or major shareholder of the Group. He has not been convicted of any offence (other than traffic offence, if any) within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

ERNEST BONG MIAU FATT

*Independent Non-Executive
(Malaysian, Male, Aged 62)*

Mr Ernest Bong Miao Fatt was appointed as an Independent Non-Executive Director on 30 November 2007. He is also the Chairman of the Remuneration Committee and a member of the Audit and Nomination Committees. He attended all the four (4) Board meetings held during the financial year. He holds a Bachelor of Science Degree in Engineering from University of Wales, United Kingdom. He has been in engineering business for 36 years since 1981. He is a registered competent person for elevators with Jabatan Keselamatan dan Kesihatan Pekerjaan Malaysia. He has no conflict of interest with the Group and has no family relationship with any director and/or major shareholder of the Group. He has not been convicted of any offence (other than traffic offence, if any) within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.



PROFILE OF DIRECTORS

cont'd

NOOR ALINA BINTI MOHAMAD FAIZ

*Independent Non-Executive
(Malaysian, Female, Aged 43)*

Puan Noor Alina Binti Mohamad Faiz was appointed to the Company as an Independent Non-Executive Director on 18 October 2016. She also serves as a member of the Audit, Nomination and Remuneration Committees. She attended all the four (4) Board meetings during the financial year. Presently, she also acts as an Independent Non-Executive Director of Press Metal Aluminium Holdings Berhad. She graduated with a L.L.B. (Honours) from University of Leicester, United Kingdom in 1996. She is a member of the Middle Temple and was called to the Bar of England and Wales in 1998. After her return to Malaysia, she chambered with Messrs Lee, Perara & Tan and upon being called to the Malaysian Bar in 1999, she practised with the said firm until 2009. Between 2010 and 2015, she was the Group General Manager and subsequently Head of Department of the legal and secretarial departments of Media Prima Berhad and Peremba (Malaysia) Sdn Bhd, respectively. In 2016 she provided consultancy services for legal and secretarial matters for various companies before resuming practise in 2017 as the sole proprietor of the Chambers of Noor Alina Faiz. She has no conflict of interest with the Group and has no family relationship with any director and/or major shareholder of the Group. She has not been convicted of any offence (other than traffic offence, if any) within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

PROFILE OF KEY SENIOR MANAGEMENT

Profiles of Mr. Koon Poh Ming, Mr. Koon Poh Weng and Dato' Koon Poh Tat are set out on pages 9 to 10 of this Annual Report.



GROUP STRUCTURE



PMB TECHNOLOGY BERHAD
(Company No. 584257-X)

100%

Everlast Aluminium (M) S/B
(Co. No. 170443-T)

100%

Everlast Access Technologies S/B
(Co. No. 491803-H)

100%

PMB Quick Access S/B
(Co. No. 516692-V)

100%

PMB Central S/B
(Co. No. 446486-M)

100%

PMB Northern S/B
(Co. No. 460005-X)

100%

PMB Eastern S/B
(Co. No. 439685-T)

100%

Everlast Environmental Management S/B
(Co. No. 207793-P)

100%

PMB Aluminium Sabah S/B
(Co. No. 772936-H)

100%

PMB.POIC Bulking S/B
(Co. No. 777915-W)

100%

PMB Facade Technology S/B
(Co. No. 291486-H)

100%

PMB-Cyberwall Ltd.
(Co. No. 704047)

100%

PMB Facade Technology (HK) Ltd.
(Co. No. 675899)

51%

Kai PMB Facade Technology Ltd.
(Co. No. C-41554 (913)/2000)

100%

PMB Silicon S/B
(Co. No. 1181986-X)

100%

PMB Carbon S/B
(Co. No. 817599-X)

GROUP STRUCTURE

cont'd

Details of the subsidiary companies of PMB Technology Berhad are summarised below: -

Name	Date and place of incorporation	Issued and paid-up share capital	Effective Equity Interest (%)	Principal Activities
Subsidiary Companies held directly				
PMB Façade Technology Sdn. Bhd. ("PMBF")	05.03.94 Malaysia	RM 1,500,000	100.00	Design, fabrication and installation of aluminium curtain wall, cladding system and manufacturing and trading of aluminium related products
Everlast Aluminium (M) Sdn. Bhd. ("EASB")	07.05.88 Malaysia	RM1,000,000	100.00	Marketing of aluminium and other related products
PMB Aluminium Sabah Sdn. Bhd. ("PMBAS")	11.05.07 Malaysia	RM200,000	100.00	Marketing of all types of aluminium sections, gypsum boards and other related products
PMB Carbon Sdn. Bhd.	14.05.08 Malaysia	RM1,000,000	100.00	Investment holding company, manufacturing and marketing of carbon based products as well as trading, distribution and fabrication of aluminium related products
PMB Silicon Sdn. Bhd.	01.04.16 Malaysia	RM3,000,000	100.00	Production and distribution of metallic silicon products as well as trading, distribution and fabrication of aluminium related products
Subsidiary Companies held indirectly through PMBF				
PMB Facade Technology (H.K.) Ltd.	17.05.99 Hong Kong	HKD 10,000	100.00	Design, fabrication and installation of aluminium curtain wall, cladding system and other related products
PMB - Cyberwall Ltd.	11.02.00 Hong Kong	HKD 13,000,000	100.00	Design, fabrication and installation of aluminium curtain wall, cladding system and other related products
KAI PMB Facade Technology Ltd.	18.10.00 Bangladesh	BDT 5,000,000	51.00	Dormant
Subsidiary Companies held indirectly through EASB				
Everlast Access Technologies Sdn. Bhd.	19.08.99 Malaysia	RM3,000,000	100.00	Manufacturing and marketing of aluminium and other related products
PMB Central Sdn. Bhd.	11.09.97 Malaysia	RM 2,000,000	100.00	Marketing of gypsum boards, aluminium extrusion and other related products
PMB Northern Sdn. Bhd.	27.03.98 Malaysia	RM 1,000,000	100.00	Marketing of aluminium and other related products
PMB Eastern Sdn. Bhd.	16.07.97 Malaysia	RM 150,000	100.00	Marketing of gypsum boards and other related products
PMB Quick Access Sdn.Bhd.	13.06.00 Malaysia	RM1,000,000	100.00	Manufacturing and marketing of scaffolding tower, rental of machinery and scaffolding tower and trading of other related products
Everlast Environmental Management Sdn. Bhd.	15.11.90 Malaysia	RM 3,000,000	100.00	Dormant
Subsidiary Company held indirectly through PMBAS				
PMB.POIC Bulking Sdn. Bhd.	21.06.07 Malaysia	RM100,000	100.00	Dormant

CALENDAR HIGHLIGHTS

March 2017

ISO Training



Risk Management Training

October 2017



Blood Donation



CALENDAR HIGHLIGHTS

cont'd



November 2017

Junior Management Training



First Aid Training

December 2017



Annual Dinner and CNY Celebration



March 2018

AUDIT COMMITTEE REPORT

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee comprises exclusively Independent Non-Executive Directors. Details of the composition of the Audit Committee are as follows:-

Loo Lean Hock (*Chairman*)

Senior Independent Non-Executive Director; Member of the MIA

Ernest Bong Miau Fatt

Independent Non-Executive Director

Noor Alina Binti Mohamad Faiz

Independent Non-Executive Director

Mr Loo Lean Hock is a Chartered Accountant of Malaysian Institute of Accountants ("MIA"), a practicing member of Malaysian Institute of Certified Public Accountants, Fellow of Certified Public Accountant Australia, associate member of Chartered Tax Institute of Malaysia and professional member of Institute of Internal Auditors Malaysia, which is in compliance with Paragraph 15.09(1) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). In addition, the Chairman of the Audit Committee is a Senior Independent Non-Executive Director.

The duties and responsibilities of the Audit Committee are spelt out in the Terms of Reference of the Audit Committee. The Terms of Reference is reviewed and approved by the Board of Directors on 10 November 2017. A copy of the Terms of Reference is available on the Company's website at www.pmbtechnology.com.

ATTENDANCE AT MEETINGS

During the financial year ended 31 December 2017, the Audit Committee held four (4) meetings. The details of attendance of the Audit Committee members are as follows:-

Audit Committee members	No. of meetings attended
Loo Lean Hock	4/4
Ernest Bong Miau Fatt	4/4
Noor Alina Binti Mohamad Faiz	4/4

SUMMARY ACTIVITIES OF THE COMMITTEE

The Audit Committee reports regularly to the Board on the activities carried out by the Committee in discharging their duties and responsibilities in accordance with its Terms of Reference.

AUDIT COMMITTEE REPORT

cont'd

SUMMARY ACTIVITIES OF THE COMMITTEE cont'd

The main activities undertaken by the Audit Committee during the financial year ended 31 December 2017 were as follows:-

1. Financial Reporting

- (a) The Audit Committee had ensured that the quarterly financial results of the Group complied with the Malaysian Financial Reporting Standards ("MFRS") and Appendix 9B of the MMLR. The following quarterly unaudited financial results as well as the declaration of dividends were reviewed by the Audit Committee before recommended to the Board of Directors for approval:

Subject	Date of Audit Committee Meeting
Unaudited financial results and fourth interim dividend, both for the financial year ended 31 December 2016	27 February 2017
Unaudited financial results for the first quarter ended 31 March 2017 and first interim dividend for the financial year ended 31 December 2017	18 May 2017
Unaudited financial results for the second quarter ended 30 June 2017 and second interim dividend for the financial year ended 31 December 2017	16 August 2017
Unaudited financial results for the third quarter ended 30 September 2017 and third interim dividend for the financial year ended 31 December 2017	10 November 2017

- (b) Reviewed the audited financial statements for the financial year ended 31 December 2016 before recommending the same to the Board for approval.

The review focused primarily on:-

- major judgemental areas, significant and unusual events;
- significant adjustments resulting from audit; and
- the going concern assumptions.

2. External Audit

- (a) At the meeting held on 27 February 2017, the Audit Committee reviewed and discussed with the external auditors the following:
- The performance, suitability and independence of the external auditors based on among others, the external auditors' technical competency and audit independence, objectivity and professional skepticism before recommending to the Board their re-appointment and remuneration; and
 - The status of audit for the financial year ended 31 December 2016 including the issues arising from their audit of the annual financial statements and their resolution of such issues as highlighted in their report to the Audit Committee.
- (b) Reviewed, discussed and approved the Audit Plan of the Group inclusive the scope of work of the external auditors to ensure it is adequately covers the activities of the Group for the financial year ended 31 December 2017 at the meeting held on 10 November 2017;
- (c) Met with the external auditors twice during the financial year, i.e. on 27 February 2017 and 10 November 2017 respectively without the presence of any executive Board members and Management to ensure there were no restrictions on their scope of audit and to discuss any matters that the auditors did not wish to raise in the presence of the Management; and

AUDIT COMMITTEE REPORT

cont'd

SUMMARY ACTIVITIES OF THE COMMITTEE cont'd

2. External Audit cont'd

- (d) Reviewed and approved the scope of non-audit services provided by the external auditors to ensure there was no impairment of independence.

3. Internal Audit

- (a) At the meeting held on 27 February 2017, the Audit Committee reviewed the adequacy of the scope, functions, competency and resources of the internal audit function to ensure its effectiveness and efficiency;
- (b) Reviewed the internal audit reports including follow-up report presented by the internal auditors and considered the major findings by the internal auditors and management's responses on each of the issues arising from the internal audit as to improve the systems of internal control of the Group. Amongst others, the following key audit areas were duly reviewed by the internal auditors during the financial year:-
 - revenue, purchasing, inventory management and control and cash management and general accounting function;
 - sales collection and credit control;
 - follow up on manufacturing operations and quality control;
 - follow up on security and safety controls; and
 - group key operating application system and general information technology controls and data recovery plans.
- (c) Monitored the implementation of mitigating actions taken by Management on outstanding issues to ensure all key risks and control weaknesses are properly addressed; and
- (d) Met with the internal auditors twice during the financial year, i.e. on 27 February 2017 and 16 August 2017 respectively without the presence of any executive Board members and the Management for discussion on audit related matters. The issues highlighted by the internal auditors during the private meetings were conveyed to the Management for further action.

4. Risk Management and Internal Control

- (a) Evaluated the overall effectiveness of the system of internal control during the meeting held on 27 February 2017 to ensure the risk management framework is consistently adopted throughout the Group.

5. Related Party Transactions

- (a) Reviewed related party transactions entered into by the Group on quarterly basis.

6. Others

- (a) Reviewed the revised Terms of Reference of Audit Committee at the meeting held on 10 November 2017;
- (b) Reported to and updated the Board on significant issues and concerns discussed during the Audit Committee meetings and where appropriate, made the necessary recommendation to the Board;
- (c) Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control prior to their inclusion in the Company's Annual Report;
- (d) Reviewed the Aging Report on quarterly basis; and
- (e) Conducted a self-assessment exercise to evaluate their own effectiveness in discharging duties and responsibilities for the financial year ended 31 December 2017.

In all Audit Committee meetings, the Financial Controller was present to report on the results of the Group as well as to answer questions posed by the Audit Committee in relation to the results to be announced.

AUDIT COMMITTEE REPORT

cont'd

INTERNAL AUDIT FUNCTION

The Internal Audit department, which is independent of the activities and operations of other operating units reports directly to the Audit Committee. The principal role of the department is to undertake independent, regular and systematic reviews of the systems of internal control so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively. It is the responsibility of the Internal Audit department to provide the Audit Committee with independent and objective reports on the state of internal control of the various operating units within the Group and the extent of compliance of the units with the Group's established policies and procedures as well as relevant statutory requirements.

The Company outsourced its internal audit function to a professional service firm, namely Baker Tilly Monteiro Heng Governance Sdn Bhd to assist the Board and the Audit Committee in providing independent assessment on the adequacy, efficiency and effectiveness of the system of controls in the Company and its subsidiaries.

The Internal Audit department has carried out the independent audit assignments on business units of the Group according to the approved annual audit plan and the applicable International Standards for the Professional Practice of Internal Auditing which form part of the International Professional Practices Framework of the Institute of Internal Auditors. The resultant internal audit reports were presented to the Audit Committee for deliberation and forwarded to the Management for their necessary action.

The internal audit function adopts a risk-based audit methodology, which is aligned with the risks of the Group to ensure that the relevant controls addressing those risks are reviewed on a timely basis.

During the financial year, the outsourced internal auditors conducted reviews in accordance with the risk based internal audit plan approved by the Audit Committee. Amongst others, it encompassing the following activities:

- (a) Performed operational audits on business units of the Group to ascertain the adequacy of the internal control systems and to make recommendations for improvement where weaknesses exist;
- (b) Performed follow-up reviews to ensure that prompt actions on the audit recommendations were taken by the Management;
- (c) Reviewed related party transactions; and
- (d) Established the Risk Register for the Group.

The total cost incurred for the outsourced internal audit function of the Group for the financial year ended 31 December 2017 was RM63,173.00 (2016 : RM43,847.00).

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

PMB Technology Berhad ("PMBT") was incorporated in Malaysia under the Companies Act, 1965 on 26 June 2002 as a public limited company under its present name. PMBT is principally an investment holding company. It was listed on the Second Board of the Bursa Malaysia Securities Berhad on 5 November 2003 and was transferred to the Main Market of the Bursa Malaysia Securities Berhad on 3 August 2009.

PMBT Group complements the activities of its corporate shareholder, Press Metal Aluminium Holding Berhad ("PMAH"), which is the only aluminium smelter and the largest producer of aluminium extrusion in Malaysia.

The businesses and operations of PMBT are related to aluminium and are classified into the following two segments:

- 1) Construction and Fabrication segment; and
- 2) Manufacturing and Trading segment

CONSTRUCTION AND FABRICATION SEGMENT

The Construction and Fabrication segment is involved in the design, fabricate and installation of aluminium curtain wall, cladding, skylight, facade works and the fabrication and installation of aluminium system formworks.



The Group offers a one stop centre, from conceptual design to complete installation and commissioning of the products and services. The design is carried out by our in-house engineers who are professionally trained and equipped with sound knowledge and experience of the construction industry and local regulation.

The subsidiary companies included in this business segment are:

- PMB Facade Technology Sdn Bhd
- PMB Facade Technology (H.K.) Limited in Hong Kong
- PMB-Cyberwall Limited in Hong Kong

PMBT has established itself as an international specialist in the design, fabrication and installation of aluminium curtain wall and cladding industry and is well positioned in the international market.

The curtain wall system is designed not only to provide aesthetic to the building, it also allows natural light into the building to facilitate energy savings and to reduce noise levels as part of the Green Building's requirements.

The perception of these products as high quality construction materials with both local and overseas developers are clearly evident with them being prominently featured in numerous iconic and prestigious high rise buildings.



MANAGEMENT DISCUSSION AND ANALYSIS

cont'd



The Group also specializes in aluminium system formwork. Aluminium system formwork is a modular, panel system used for the concreting of building structures. It is fabricated entirely from the structural grade aluminium and is one of the most versatile construction system formwork available in today's market. The formwork is custom designed to suit specific project requirements. It can cater for all types of complicated structures that incorporates modern architectural features found in both high rise and low rise buildings.

The aluminium formwork is pre-engineered to rigid tolerances in order to meet the most stringent requirements of building aesthetics, and as a result the formal structure is extremely accurate in dimension and of the highest quality in terms of surface finish. Because of its accuracy, the system allows pre-fabrication of cast-in items such as door and window frames, mechanical and electrical components.

The system incorporates a quick set up and dismantle system which allows floor cycles of four days to be achieved, without compromising the structural integrity of the building. Each component used in the system is light enough to be handled by one operative, thus there is no need for heavy mechanical lifting equipment or cranes, in its operation. Due to the inherent strength of the aluminium formwork, it can be used again and again, from project to project. It has been known to achieve of 300 reuses and as a result gives most unbeatable cost efficiencies.

It is considered the most environmental friendly system of construction when everything is recycled.

The Group is fully committed to the on-going Research and Development in order to keep abreast with the latest advancement in the construction industry.



MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

MANUFACTURING AND TRADING SEGMENT

Our manufacturing and trading segment is principally engaged in the manufacturing and/or distribution of access equipment and other aluminium related products and distribution of extruded aluminium profiles and related building materials.

These business activities are undertaken by the following subsidiary companies:

- Everlast Aluminium (M) Sdn Bhd
- Everlast Access Technologies Sdn Bhd
- PMB Quick Access Sdn Bhd
- PMB Central Sdn Bhd
- PMB Northern Sdn Bhd
- PMB Eastern Sdn Bhd
- PMB Aluminium Sabah Sdn Bhd
- PMB Silicon Sdn Bhd
- PMB Carbon Sdn Bhd

Access Equipment

Ladder

Ladder is an essential equipment to be used at home & construction sites to access higher areas without compromising one's health & safety.

The Group is the leading aluminium ladder manufacturer and the first ladder manufacturer in Malaysia accredited with ISO9001 quality management system in 1999. The Group is also the first ladder manufacturer to produce ladders that are certified to British Standards BS2037 : 1994 and BS EN131 : 1993. It is the Group's aim to further developed ladders complying to international standards to maintain the leadership of the Group in the market as well as to expand internationally.

As the leading ladder manufacturer in Malaysia, the Group prides itself as that it has the widest range of models to supply to both domestic as well as export markets. The increasing range is contributed by a strong Research and Development team which not only creates and upgrades designs that fulfills international certification requirements but also improves production process through the incorporation of the modern technology and automation in ladder manufacturing.

Everlast's ladder is widely distributed throughout Malaysia for more than 30 years. They can be found in most hardware outlets, DIY chains as well as hypermarkets. The brand name **EVERLAST** is synonymous with quality and reliability especially for the range of models that are certified by SIRIM and in compliance with British Standards BS2037 : 1994 and BS EN131 : 1993.

The Group has been exporting aluminium ladders to a growing number of countries over the years and the major ones are United Kingdom, Australia, South Africa, United Arab Emirates, Qatar, Kuwait, Saudi Arabia, Egypt, Lebanon, Kingdom of Bahrain, Bangladesh, Maldives, Yemen, New Zealand, Singapore and Indonesia.



MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

- **Scaffold tower**

Aluminium scaffold tower is a growing industry due to its lightweight and non-corrosive nature. PMBT Group is the largest scaffold manufacturer in Malaysia and has been consistently exporting to neighbouring countries since over a decade ago. The scaffold towers manufactured by the Group is certified with BS EN1004 : 2004 by SIRIM and complies to British Standard BS 1139:1994 (Part 3).

In 2017, PMBT Group secured a CIDB compliant status for its aluminium mobile scaffold tower to further ensure our users are fully confident that our aluminium towers achieved the highest safety standards Malaysia has to offer. All sales and rental aluminium tower component now comes with a unique laser marking as a visual evidence of this CIDB certification.

Our Scaffold Towers have been used in:

- Oil & Gas industries
- International convention centre
- Power plants
- Aeroplane hanger
- Hotels
- Hypermarkets
- Shipyards
- International tournament or events
- Factories & warehouses
- Government buildings



MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

- **Aerial Working Platform Equipment**

Haulotte is one of the top brands in Aerial Working Platform (AWP) Industry. PMBT Group celebrates its 10 years growing relationship with this premium French brand in 2017 and looks forward to the next decade of innovation, technology advancement and competitively priced machineries Haulotte brings. Its wide range of telehandlers, articulating boom lifts, scissor lifts, personal lifts and telescopic boom lifts, makes Haulotte one of the preferred brand of AWP machineries in Malaysia.



Genie, with its trade mark blue, innovative and practical designs, is the most recognized AWP Equipment in the world. In 2017, PMBT Group secured a relationship with Genie Malaysia and acquired multiple batches of machineries, becoming the first and only sales and rental company in Malaysia which own multiple units of the Hybrid Articulating Boom Lift. The unique ability of this articulating boom lift to perform indoors and outdoors with minimal noise disruption makes it currently one of the most sought after machines in the world due to demand surpassing supply.



MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

Extruded aluminium profiles and related building materials

The Group is well represented throughout Peninsula Malaysia, offering full geographical coverage for the aluminium extruded products. The subsidiaries are strategically located at Sungai Petani (PMB Northern Sdn. Bhd.), Kuantan (PMB Eastern Sdn. Bhd.), Kuala Lumpur (PMB Central Sdn. Bhd.) and Kota Kinabalu (PMB Aluminium Sabah Sdn. Bhd.).

Distributing the extruded aluminium profiles from Press Metal Berhad (subsidiary of largest corporate shareholder of PMB Technology Berhad), Everlast Group enhanced its strong position with other related building materials to become a one-stop-centre for the supply of interior construction materials. The Company has a reliable supply from the strong support of Press Metal Berhad. This position is further strengthened by the ownership of several prestigious distribution agencies.

The Group is the authorized distributor of gypsum partition boards and ceiling panels manufactured by Boral Plasterboard (Malaysia) Sdn. Bhd. and cement board and asbestos free cement fibre board manufactured by Hume Cemboard Berhad.



MANAGEMENT DISCUSSION AND ANALYSIS

cont'd



Other products/services

Fabrication process is vital to create a cost effective finished product. This requires a variation of skills and expertise such as utilizing our experience in the knowledge of aluminium material and manufacturing processes, the Company is well positioned to offer fabrication services, particularly to overseas manufacturers, as a solution to the high cost of production in the developed countries, such as the US, Europe and Australia.

Besides common fabrication techniques such as punching, pressing, notching, shearing and de-burring, the Company is also capable of providing precision machining, forming, joining and tooling design for sophisticated fabrication processes.



MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

- **Truck-Body**

Through quality management and value engineering efforts by our In-house Research & Development Department, PMBT Group has developed an Australian Certified Aluminium Truck-Trays as an alternative to the current wooden or steel bodies. Due to its light-weight and non-corrosive material characteristics, the aluminium body is a favourable substitute to steel and wood as it saves fuel with minimal maintenance required. Furthermore, aluminium is recyclable, making it a more available cost-effective substitute.

The Company is constantly working closely with the client to further improve every detail to ensure that our product is relevant to the Australian market.

- **Aluminium Gate**

Due to the rising demand of auto gates for modern urban dwellings, the Company had ventured into the manufacturing of the aluminium gates as an alternative to the much heavier steel & stainless steel gates. Due to its light-weight nature, the aluminium gate can effectively reduce the maintenance cost for the auto system and improve efficiency of usage.

- **Aluminium Modular Balustrade System (also known as Hand Railings)**

Installing a handrail system has never been made any easier. Without welding required on site, we can now install with just a simple instruction booklet. The modular balustrade system comes in a myriad of finishes from Natural Anodized finish, Solid or Metallic Powder Coated finish and even Wood Grain finish that last for a long time under harsh weather conditions. With customer's convenience as our engineers design priority, each system is cleverly packed into compact parcels and able to be installed very quickly with minimal untidiness created. It is also fully certified to Australian Standards to ensure that each piece is stringently checked before leaving PMBT's Warehouse.



MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

OBJECTIVES & STRATEGIES

Our objectives are targeted to provide a range of high quality of products and services without compromising on our quality and profitability necessary for our continuity with the aim of meeting all stakeholders' expectation.

The Group also acknowledges the importance of the business sustainability as to create long term value to the stakeholders and community.

Human capital investment in the form of training and education are part of our ongoing priorities besides Research and Development which have been the cornerstone of our business model.

FINANCIAL PERFORMANCE

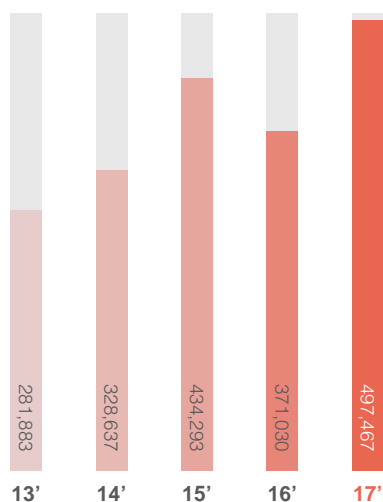
The Group recorded a revenue of RM497.5 million for the year ended 31 December 2017, representing an increase of 34% or RM126.5 million from RM371.0 million recorded for the year ended 31 December 2016. On the back of the higher revenue, the Group's Profit before tax ("PBT") increased from RM13.3 million to RM14.4 million.

The improvement in both revenue and PBT was mainly contributed by the Construction and Fabrication segment in line with higher contracts value in hand.

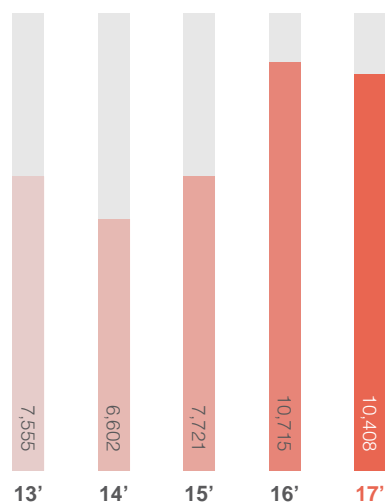
Statement of comprehensive income

	2013	2014	2015	2016	2017
	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000
Revenue	281,883	328,637	434,293	371,030	497,467
Profit before tax	10,485	9,137	10,555	13,293	14,423
Taxation	2,930	2,535	2,834	2,578	4,015
Profit after tax	7,555	6,602	7,721	10,715	10,408
Dividends	2,325	2,325	3,099	3,099	3,099
Earnings per share (sen) ^	9.75	8.52	9.97	13.83	13.43
Dividend payment as % of profit after tax	31%	35%	40%	29%	30%

REVENUE (RM'000)



PROFIT AFTER TAX (RM'000)



MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

Statement of financial position and liquidity

	2013	2014	2015	2016	2017
	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000
Total assets	332,399	380,878	345,444	360,052	431,147
Net current assets	55,039	58,930	68,302	78,153	69,509
Shareholders' equity	126,579	132,736	144,312	153,696	156,792
Retained earnings	84,920	89,197	93,819	101,435	108,744
Net asset per share (RM) ^	1.63	1.71	1.86	1.98	2.02
Debt-to-equity ratio	0.80	0.70	0.40	0.40	0.60

^ Based on the weighted average number of ordinary shares outstanding during the year of 77,479,800

Total assets

RM431.15 Mil

19.7%

2016: RM360.05 Mil



Net assets per share

RM2.02

2%

2016: RM1.98



REVIEW OF OPERATING ACTIVITIES AND STRATEGIES

The main raw material for the Group presently is aluminium, whereby the price is quoted on the London Metal Exchange ("LME") in US Dollars. Both revenue and profitability can be affected should there be any fluctuation in LME and/or US Dollars.

The Ringgit was relatively stable during the year under review. However, as part of the Group's efforts in mitigating the foreign exchange risks and to manage the fluctuation in the raw material prices that are denominated in other currencies, import of raw materials has been minimized and the overall inventory holding level were kept at an optimum level.

To stay competitive in the market, prudent management and marketing strategies remains our focus, while measures such as automation were introduced to curb the rising cost of labour.

GOING FORWARD

The growth of the global economy is expected to be challenging with the recent announcement of trade protectionism by both the US and China government.

Although there are concerns of consolidation in the global economy, the local economy growth is expected to be resilient with the support coming from private consumption spending and potential infrastructure activities.

Moving forward, the Group is diversifying its core activities to include the manufacturing of metallic silicon after the successful execution of the Power Purchase agreement with Syarikat SESCO Berhad. In view of the positive outlook of the global silicon market, the Group is pushing forward to achieve an early completion of the plant.

In relation to this, PMB Technology intended to implement the following Corporate Proposals pertaining to the fund raising scheme for its wholly-owned subsidiary, PMB Silicon Sdn Bhd for the proposed metallic silicon facility located in Samalaju Industrial Park, Sarawak:

- Proposed Share Split involving the subdivision of each of the existing ordinary shares in PMBT into Two (2) ordinary shares in PMBT held on an entitlement date to be determined later;
- Proposed Renounceable Rights Issue of 5-Year 3.00% Irredeemable Convertible Unsecured Loan Stocks together with free Detachable Warrants to raise gross proceeds of approximately RM200 Million; and
- Proposed diversification of the principal activities of the Company and its subsidiaries to include the manufacturing of Metallic Silicon.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

The PMB Silicon Facility is expected to have an expected annual production capacity of 36,000 metric tonnes. Barring any unforeseen circumstances and subject to the receipt of all relevant approvals, the PMB Silicon Facility is expected to commence operations by end of 2018. The Group is confident that the new business would provide a positive platform into the commodity market in the near future.

Year 2018 is expected to be another sustainable year for the Group, given our strong pipeline of projects and order book in hand. Barring any unforeseen circumstances, the Group will strive further to strengthen its position to be more competitive and to achieve a satisfactory result for the year.

Meanwhile, the Group will endeavour to maintain its track record of dividend distribution to reward our stakeholders in accordance with our financial results.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of PMB Technology Berhad ("PMBT" or the "Company") is dedicated towards fostering a healthy corporate governance culture within the Company and its subsidiaries (collectively referred to as the "Group"). The Board acknowledges that upholding good corporate governance is paramount to its value creation process. The Board believes that maintaining good corporate governance is key to delivering stakeholders' value. In making this Corporate Governance Overview Statement, the Company is guided by Practice Note 9 of Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and the Corporate Governance Guide (3rd edition) issued by Bursa Malaysia Berhad. The Corporate Governance Overview Statement is supported with a Corporate Governance Report, based on a prescribed format as outlined in paragraph 15.25(2) of the Listing Requirements and are developed with reference to the guidance and application of the Company's corporate governance practices against the Malaysian Code on Corporate Governance 2017 ("MCCG"). The Corporate Governance Report is available on the Company's website, www.pmbtechnology.com as well as via an announcement on the website of Bursa Malaysia Securities Berhad. The Board is pleased to share the manner in which the three (3) Principles and Practices of the MCCG have been complied within the Company throughout the financial year ended 31 December 2017 with the exception of the following:-

Practice 4.1 – At least half of the Board comprises independent directors.

Practice 4.2 – Tenure of Independent Director.

Practice 4.5 – The Board discloses in annual report the Company's policies on gender diversity, its targets and measures to meet those targets.

Practice 4.6 – The Board utilises independent sources to identify suitably qualified candidates for appointment of directors.

Practice 11.2 – To adopt integrated reporting based on a globally recognised framework (large companies).

A summary of the corporate governance practices are prescribed as follows:

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

1. Clear role and responsibilities

During the financial year 2017, the Board deliberated on the short, medium and long term strategy for the Group together with its proposed business plans for the year 2018. The Board, together with Management, reviewed the Group's strategy and the Board had satisfied itself that all appropriate considerations have been taken into account in the formulation of the Group's strategy.

In addition to strategic matters, the Board is amongst others, is also responsible for the following key matters:

- Engendering an ethical culture across all levels of the Group;
- Reviewing and approving the annual and quarterly results;
- Overseeing the business and financial operations;
- Overseeing succession planning for the Board and key senior management personnel;
- Identifying and managing principal risks; and
- Maintaining two-way relationship with stakeholders.

The Board is accountable and responsible for the performance and affairs of the Company by overseeing and appraising the Group's strategies, policies and performance.

All Board members are expected to show good stewardship and act in a professional manner, as well as upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS cont'd

I. Board Responsibilities cont'd

1. Clear role and responsibilities cont'd

In carrying out its responsibilities and functions, the Board may delegate any of its powers to a Board Committee, a Director, employee or other persons subject to ultimate responsibility of the directors under the Companies Act 2016.

2. Separation of positions of the Chairman and Chief Executive Officer

Tan Sri Dato' Koon Poh Keong, a co-founder of the Company, is the Executive Chairman of the Board who provides strong leadership and is responsible for ensuring the adequacy and effectiveness of the Board's governance process whilst Mr Koon Poh Ming (also a co-founder) is the Chief Executive Officer ("CEO") of the Company.

The Board has established clear roles and responsibilities in discharging its fiduciary and leadership functions. The roles of the Chairman and CEO are distinct and separate to engender accountability and facilitate clear division of responsibilities for ensuring there is a balance of power and authority in the Company. The segregation of roles also facilitates a healthy open, exchange of views between the Board and Management in their deliberation of the business, strategic aims and key activities of the Company.

The Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board. The Chairman encourages active and effective engagement, participation and contribution from all Directors and facilitates constructive relations between Board and Management. The CEO is responsible for executing the Company's strategies, policies and day-to-day management of the business with powers, discretions and delegations authorised from time to time by the Board. The details of the responsibilities of the Chairman and CEO are clearly set out in the Board Charter.

3. Company Secretary

The Board is supported by qualified and competent Company Secretaries. The Directors have ready and unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively. The Board is regularly updated and advised by the Company Secretaries who are qualified, experienced and knowledgeable on new statutory and regulatory requirements, and the resultant implications to the Company and the Directors in relation to their duties and responsibilities. In this respect, the Company Secretaries play an advisory role to the Board, particularly with regard to the Company's Memorandum and Articles of Association, Board policies and procedures, and its compliance with regulatory requirements, corporate governance and legislations. The Company Secretaries, who oversee adherence with board policies and procedures, brief the Board on the proposed contents and timing of material announcements to be made to regulators. The Company Secretaries also keep the Directors and principal officers informed of the closed period for trading in the Company's shares.

The Company Secretaries ensure that deliberations at Board and Board Committee meetings are well documented, and subsequently communicated to the relevant Management for appropriate actions.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS cont'd

I. Board Responsibilities cont'd

4. Supply and Access to Information

The Board recognises that the decision-making process is highly dependent on the quality of information furnished.

In furtherance to this, every Director has access to all information within the Company. The Directors have access to information through the following means:

- Members of Senior Management attend Board and Board Committee meetings by invitation to report areas of the business within their responsibilities including financial, operational, corporate, regulatory, business development, audit matters and information technology updates, for the Board's informal decision making and effective discharge of the Board's responsibilities.
- The Board and Board Committee papers are prepared and are issued to the Directors and Board Committee members within reasonable period before the respective meetings to enable them to receive the information in a timely manner.
- The Audit Committee Chairman meets with the Management, Internal Auditors and External Auditors regularly to review the reports regarding internal control system, financial reporting and risk management.

Besides direct access to the Management, Directors can obtain independent professional advice at the Company's expense on the implementation of risk management system during the year under review in accordance with established procedures set out in the Board Charter in furtherance of their duties.

To facilitate robust Board discussions, all Board meetings are furnished with proper agenda with due notice issued and board papers and reports are prepared by the Management to provide updates on financial, operational, legal and circulated prior to the meetings to all Directors with sufficient time to review them for effective discussions and decision making during the meetings.

5. Board Charter

The Board has formalised a Board Charter which delineates the responsibilities of the Board, Board Committees and individual Directors, including the matters that are solely reserved for the Board's decision. The Board Charter also serves as a primary induction literature that guides newly appointed and existing Board members on their duties and functions of the Board and its Committees.

Key matters reserved for the Board includes the approval of corporate strategic plans and capital budgets, material acquisitions and disposals of undertakings and properties, quarterly and annual financial statements for announcement, monitoring of operating performance and review of the Financial Authority Approving Limits.

The Board Charter is published on the Company's website at www.pmbtechnology.com and periodically reviewed as well as updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities. This is to ensure the Board Charter always stay relevant with the Board's objectives, current law, regulations and practices.

6. Code of Conduct ("COC")

The Board acknowledges its role in setting the "tone at the top" and creating an ethical culture that will form the very fabric of the Group's conduct. To this end, the Board has adopted and implemented a COC for Directors, Management and officers of the Group as well as Code of Ethics for the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS cont'd

I. Board Responsibilities cont'd

6. Code of Conduct (“COC”) cont'd

The basic principles have been carried out by having appropriate regards to the interests of the Company's customers, shareholders, people, business partners and the broader community in which the Company operates.

The COC can be found on the Company's website at www.pmbtechnology.com.

7. Whistle-Blowing Policy

The Policy serves as a guide to the employees on how to raise genuine concerns related to possible improprieties on matters relating to financial reporting, compliance and other malpractices at the earliest opportunity and in an appropriate way.

The Board has adopted the Whistle-Blowing Policy with the aim that the employee or stakeholder can report and disclose through established channels any improper or unethical activities relating to the Company and its group of companies. The Whistle-Blowing Policy is available on the Company's website.

8. Conflict of interest

Confidential information concerning the Company's activities is governed by the employment contracts. Disciplinary action shall be taken against the employee in the event of any violation of the regulations or act.

9. Sustainability Policy

The Company has established a Sustainability Policy. The Company is committed and mindful to operate in a sustainable manner in order to generate economic value to its stakeholders and add value to society. Details of the Company's sustainability activities in 2017 are disclosed on pages 49 to 68 of this Annual Report.

II. Board Composition

1. Board Composition and Balance

During the financial year under review, the Board has seven (7) Directors, comprising the Executive Chairman, the CEO, two (2) Executive Directors and three (3) Independent Non-Executive Directors. The Company fulfills Paragraphs 15.02(1) of the Listing Requirements which stipulates that at least two (2) Directors or one third (1/3) of the Board, whichever is the higher, are Independent Directors.

The Board is satisfied that the composition of Directors provides the appropriate balance and size in the Board necessary to promote all shareholders' interests and to govern the Company effectively. Mr Loo Lean Hock is the Senior Independent Non-Executive Director to whom concerns on matters relating to Corporate Governance of the Company could be conveyed. The Independent Directors fulfills a pivotal role in providing unbiased and independent views, advice and judgement, taking into account the interest not only of the Company but also shareholders, employees, customers and communities in which the Company conducts business.

The profile of each Director is set out on pages 9 to 12 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS cont'd

II. Board Composition cont'd

2. Board Independence

The Board is mindful on the importance of independence and objectivity in its decision making process which is in line with MCCG.

The Board delegates to the CEO who is supported by an executive management team, implements the Company's strategic plan, policies and decisions adopted by the Board to achieve the Company's objective of creating long-term value for its shareholders through excelling in manufacturing/distribution of access equipment or other aluminium related products.

The Company's Independent Directors are required to be independent of management and free of any business or other relationship that could materially interfere with the exercise of unfettered and independent judgment taking into account the interest, not only of the Company but also of shareholders, employees, customers and communities in which the Company conducts business. The Board, via Nomination Committee assesses each Director's independence to ensure ongoing compliance with this requirement annually.

Any Director who considers that he/she has or may have a conflict of interest or a material personal interest or a direct or indirect interest or relationship that could reasonably be considered to influence in a material way the Director's decisions in any matter concerning the Company, is required to immediately disclose to the Board and to abstain from participating in any discussion or voting on the respective matter.

During the financial year under review, the Board and the Nomination Committee assessed the independence of its Independent Non-Executive Directors to ascertain if they display a strong element of detached impartiality and found them to be independent and objective during Board's deliberations.

The Board is aware of the recommended tenure of an Independent Director who should not exceed a cumulative term of nine (9) years as recommended by MCCG and that an Independent Director may continue to serve the Board if the Independent Director is re-designated as a Non-Independent Non-Executive Director upon completion of nine (9) years tenure. Furthermore, the Board must justify the decision and seek shareholders' approval at general meeting if the Board intends to retain the Director as Independent Director after the respective Independent Director has served a cumulative term of nine (9) years. If the Board continues to retain the Independent Director after the twelfth (12th) year, the Board should seek annual shareholders' approval through a two-tier voting process as prescribed under MCCG. As at the date of this Statement, Mr Ernest Bong Miao Fatt has reached nine (9) years of service since his appointment whilst Mr Loo Lean Hock has attained twelve (12) years. The Board will seek shareholders' approval to retain them as Independent Non-Executive Directors at the upcoming AGM.

The Board is of the view that the current composition provides the right balance between Executive Directors and Non-Executive Directors with an appropriate mix of relevant skills, knowledge and industry experience required to lead and oversee the Group. Presently, the Company's Independent Directors is 42.86%. A detailed breakdown of the composition is as below:

- 1 Executive Chairman;
- 1 CEO;
- 2 Executive Directors; and
- 3 Independent Non-Executive Directors, including the Senior Independent Director.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS cont'd

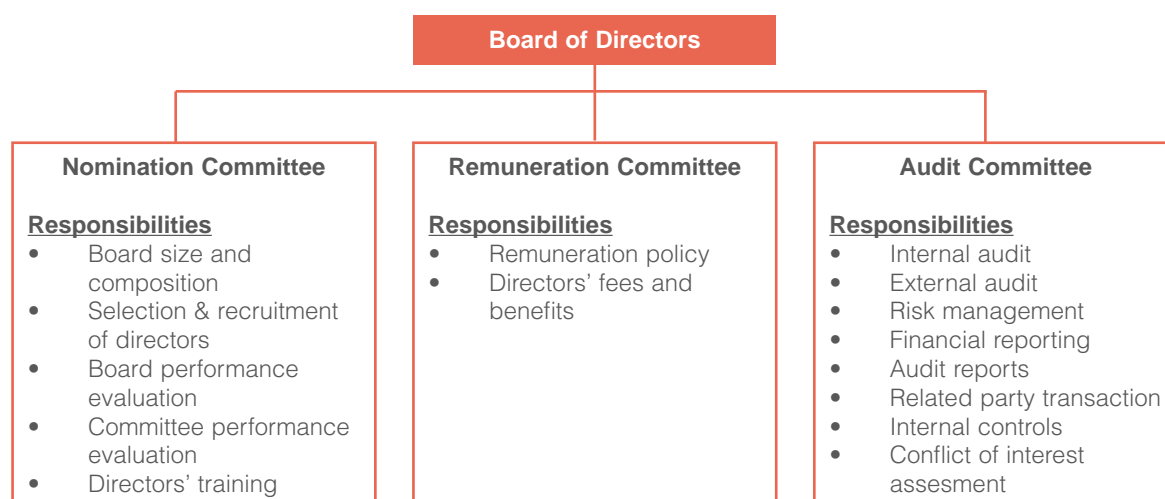
II. Board Composition cont'd

3. Board Committees and Delegation

The Board delegates the implementation of its strategy to the Company's Management. However, the Board remains ultimately responsible for corporate governance and the affairs of the Company. While at all times the Board retains full responsibility for guiding and monitoring the Company, in discharging its responsibilities, the Board has established the following Board Committees to perform certain of its functions and to provide it with recommendations and advice:

- Nomination Committee;
- Remuneration Committee; and
- Audit Committee.

The following diagram shows a brief overview of the three (3) main Board Committees of the Company, each of which is explained in further detail as below:



Each Board Committee operates in accordance with the written terms of reference approved by the Board. The Board reviews the terms of reference of the Board Committees from time to time. The terms of office and performance of the Audit Committee is reviewed on annual basis by the Nomination Committee. The Board approves the appointments of the members and the Chairman of each Committee.

The Board has established the Board Reserved Matters under its Board Charter. For day-to-day operations, the Board has delegated authorities and power to some level of Management including the CEO and Executive Directors. The CEO and Executive Directors each command their own respective functions to ensure the smooth running of the Company's operations. The CEO and Executive Directors are responsible for the implementation of board policies approved by the Board and are required to report and discuss at Board meetings all material issues currently or potentially affecting the Group and its directions, projects and regulatory development.

4. Directors' Commitment

The Board endeavors to meet at least four (4) times a year, at quarterly intervals which are scheduled well in advanced before the end of the preceding financial year to facilitate the Directors in planning their meeting schedule for the year. The Board is satisfied with the level of commitment given by the Directors toward fulfilling their roles and responsibilities as Directors of the Company as most of the Directors had attended all the Board meetings during the financial year under review. Additional meetings are convened where necessary to deal with urgent and important matters that require attention of the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS cont'd

II. Board Composition cont'd

4. Directors' Commitment cont'd

All pertinent issues discussed at the Board meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretaries.

The Board met four (4) times during the financial year under review. The details of Directors' attendance are set out as follows:

Name of Directors	Number of Board meetings attended/held during the Director's term in office
Tan Sri Dato' Koon Poh Keong (Executive Chairman)	4/4
Koon Poh Ming (Chief Executive Officer)	4/4
Dato' Koon Poh Tat (Executive Director)	3/4
Koon Poh Weng (Executive Director)	4/4
Loo Lean Hock (Senior Independent Non-Executive Director)	4/4
Ernest Bong Miao Fatt (Independent Non-Executive Director)	4/4
Noor Alina Binti Mohamad Faiz (Independent Non-Executive Director)	4/4
David Tan Hung Hoe – Resigned on 30 June 2017 (Executive Director)	2/2

The Board, via Nomination Committee reviews annually the time commitment of the Directors and ensures that they are able to carry out their own responsibilities and contributions to the Board. It is the Board's policy for Directors to notify the Chairman before accepting any new directorship notwithstanding that the MMLR allows a Director to sit on the board of five (5) listed issuers. Such notification is expected to include an indication of time that will be spent on the new appointment.

In order to enable Directors to sustain active participation in Board deliberations, the Directors have access to continuing education programmes or trainings. The Directors have devoted sufficient time to update their knowledge and enhance their skills by attending trainings facilitated by third party experts to keep themselves updated on the latest market and regulatory developments that may impact the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS cont'd

II. Board Composition cont'd

5. Nomination Committee – Board Nomination and Appointment of Directors

The Company's Nomination Committee comprised exclusively of Independent Non-Executive Directors. The composition of the Nomination Committee is as follows:

Name	Designation
Loo Lean Hock <i>Senior Independent Non-Executive Director</i>	Chairman
Ernest Bong Miao Fatt <i>Independent Non-Executive Director</i>	Member
Noor Alina Binti Mohamad Faiz <i>Independent Non-Executive Director</i>	Member

The Nomination Committee is responsible for making recommendations to the Board on the most appropriate Board size composition to ensure it is collectively able to discharge its duties in an informed and conscientious manner. In discharging its responsibilities, the Nomination Committee has developed certain criteria used in the recruitment process and annual assessment of Directors. In evaluating the suitability of candidates, the Nomination Committee considers the following factors, the detail was set up in the Terms of Reference of the Nomination Committee which is available for reference at the Company's website, www.pmbtechnology.com:

- skills, knowledge, expertise and experience;
- professionalism and integrity;
- commitment (including time commitment) and contribution;
- background, character and competence;
- boardroom diversity; and
- in the case of candidates for the position of Independent Non-Executive Directors, the Nomination Committee shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Non-Executive Directors.

In addition, the Nomination Committee is also responsible for making recommendations on the desirable competencies, experience and attributes of the Board members and strategies to address Board diversity.

The Board may appoint an individual to be a Director by having selection process for new appointees as recommended by the Nomination Committee to the Board. The appointed individual will stand for election at the next Annual General Meeting ("AGM") in accordance with the Articles of Association of the Company. The suitable candidates to be considered for the appointment as Directors are facilitated through recommendations from the Directors, Management and shareholders of the Company. The Nomination Committee will assess and consider the suitability of the candidates based on the criteria set before recommending to the Board for appointment.

The Nomination Committee will arrange for the induction for any new appointment such as visits to the Groups' significant businesses and meetings with Senior Management personnel, as appropriate, to enable them to have a full understanding of the nature of the business, current issues within the Group and corporate strategies as well as the structure and management of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS cont'd

II. Board Composition cont'd

5. Nomination Committee – Board Nomination and Appointment of Directors cont'd

Nomination Committee Statement

During the financial year 2017, the Nomination Committee has undertaken the following activities:-

- (i) Assessed the overall effectiveness of the Board, its Committees and the contribution and performance of each individual Director;
- (ii) Reviewed the composition of the Board and the Board Committees;
- (iii) Assessed the independence of its Independent Directors;
- (iv) Reviewed the character, experience, integrity, competence and time commitment of the CEO and Chief Financial Officer;
- (v) Reviewed trainings accomplished by the Directors and determined the training needs for each Director;
- (vi) Reviewed and recommended to the Board the revised Terms of Reference of the Nomination Committee;
- (vii) Assessed and recommended to the Board the re-election of Directors;
- (viii) Reviewed and recommended Independent Directors who have served as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as Independent Non-Executive Director of the Company pursuant to the MCCG; and
- (ix) Reviewed the term of office and performance of the Audit Committee and each of its members.

The Nomination Committee leads the process for identifying and making recommendation for the Board's approval on suitable candidates for directorship to the Board and members to the Board Committee. The Nomination Committee may consider engaging external consultants in the identification of potential candidates.

In evaluating the suitability of candidate(s), the Nomination Committee will review their profile and curriculum vitae and considers, inter-alia the competency, commitment (including time commitment), character, integrity, mix of skills, knowledge, expertise and experience in meeting the needs of the Company. The Nomination Committee will then recommend the candidate(s) to the Board. Based on the recommendation of the Nomination Committee, the Board would evaluate and decide on the appointment of the proposed candidate(s). The Company Secretaries will ensure that all appointments are properly made, and that legal and regulatory obligations are met.

In regards to the candidates for appointment as Independent Director, the Nomination Committee would assess the potential candidate's suitability based on the criteria on independence as set out in the MMLR of Bursa Securities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS cont'd

II. Board Composition cont'd

5. Nomination Committee – Board Nomination and Appointment of Directors cont'd

Nomination Committee Statement cont'd

The Nomination Committee also facilitates and organises the yearly Board Evaluation to assess the effectiveness of the Board as a whole, the Board Committees and the contribution and performance of each individual Directors. The evaluation process is led by the Nomination Committee and supported by the Company Secretary via questionnaire. The Nomination Committee reviews the outcome of the evaluation and recommends to the Board on areas for continuous improvement and also for them to form the basis of recommending relevant Directors for re-election at the AGM.

Primary criteria adopted for assessing the performance of the Board and Board Committees include composition, structure, operations, role and responsibilities and the adequacy of information and processes. For individual Directors, the assessment is carried out based on the criteria of character, experience, integrity, competency and time in order to discharge their responsibilities effectively.

During the financial year ended 31 December 2017, the Nomination Committee assessed the effectiveness of the Board, its Committees and the contribution of each Director with the aim of improving individual contribution, effectiveness of the Board and its Committees, identify gaps, maximise strengths and address weaknesses of the Board.

From the performance assessment conducted by the Nomination Committee in February 2018, it was concluded that the Board as a whole, Board Committees and individual Directors have discharged their respective roles and responsibilities in a commendable manner.

6. Diversity

The Company endeavours to have a balanced representation by taking into consideration a range of different skills, age, gender, ethnicity, backgrounds and experiences represented amongst its Directors, officers and staff as the Board is aware that it is important in ensuring robust decision-making processes with a diversified viewpoints and the effective governance of the Company. The Board may consider to adopt the Diversity Policy in the future.

Presently, the Board has one (1) woman Director, i.e. Puan Noor Alina Binti Mohamad Faiz, representing 14.28% of the total number of Board members. In furtherance, based on the following summary of the employment gender diversity, the Nomination Committee is of the view that there is balanced gender diversity at Executive and Managerial levels of employees in the Company during the year under review.

Category of Employees	Female	Male	Total
Non-Executive	40	104	144
Executive	29	35	64
Managerial	17	28	45
Total No. of Employees	86	167	253

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS cont'd

II. Board Composition cont'd

7. Board Assessment and Annual Evaluation

The Nomination Committee reviews annually the required mix of skills and experience of Directors; effectiveness of the Board as a whole; succession plans and boardroom diversity, including gender, age, ethnicity, diversity; training courses for Directors and other qualities of the Board, including core-competencies which Non-Executive Directors should bring to the Board.

The evaluation of the suitability of candidates is solely based on the candidates' competency, character, time commitment, integrity and experience in meeting the needs of the Company. The assessment and comments by Directors are summarised in a questionnaire regarding the effectiveness of the Board and its Board Committees and discussed at the Nomination Committee meeting and reported at the Board Meeting by the Nomination Committee Chairman. All assessments and evaluations carried out by the Nomination Committee in the discharge of its functions are properly documented.

The Nomination Committee meets at least once in a year with additional meetings to be convened, if necessary. During the financial year under review, the Nomination Committee had met to review and assess the mix of skills, expertise, composition, size and experience of the Board, including the core-competencies of both Executive and Non-Executive Directors, the contribution of each individual Director (including the Executive Chairman, CEO and Executive Directors); effectiveness of the Board as a whole and the Board Committees; and the changes to the Board's composition.

8. Re-election to the Board

In accordance with the Company's Articles of Association, all the Directors shall retire at least once in every three (3) years.

9. Directors' Training

The Board, via the Nomination Committee, continues to identify for the Directors to attend appropriate briefings, seminars, conferences and courses to keep abreast with changes in legislations and regulations affecting the Group.

All Directors have completed the Mandatory Accreditation Programme ("MAP"). The Directors are mindful that they need to continue to enhance their skills and knowledge to maximise their effectiveness as Directors during their tenure. Throughout their period in office, the Directors are continually updated on the Group's business and regulatory requirements.

The Directors have attended individually or collectively the various training programmes and briefings, amongst others, the following:

- Key Highlights/Impact of the Companies Act 2016 and MCGG
- Impact of the Companies Act 2016 on the Company and Board of Directors and MCGG – Gap Analysis
- Silicon Market Forum 2017
- National Science & Technology Exhibition 2017
- Annual Investment Malaysia Conference 2017
- Sharp Views to Share, Right Path to Explore
- Audit Quality Enhancement Programme
- National Tax Conference 2017
- MIA International Accountants Conference 2017
- 2018 Budget Seminar
- Basic Offshore Safety Induction & Emergency

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS cont'd

II. Board Composition cont'd

9. Directors' Training cont'd

The Company Secretaries briefed and highlighted the relevant guidelines on statutory and regulatory requirements from time to time to the Board, amongst others, the amendments to the Listing Requirements of Bursa Malaysia, the new requirements of MCCG and the Companies Act 2016. The External Auditors also briefed the Board members on any current and future changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements.

III. Remuneration

Remuneration Committee – Directors' Remuneration

The Remuneration Committee established sets of policy, framework and reviews the remuneration of Directors which is linked to strategy and/or performance or long term objectives of the Company to ensure that the Company is able to attract and retain capable Directors. The Executive Directors' remunerations are structured to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken.

The Company's Remuneration Committee comprises wholly Non-Executive Directors as follows:

Name	Designation
Ernest Bong Miau Fatt <i>Independent Non-Executive Director</i>	Chairman
Loo Lean Hock <i>Senior Independent Non-Executive Director</i>	Member
Noor Alina Binti Mohamad Faiz <i>Independent Non-Executive Director</i>	Member

The determination of the remuneration packages is a matter for the Board as a whole. The Executive Directors concerned abstained from deciding their own remuneration but may attend the Remuneration Committee meetings at the invitation of the Chairman of the Remuneration Committee if their presence is required.

The Remuneration Committee held one (1) meeting during the year under review. The Remuneration Committee reviewed and recommended the remuneration of the CEO and Executive Directors of the Company for Board's approval pursuant to the Terms of Reference of Remuneration Committee. The Non-Executive Directors' fees and benefits payable to Directors have also been reviewed and recommended by the Remuneration Committee to the Board to seek shareholders' approval at the Company's forthcoming AGM pursuant to the Companies Act 2016. No Director is involved in deciding his own remuneration.

The Company aims to set remuneration at levels which are sufficient to attract and retain the Senior Management needed to run the Company successfully, taking into consideration all relevant factors including the demands, complexities and performance of the Company as well as skills and experience required, but without paying more than is necessary to achieve this goal.

The level of remuneration for Senior Management is recommended by the Remuneration Committee to the Board after giving due consideration to the compensation levels for comparable positions among other similar Malaysian public listed companies. The Remuneration Policy can be found at www.pmbtechnology.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

1. Composition

The Board upholds the integrity in financial reporting. The Audit Committee is entrusted to provide advice and assistance to the Board in fulfilling its statutory and fiduciary responsibilities relating to the Company's internal and external audit functions, risk management, compliance systems and practices, financial statements, accounting and control systems and matters that may significantly impact the financial condition or affairs of the business. The Audit Committee is also responsible in ensuring that the financial statements of the Company comply with the applicable financial reporting standards in Malaysia.

The Audit Committee comprises three (3) members all of whom are Independent Non-Executive Directors, with Mr Loo Lean Hock as the Audit Committee Chairman. The composition of the Audit Committee, including its roles and responsibilities, number of meetings and attendance of Audit Committee, summary of Audit Committee activities and Internal Auditors' activities during the financial year under review are set out on pages 17 to 20 under Audit Committee Report of this Annual Report.

The Audit Committee has in its terms of reference that a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee. Alongside, the Audit Committee has the procedures to assess the suitability, objectivity and independence of the external auditors which is contained in the Terms of Reference of the Audit Committee.

2. Summary of Key Activities

The Company outsourced its internal audit function to a professional service firm, namely Baker Tilly Monteiro Heng Governance Sdn Bhd who reports directly to the Audit Committee. The outsourced Internal Auditors undertook an independent assessment on the internal controls of the various operating units within the Group and assured the Audit Committee that no material issue or major deficiency had been noted which would pose high risk to the overall system of internal control under review.

During the financial year under review, the Audit Committee had met four (4) times with the Internal Auditors of which two (2) meetings were without the presence of the Management and Executive Directors to allow the Internal Auditors to raise any issues arising from the internal audit activities or any other matters, which the Internal Auditors wished to discuss to ensure the effectiveness of the internal audit function.

The Audit Committee also took into account the openness in communication and interaction with the lead audit engagement partner and engagement team through discussions at private meetings without the presence of the Management and Executive Directors, which demonstrated their independence, objectivity and professionalism. The activities relating to the external auditors are provided in the Audit Committee Report of this Annual Report.

The Audit Committee was satisfied with the performance of External Auditors based on the quality of services and sufficiency of resources they provided to the Group. In view of the satisfaction on the service provided, the Board had approved the Audit Committee's recommendation for the shareholders' approval to be sought at the AGM on the reappointment of KPMG PLT as the External Auditors of the Company for the financial year ending 31 December 2018.

The Board recognised the value of an effective Audit Committee in ensuring the Company's financial statements is reliable source of financial information by establishing the procedures, via the Audit Committee, to assess the suitability and independence of the External Auditors. The External Auditors have confirmed in writing that they are, and have been, independent throughout the conduct of the audit engagement with the Group in accordance with the independence criteria set out by the Malaysian Institute of Accountants.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT cont'd

II. Risk Management and Internal Control Framework

The Board recognises its responsibilities over the Company's internal control and risk management framework.

The Board has an established on-going process for identifying, evaluating and managing significant risks which may affect the Company's business objectives. The Board through its Audit Committee regularly reviews this process to ensure the internal control and risk management frameworks are adequate and effective.

The Audit Committee meets regularly to review the risks identified and discuss on mitigation lack in place and report to Board on quarterly basis.

Details on internal control and risk management framework are set out in the Statement on Risk Management and Internal Control in the Annual Report. The Board has ultimate responsibility for reviewing the Group's risks, approving the risk management framework policy and overseeing the Group's strategic risk management and internal control framework.

The Audit Committee assists the Board in discharging these responsibilities by overseeing and reviewing the risk management framework and the effectiveness of risk management of the Group. The Audit Committee processes are designed to establish a proactive framework and dialogue in which the Audit Committee, the Management, External and Internal Auditors are able to review and assess the risk management framework.

The Audit Committee met with Internal Auditors twice a year without the presence of the Management and Executive Directors during the financial year to allow discussion of any issues arising from the audit exercise or any other matters, which the Internal Auditors wished to raise.

The Board has established an independent internal audit function that reports directly to the Audit Committee. The resources and scope of work covered by the internal audit function during the financial year under review, including its observations and recommendations, is provided in the Audit Committee Report set out on page 20 of this Annual Report.

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

I. Communication with Stakeholders

The Board has formalised a corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures relating to the Group to the regulators, shareholders and stakeholders not only to comply with the disclosure requirements as stipulated in the Listing Requirements, but also setting out the persons authorised and responsible to approve and disclose material information to shareholders and stakeholders in compliance with the Listing Requirements.

The Board has established a dedicated section for corporate information on the Company's website (www.pmbtechnology.com) where information on the Company's announcements, financial information, share prices and the Company's annual report may be accessed. It also contains all announcements made to Bursa Securities as well as the contact details of designated person to address any queries.

It has always been the Group's practice to maintain good relationship with its shareholders. Major corporate developments and happenings in the Group have always been duly and promptly announced to all shareholders, in line with Bursa Securities' objectives of ensuring transparency and good corporate governance practices.

The Group's financial performance, major corporate developments and other relevant information are promptly disseminated to shareholders and investors via announcements of its quarterly results, annual report, corporate announcements to Bursa Securities and press conferences. Further update of the Group's activities and operations are also disseminated to shareholders and investors through dialogue with analysts, fund managers, investor relations roadshows and the media.

CORPORATE GOVERNANCE OVERVIEW STATEMENT cont'd

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

II. Conduct of General Meetings

During the meeting, shareholders have the opportunities to enquire and comment on the Group's performance and operations.

Currently, the Notice of AGM is circulated at least twenty one (21) days before the date of the meeting to enable shareholders to go through the Annual Report and papers supporting the resolutions proposed. This is in line with Section 316(2) of Companies Act 2016 and paragraph 7.15 of Listing Requirements which call for a 21-days' notice period for public companies or listed issuers respectively.

In addition to being dispatched individually to shareholders, the Notice of AGM is also circulated in a nationally circulated newspaper alongside an announcement on the website of Bursa Securities. This allows shareholders to have immediate access of the notice of AGM and make the necessary preparations for the AGM.

The Company will circulate Notice of AGM at least twenty eight (28) days prior to the upcoming AGM.

All the resolutions set out in the Notice of the Fifteenth ("15th") AGM were put to vote by poll voting and duly passed. The shareholders were informed of their right to demand for a poll. The outcome of the 15th AGM was announced to Bursa Securities on the same meeting day. The Company had appointed one (1) independent scrutineer to verify the poll results.

A summary of the key matters discussed at the AGM, as soon as practicable after the conclusion of the AGM will be published on the Company's website upon being reviewed by the Board members and approved by the Chairman.

Currently, the Company is implementing manual voting system. At the upcoming AGM, the shareholders, upon the instruction given by the Chairman, will line up and cast their votes by putting their polling slips into the ballot boxes provided by the poll administrator. The results of the polling would be announced once it has been verified by the independent scrutineer. The Board may consider electronic voting system should its shareholders becoming larger to facilitate greater shareholder participation and subject to cost benefit analysis.

FOCUS AREAS ON CORPORATE GOVERNANCE

Corporate governance was clearly imperative for the Group in the year 2017 against the backdrop of regulatory changes in the domestic corporate governance realm and a relatively challenging economic environment that is characterised by volatile market conditions and commodity prices. Against the aforementioned setting, during the year under review, the Board directed its focus on the core duties of the Board which is grounded on the creation of long-term value for stakeholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

FOCUS AREAS ON CORPORATE GOVERNANCE cont'd

Corporate governance areas which gained heightened attention from the Board during the financial year ended 31 December 2017 are as follows:

Board diversity

The Board will escalate its efforts to establish a diverse Board which bears a variety in the dimensions of skills, experience, age, cultural background and gender. In the near future, the Board will undertake to formalise policies on gender diversity, along with specific targets and measures to meet those targets. The targets would incorporate specific quantitative benchmarks (e.g. percentage of women at the Board and Senior Management level) that can be monitored for effectiveness.

Review of policies and procedures

In light of the changes in the rich domestic corporate governance tapestry, the Board is seeking to review and update its existing policies and procedures to ensure they are kept contemporaneous whilst equally kept relevant to the Company's needs. The Board will look into the enhancements or developments of corporate governance policies and procedures, as the case may be.

Integrated Reporting

The Company has yet to adopt an integrated reporting. The Board acknowledges that integrated reporting goes beyond a mere combination of a financial statement and sustainability report into a single document.

Nevertheless, there are coordination efforts among cross-functional departments in preparing the various statements and reports in the Annual Report. The Board may consider adopting integrated reporting in future.

DIRECTORS' RESPONSIBILITY STATEMENT IN RESPECT OF THE PREPARATION OF THE AUDITED FINANCIAL STATEMENTS

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the accounting period and of their results and cash flows for the period then ended. In preparing the financial statements, the Directors have ensured that Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia have been applied with and reasonable and prudent judgement and estimates have been made.

In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgements and estimates.

The Directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Board is satisfied that it has met its obligation to present a balanced and understandable assessment of the Company's position and prospects in the Directors' Report and the Financial Statements of this annual report.

ADDITIONAL COMPLIANCE INFORMATION

(1) Material Contracts involving interest of Directors, Chief Executive and Major Shareholders

During the financial year, there were no material contracts entered into by the Group involving interest of Directors, Chief Executive and major shareholders.

(2) Audit and Non-audit fees

During the financial year ended 31 December 2017, the amount of audit and non-audit fees paid by the Company and the Group to the external auditors, KPMG PLT are as follows:

	Company (RM'000)	Group (RM'000)
Audit Fees	65	272
Non-Audit Fees		
• Review of the Statement on Risk Management and Internal Control	25	25
• Tax fees	6	13
Total	96	310

(3) Recurrent Related Party Transactions

The details for the Recurrent Related Party Transactions of a Revenue or Trading Nature transacted pursuant to the Shareholders' Mandate during the financial year ended 31 December 2017 are stated in Section 2.2 and Section 2.3 of the Circular to Shareholders dated 27 April 2018 and Note 29 of the Financial Statements.

(4) Utilisation of Proceeds

The shareholders of the Company at the extraordinary general meeting dated 17 April 2018 had approved the renounceable rights issue of 5-Year 3.00% irredeemable convertible unsecured loan stocks together with free detachable Warrants ("Rights Issue of ICULS with Warrants") to raise gross proceeds of approximately RM200 million to part finance the construction of the plant for the manufacturing of metallic silicon, to be located at Samalaju Industrial Park, Bintulu, Sarawak ("PMB Silicon Facility") by its wholly-owned subsidiary, PMB Silicon Sdn Bhd.

The said proceeds is expected to be used in the following manner:

Purpose of utilisation	Intended gross proceeds (RM'000)	Estimated timeframe of utilisation after completion
Construction of PMB Silicon Facility	102,700	Within 12 months
To purchase equipment for the PMB Silicon Facility	96,000	Within 12 months
Estimated expenses	1,300	Upon the completion of Rights Issue of ICULS with Warrants
Total	200,000	

SUSTAINABILITY STATEMENT

About this Statement

In 2018, PMB Technology Berhad (“PMBT” or “the Group”) embarked on a path to formalise its sustainability reporting practice and incorporated a Sustainability Statement (the “Statement”) in our Annual Report pursuant to Para 6.2 (c) of Practice Note 9 of Main Market Listing Requirements on Sustainability Reporting by Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

The release of the inaugural Statement is a major milestone as it underpins our commitment to sustainable and long-term value creation. We seek to demonstrate our sustainability risks and opportunities attributable to or associated with our key stakeholders, highlighting the economic, environmental, and social (“EES”) impacts of PMBT’s activities and initiatives.

In preparing this Statement, we referred to the Sustainability Reporting Guidelines and Toolkits issued by Bursa Malaysia and Global Reporting Initiative (“GRI”) Standards 2016.

The reporting scope encompasses PMBT and its ten active subsidiaries, involving primary business activities and operations located in Malaysia, namely Construction & Fabrication and Manufacturing & Trading as shown below:

- PMB Façade Technology Sdn Bhd (“PMBF”);
- Everlast Aluminium (M) Sdn Bhd (“EASB”);
- Everlast Access Technologies Sdn Bhd;
- PMB Quick Access Sdn Bhd;
- PMB Central Sdn Bhd;
- PMB Northern Sdn Bhd;
- PMB Eastern Sdn Bhd;
- PMB Aluminium Sabah Sdn Bhd;
- PMB Carbon Sdn Bhd; and
- PMB Silicon Sdn Bhd.

Together, these entities generate 75% of PMBT’s overall segment result from the main operating business segments. Our reporting period is from 1 January 2017 to 31 December 2017, unless otherwise stated. In preparing this statement, we have engaged an external consultant to both facilitate and strengthen our reporting approach from the business sustainability perspective. We also identified our actions and contribution towards the United Nations Sustainable Development Goals (“UN SDGs”) and the Eleventh Malaysia Plan (“11MP”). As we are on a transition of progressing from providing a narrative to a more comprehensive and measurable sustainability performance disclosures, the Group will be able to establish a robust and structured sustainability reporting approach with effect from Annual Report for the financial year ending December 31, 2018.

Role of Aluminium in Re-engineering Businesses for a Sustainable Future

In the aluminium industry, we strive to make the best out of this challenging environment by utilising aluminium’s primary qualities that make it ideal for use in various applications, and investing in innovation to drive the next wave of growth and performance¹.

With stronger and lightweight aluminium products creating significant competition for other metal products, we will continue to focus on investing into research and development to create new market opportunities in various industries such as infrastructure and consumer products. We contribute to Green Building requirements through the sale and manufacturing of our products to those in construction industries. This allows us to see a steady and more predictable business evolution, to climb our value chain and revolutionise with our customers as they are able to negotiate longer-term contracts².

¹ “Aluminium – Flexible and Light (Part 1): Towards Sustainable Cities”, International Aluminium Institute, 2016

² “Global Metals and Mining Outlook 2016: Making the best of a challenging environment”, KPMG International, 2016

SUSTAINABILITY STATEMENT

cont'd

Lightweight materials are a vital part of sustainability as in many applications, lightness is important in architecture, be the craning of large prefabricated building assemblies, the placement of slab formwork for the casting of concrete or the carrying of components by hand by a single worker³. Aluminium delivers and integrates environmental-friendly systems into architecture and infrastructure. For example, our curtain wall system is designed to allow natural light into buildings to facilitate energy savings and reduce noise levels. The inherent strength of our aluminium formwork, allows it to be reused and as a result produces unbeatable cost efficiencies. Hence, the perception of these products as high quality construction materials with both local and overseas developers are clearly evident.

Our Sustainability Commitment

Since 2013, a Group wide Sustainability Policy ('the Policy') has been adopted that seeks to ensure that our business activities generate value in a responsible manner with a balance across economic profitability, social inclusion and decreased environmental impact.

Realising the importance of operating sustainably, we are actively exploring innovative and contemporary ways of promoting and integrating sustainability considerations into key business decisions and processes. Our Policy outlines the following key objectives:

- Endeavour to integrate the principles of sustainability into the PMBT's strategies, policies and procedures.
- Promote sustainability practices.
- Comply with all applicable legislation, regulations and code of practices.
- Ensure commitment of the Board and Senior Management in implementing the Policy and review of sustainability performance.
- Create a culture of sustainability within the Group and the community, with an emphasis on integrating environmental, social and governance considerations into decision making process as well as delivery of outcomes.

Getting the Board on Board

Board of Directors ("Board")

As sustainability is an integral part of an overriding commitment towards good governance, our sustainability strategy is led by the Board of Directors ("Board") of PMBT, and is implemented and monitored within the governance framework illustrated on the left.

Chief Executive Officer ("CEO")

The Board is accountable for setting and reviewing of Sustainability Policy and overall strategic direction and plan, taking into consideration the EES risks and opportunities ("sustainability matters") in relation to PMBT's business operations. Our Chief Executive Officer ("CEO") assumes an advisory role to the Board and to implement the strategic direction and plan as set out by the Board and ensures that the sustainability goals are attained. A Sustainability Working Group ("SWG") was set up in 2017 to drive sustainability across all corporate and business units, and ensure we are at the forefront of sustainability disclosures in the industry.

Sustainability Working Group ("SWG")

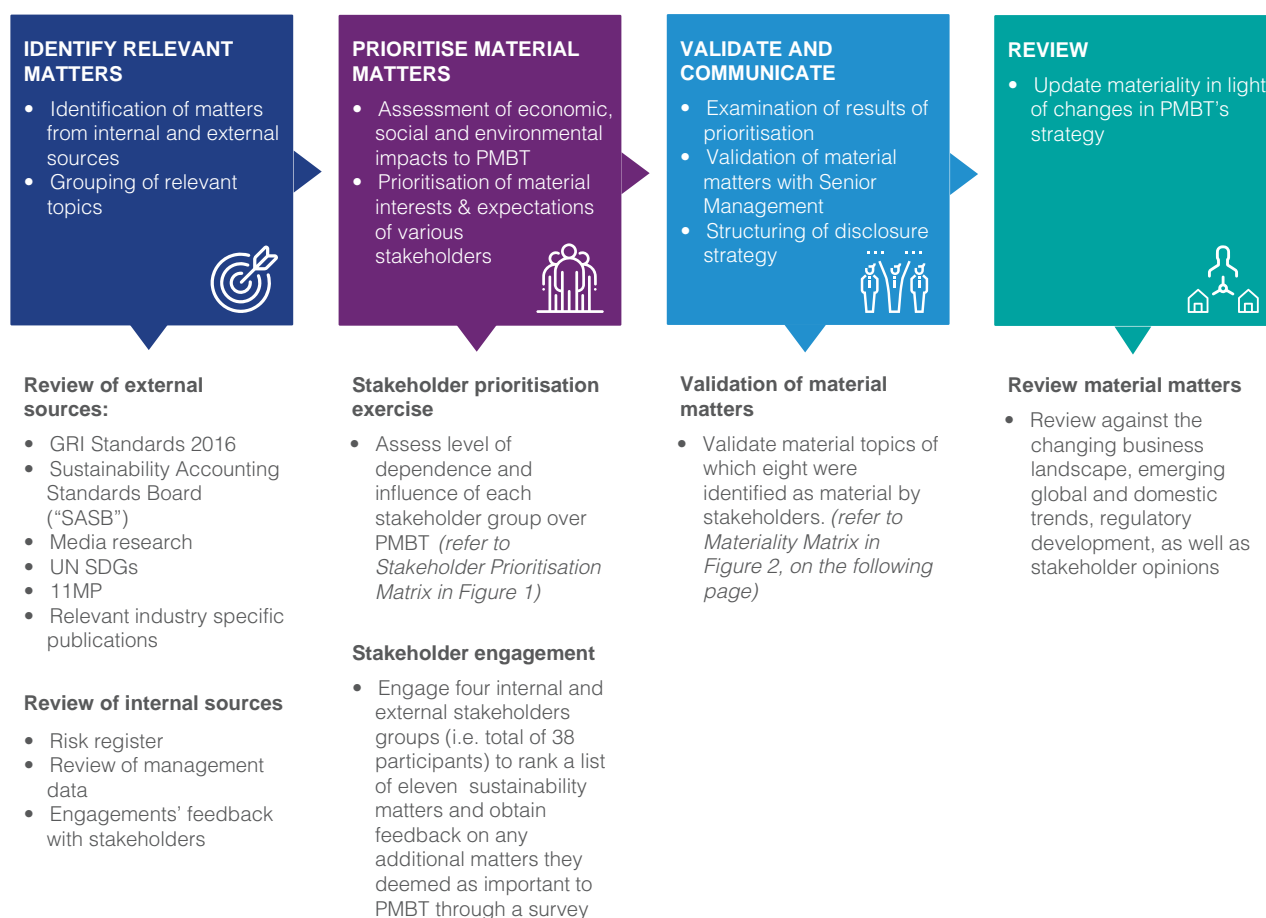
³ "Aluminium – Flexible and Light (Part 2): Towards Sustainable Cities", International Aluminium Institute, 2016

SUSTAINABILITY STATEMENT

cont'd

What Impacts Value – Managing What Matters

In 2017, we carried out a structured materiality assessment process that allowed us to prioritise key sustainability matters that were aligned with our corporate strategy. Guided by Bursa Malaysia's Sustainability Reporting Guide and Toolkits, we performed a materiality assessment by evaluating the impact that the issues may have on the organisation and the influence that may have in the decisions of the stakeholders, as depicted below. Our key stakeholders are those who have high level of influence and dependence over PMBT. They comprise our Board of Directors, government/ regulatory authorities, employees and customers. Figure 1 depicts the outcome of the stakeholder prioritisation exercise.



SUSTAINABILITY STATEMENT
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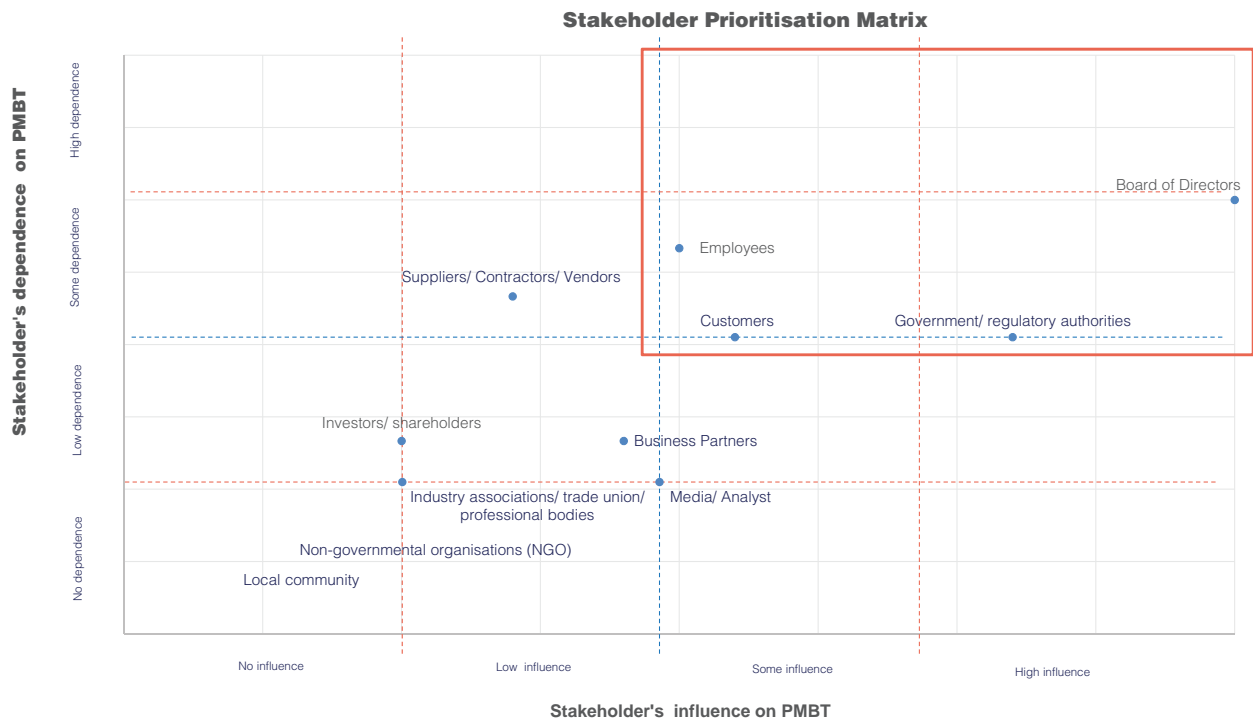
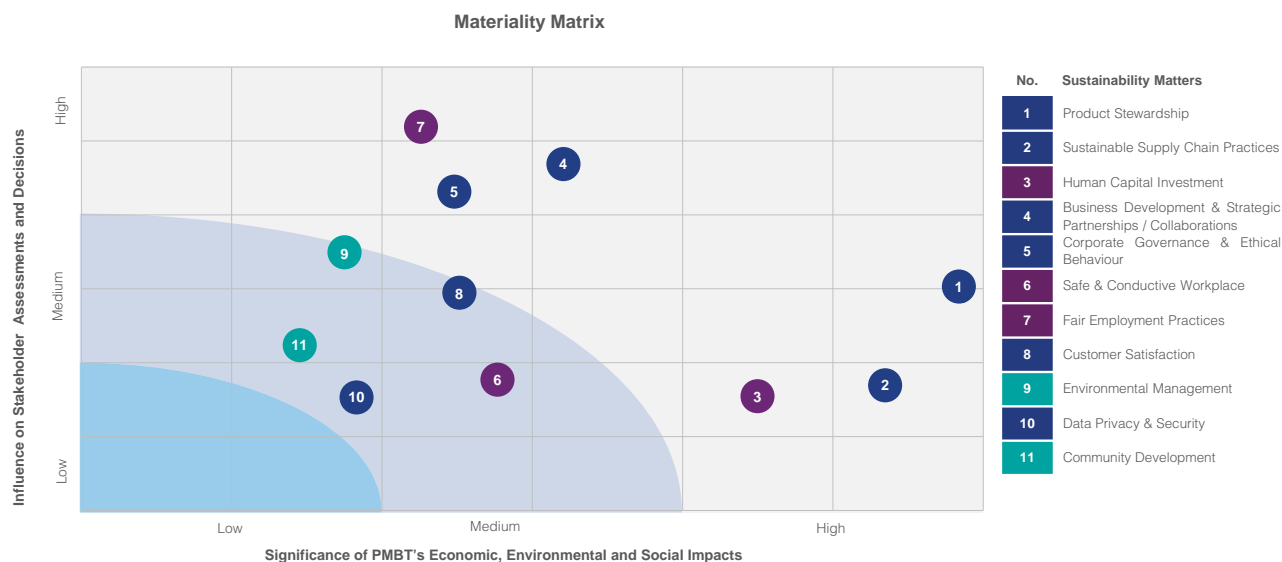


Figure 1: Stakeholder Prioritisation Matrix

SUSTAINABILITY STATEMENT

cont'd



Legend

Theme 1:
Delivering Value through Innovation

Theme 2:
Developing Our People

Theme 3:
Driving Corporate Responsibility

Figure 2: Materiality Matrix

The materiality matrix above indicates material matters arranged in sequence of stakeholder importance. The top eight material sustainability matters are Product Stewardship, Sustainable Supply Chain Practices, Human Capital Investment, Business Development & Strategic Partnerships/Collaborations, Corporate Governance & Ethical Behavior, Safe & Conductive Workplace, Fair Employment Practices, and Customer Satisfaction.

What Our Stakeholders are Telling Us

In tandem with our survey, we also actively communicate with our stakeholder to identify and address concerning matters that are imperative to our business operating ecosystem. Through our dialogue and collaboration with our key stakeholders, we are able to obtain insights into the matters of relevance to them throughout the year. These stakeholder 'hot topics' and matters help us define our strategic priorities.

Table 1 provides the details of our engagement with stakeholders through various engagement channels and the mechanisms we use to ensure meaningful engagement as well as how we communicate our progress in relation to their concerns.

SUSTAINABILITY STATEMENT

cont'd

Stakeholder Groups	Means of Engagement	Focus Areas	What are we doing about it
Board of Directors	<ul style="list-style-type: none"> Board meetings Annual General Meeting Corporate Events 	<ul style="list-style-type: none"> Corporate governance Corporate strategy 	Theme 1: Delivering Value through Innovation
Employees	<ul style="list-style-type: none"> Employee Engagement Survey Learning and development programme Corporate volunteering project Employee performance appraisal Employee on-boarding training 	<ul style="list-style-type: none"> Occupational safety and health Fair remuneration Fair employment practice Training and development Diversity and inclusion 	Theme 2: Developing Our People
Government/Regulatory authorities	<ul style="list-style-type: none"> Ad-Hoc public invitations Site visits Conferences Participation in programme organised by Government/regulatory authorities 	<ul style="list-style-type: none"> Compliance to applicable laws (e.g. occupational safety and health, environmental management, foreign labour) 	Theme 1: Delivering Value through Innovation Theme 2: Developing Our People Theme 3: Driving Corporate Responsibility
Customers	<ul style="list-style-type: none"> Online platform (i.e. corporate website) Customer satisfaction survey Customer audits 	<ul style="list-style-type: none"> Quality of products and services 	Theme 1: Delivering Value through Innovation
Suppliers/Contractors/Vendors	<ul style="list-style-type: none"> One-to-one meetings Periodic performance evaluation 	<ul style="list-style-type: none"> Agreeable contracts Terms of payments Maintaining partnerships 	Theme 1: Delivering Value through Innovation
Business Partners	<ul style="list-style-type: none"> On-going meetings 	<ul style="list-style-type: none"> Production capacity Maintaining partnerships Open and transparent communication 	Theme 1: Delivering Value through Innovation
Investors/Shareholders	<ul style="list-style-type: none"> Ad-hoc conference Analyst briefings 	<ul style="list-style-type: none"> Corporate performance 	Theme 1: Delivering Value through Innovation
Media/Analyst	<ul style="list-style-type: none"> Media Meetings Investor/Media briefings Media Releases/Conferences 	<ul style="list-style-type: none"> Corporate performance Corporate strategy Future business aspirations 	Theme 1: Delivering Value through Innovation
Industry associations/trade union/professional bodies	<ul style="list-style-type: none"> Website Communications (discussions, etc.) 	<ul style="list-style-type: none"> Ongoing meetings and site visits 	Theme 1: Delivering Value through Innovation Theme 2: Developing Our People Theme 3: Driving Corporate Responsibility
Local Community/Non-Governmental Organisations ("NGO")	<ul style="list-style-type: none"> Community development programme 	<ul style="list-style-type: none"> Community development Environmental protection 	Theme 3: Driving Corporate Responsibility

Table 1: How we interact with our Stakeholders

SUSTAINABILITY STATEMENT

cont'd

How We Create Value

Here at PMBT, we strive to ensure that all our business decision making is highly influenced by best sustainability practices. In essence, we have three themes that revolve around our sustainability approach - **delivering value through innovation, developing our people** and **driving corporate responsibility** for the community. These themes comprise of 11 sustainability matters that are relevant to our business and stakeholders, which were identified in our materiality assessment exercise. Figure 3 depicts the sustainability matters we addressed.

The UN Sustainable Development Goals ("SDGs"), also known as the global goals, came into effect in January, 2016. The SDGs consist of 17 goals related to sustainable economic growth, social justice and environmental preservation. Locally, Malaysia has set out the 11th Malaysia Plan ("11MP"), a national agenda to operationalise the SDGs. In supporting to fulfil the commitment with the SDGs and the local framework, as a first step we have identified the SDGs that are especially relevant to the PMBT's business activities and sustainability efforts. This allowed us to chart out our fields of actions and identifying strategic initiatives that are aligned with the SDGs. Figure 4 illustrates how we contribute to the achievement of relevant SDGs and Strategic Thrusts ("ST") of 11MP through our sustainability initiatives.



Figure 3: Sustainability matters addressed by PMBT

SUSTAINABILITY STATEMENT

cont'd

The intrinsic connection between our sustainability initiatives and the relevant SDGs and Strategic Thrusts of the 11MP

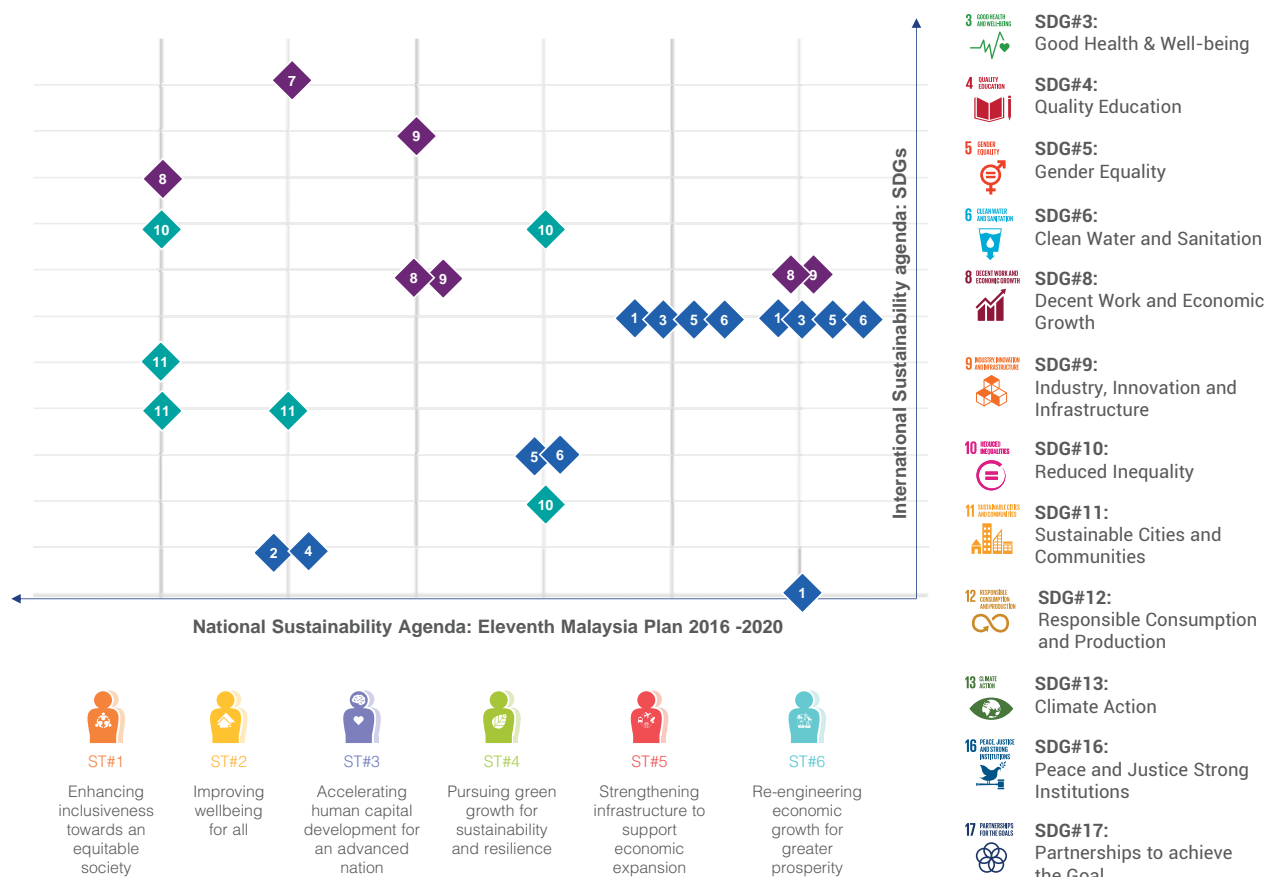


Figure 4: The intrinsic connection between our sustainability initiatives and the relevant SDGs & Strategic Thrusts of the 11MP

SUSTAINABILITY STATEMENT

cont'd

Our value creation model seeks to create value for stakeholders in a sustainable way as depicted in Figure 5 below:

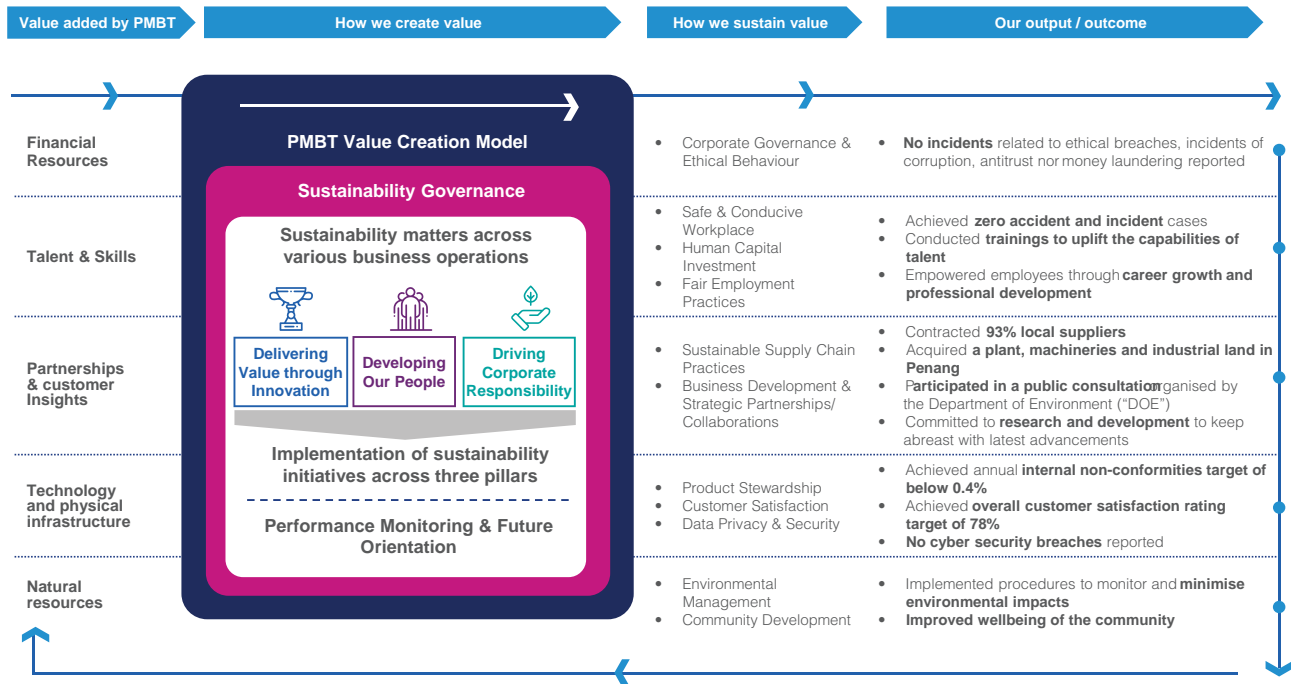


Figure 5: PMBT Value Creation Model

THEME 1: DELIVERING VALUE THROUGH INNOVATION

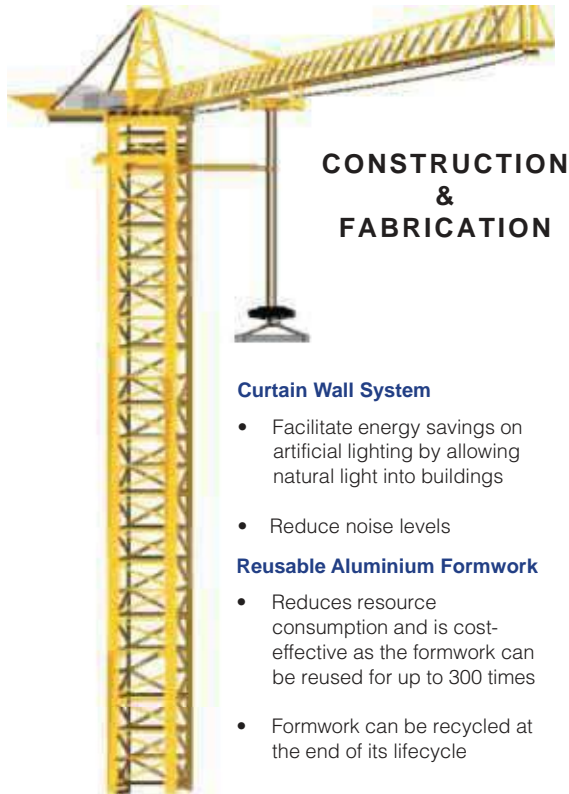
As a trusted industrial leader, we strive to create long-term value for our stakeholders by delivering innovative and high quality products and services. We are constantly improving our capabilities in technological development, quality management, and frontline execution to offer products and services that earn the satisfaction and trust of customers. The liability and transparency of a corporate culture are keys to combat against ethical or security breaches. Our partnerships and business collaborations, allow us to grow and achieve successful futures through the exchange of technical knowledge and resources. Overall, our aim is to efficiently serve our customers, and comprehend that there is room for improvement based on their journey with us.

Product Stewardship

Our Production and Research & Development ("R&D") Department supported by Quality Assurance ("QA")/Quality Control ("QC") Department are tasked to develop new products and enhance product designs in adherence to International Standard Organisation ("ISO") procedures as our policy in monitoring product stewardship while continuously improve production methodologies through the application of new technologies and machineries to encourage process improvements.

SUSTAINABILITY STATEMENT

cont'd



MANUFACTURING & TRADING

Aluminium Truck Body

- Reduces fuel consumption and requires minimal maintenance due to its light-weight and non-corrosive nature

Aluminium Gate

- Effectively reduces the maintenance cost for the autogate system and improves efficiency of usage due to its light-weight nature

Aluminium Modular Balustrade System

- User friendly and easily installed without the need of welding
- Prolonged lifecycle under harsh weather conditions due to outer finishing

Scaffold Tower

- Light-weight solution to speed up erection in space constrained environment without compromising strength and stability



We have invested in automated machineries to minimise the possibilities of occupational injuries and recycle aluminium waste. All aluminium waste left from the manufacturing process is sent back to the supplier for re-melting to be reused as raw material. To reduce rejection rates and ensure adherence to customers' specifications, regulatory requirements and international standards, we have adopted a quality management system based on international standards. We also conduct stringent product quality checks and controls on finished goods and regular inspections of manufacturing equipment throughout the design and production processes that are performed by experienced personnel.

Our internal non-conformities results were maintained at 0.4% where our annual target is below 0.4%. We received ISO 9001:2005 accreditation on our Quality Management System for Everlast Aluminium and PMB Façade Technology, and multiple SIRIM certifications for our portable aluminium ladder, prefabricated mobile access and working tower, portable fiberglass ladder, and mobile ladders with platform. Our aluminium truck tray is Australian certified.

Sustainable Supply Chain Practices

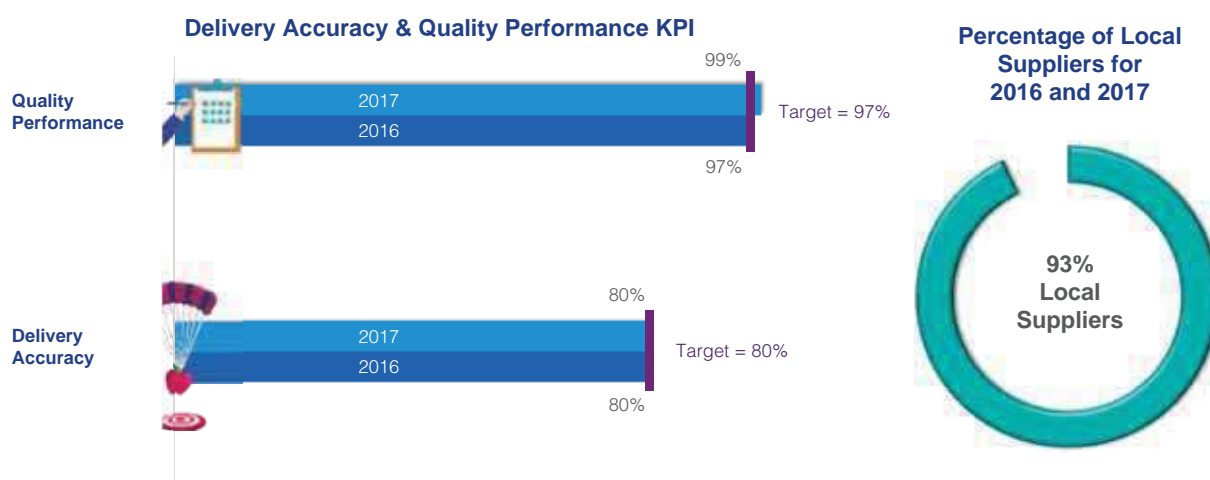
We adhere to our internal policies in ensuring sustainable procurement practices while taking into consideration EES matters. At PMBT, we strive to support local suppliers to help enhance our national economic growth through the provision of job opportunities in local small and medium enterprises ("SME") industry. Our Procurement Guidelines entail procedures in appointing and monitoring suppliers, as well as PMBT's commitment in sourcing locally, green-procurement, and fair dealings. Requirements for contractors regarding legal compliance, anticorruption, human rights, health and safety, and environmental management are outlined in our Vendor Code of Conduct.

Our Procurement Department oversees the overall Group's practices such as conducting supplier pre-appointment evaluation to ensure products are of good quality and are cost effective, leading site visits for supplier inspection, and maintaining approved vendor lists. Appointed suppliers are subjected to monthly assessments based on their number of stock receipts, delivery frequency, and supplier corrective action requests issued by the QA/QC Department. If suppliers do not meet our requirements, we will provide them with supplier training and improvement action plans. Ultimately, if they still fail to comply, their contracts will be terminated.

SUSTAINABILITY STATEMENT

cont'd

Assessment criteria imposed on the suppliers by PMBT



Our initiatives include providing key trainings on procurement to relevant employees, comparing at least three suppliers in terms of cost and quality before they become approved suppliers, following up with continuous monitoring, and regular approved supplier evaluations by our internal QA/QC team. We invest time into logistics and distribution scheduling to minimise the number of shipments to moderate fuel consumption and air emissions, as well as strategic location planning of distribution centers. Regular checks and enhancements of shipment vehicles are also conducted to reduce vehicle malfunctioning accidents.

Business Development & Strategic Partnerships/Collaborations

Through our Group's Business Expansion Strategy and Global Exhibition Visits and International Market Sales Pipeline initiatives, we are able to expand domestically and in selective overseas markets. This effort results in greater positive direct and indirect economic impacts. Examples of business expansions and/ or strategic partnerships that we were involved during the reporting year are as below:

Acquired a plant, machineries and industrial land in Penang

Diversified business portfolio to produce metallic silicon, developed a new aluminium scaffolding product at competitive prices

Site visits to factory and plan to visit within the aluminium manufacturing industry and silicon metal markets

Participated in a public consultation organised by the Department of Environment ("DOE")

SUSTAINABILITY STATEMENT

cont'd

Outcomes



Corporate Governance & Ethical Behavior

Our Group has a Code of Conduct for Directors, Management and Employees, embodying the principles contained in various policies adopted by the Group that commits Directors, Management and employees to high ethical values and expected standards of conduct. The Code of Conduct covers among others, all aspects of the business operations such as human rights, environmental issue, business gifts and hospitalities, integrity and professionalism, confidentiality of business information and proper safeguarding of company assets. Matters relating to duties and responsibilities of Directors, conflict of interests and their social responsibilities, are included in our Code of Ethics.

All employees are required to understand the Code of Conduct, in which they pledge to uphold PMBT's core values and principles and shall not engage in any corrupt or unethical practices. Non-compliance and failure to report non-compliance to the Code of Conduct may lead to disciplinary actions. Details are listed in our letter of employment that are handed to new recruits. In 2017, we adopted a Whistle-Blowing Policy which serves as a guide to the employees or stakeholders on how to raise genuine concerns related to unethical behaviour, malpractices, illegal acts or improprieties in the matters of regulatory compliance in an appropriate way (refer to the Corporate Governance Overview Statement of the Annual Report).

Other internal control systems include risk management frameworks, internal audit processes with quarterly reports to assess and manage risks related to regulatory compliance and ethics breaches. As of 2016 and 2017, there have been no reported incidents related to ethical breaches, incidents of corruption, anticompetitive or antitrust behaviour, or money laundering.

We plan to organise training programme for our employees on matters related to anticorruption, prevention and detection of money laundering, profiling and investigation techniques, and awareness on business ethics. As of 2017, we conduct annual trainings on local regulations and customs including taxation, Malaysian Code on Corporate Governance ("MCCG") 2017, Goods and Services Tax, Companies Act 2016, and Construction Industry Development Board ("CIDB"). The relevant representatives will be sent for the session if and when there are updates on the regulations.

SUSTAINABILITY STATEMENT

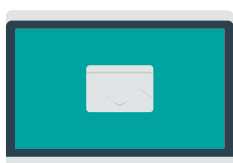
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Customer Satisfaction

To gauge the level of client and customer satisfaction and providing prompt responses in addressing issues raised, we provide customer complaint forms to officially respond to their concerns in service, quality and product improvements in a systematic order. Our QA/QC and Business Development units are responsible for reviewing and validating complaints received, conducting root cause analysis, and developing corrective and preventive action plans to resolve issues.

As we explore innovation, some issues may take longer than expected to improve which results in repeated feedback from customers. However, we managed to detect supplier or production issues faster and proactively implement design improvements periodically.

Customer engagement channels



Corporate website provides constant updates on our products and services to our customers and clients



Customer service hotline with a dedicated email address and portal to offer customers' channels to provide feedback and issue complaints



Regular engagement sessions and visitation to clients allow us to gauge their expectations and feedback

Customer feedback



4 customer complaints received



Key complaints from customers

- Human errors
- Improve on quality check procedures and machineries, as well as product aesthetics in terms of range and load bearing quality



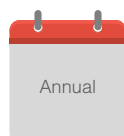
Our mitigation measures

- hired consultants and engineers to relook at the designs and improve on them from scratch

SUSTAINABILITY STATEMENT

cont'd

Frequency



Channel



Assessment Criteria

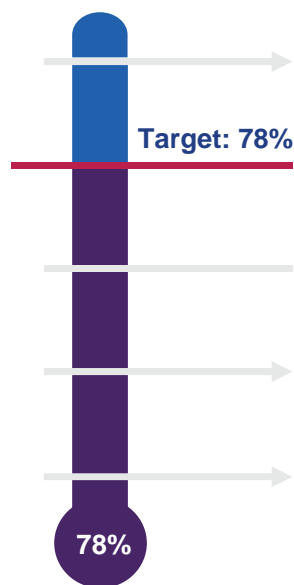
- ✓ Customer service
- ✓ Product quality & improvement
- ✓ Delivery performance
- ✓ Others

Customer Satisfaction Survey Barometer 2017

The overall ratings for all areas had increased in performance from 2016

Our R&D Department and business development unit are taking initiatives to improve our numbers of the following years

Overall customer satisfaction rating



Other assessment criteria, for example:

Customer service

Product Quality & Improvements

Delivery Performance

Others



Data Privacy & Security

The objective of our Acceptable Information Technology ("IT") Use Policy is to establish parameters and define the acceptable level of the use of IT facilities while maintaining a level of consistency in the IT usage procedures and regulations. Applied to all employees, contractors, consultants and workers in the Group including all personnel affiliated with third-parties, the policy covers topics regarding general use and ownership, IT security and proprietary information, and unacceptable use.

Our Group's Data Security Policy is aligned with the Malaysian Personal Data Protection Act ("PDPA") 2010. To protect the privacy and security of data and information belonging to stakeholders, we also have the Software Usage Guidelines and Policies. The review of these policies and procedures are overseen by the Group's Information Technology Department, including matters related to cyber risks, IT audits, and IT trainings.

We have invested in the implementation of anti-virus software, increased storage of backup systems, usage of Uninterrupted Power Supply ("UPS") backup batteries, periodic hardware maintenance, new warranty protections, scheduled upgrade of obsolete hardware, and the installation of VMWare High Availability. Overall, we have invested a total of RM 1.5 million in Enterprise Resource Planning ("ERP") systems, new servers with servers mirroring, and their maintenance. These infrastructures are to protect our systems from among others hacking and violation of control user permission. We also have disaster recovery sites with real-time replication of critical servers in the form of mirroring backup systems within our servers.

SUSTAINABILITY STATEMENT

cont'd

Our IT audits and inspections are conducted by an outsourced internal audit team, in routine with other operation functions, to ensure existing practices are in compliance with PMBT's internal policies and procedures. We conduct IT awareness briefings related to the declaration on information security and PDPA notices to ensure statutory compliance, applicable to all employees and customers respectively. We strive to benchmark our IT systems to industry best practices and upgrade internal security procedures and infrastructure to strengthen PMBT's defenses and improve resilience against cyber threats as part of our commitment to the Malaysian Digital Economy Corporation ("MDEC") Value Innovation Platform ("VIP") programme.

There have been no reported incidents in 2017.

THEME 2: DEVELOPING OUR PEOPLE

As an attractive employer, PMBT seeks to provide a comfortable workplace and create a conducive learning environment for our employees. PMBT has adopted a balanced development approach by giving equal emphasis to both economic growth and our employees' welfare. We aim to substantially reduce the incident and accident risks of our workplace through investments in awareness and technical trainings of our employees. In support of this, we have career advancement opportunities that are designed to enhance their competencies as well as retain skilled talents.

Human Capital Investment

We believe in nurturing talent and managing career development programme for our employees to ensure equal opportunities are provided to all. It is the responsibility of our Human Resource ("HR") Department to conduct several in-house trainings annually to equip our employees with better skills and maximise their potential, as well as manage career development programmes and nurture talent. Our ISO 9001:2015 Training Policy guarantees full exposure about the Group is given to all the employees and our Training Management System ensures training is provided for career enhancement.

Succession planning is a critical element in preventing business disruptions and promoting operational sustainability for which the Nomination Committee is entrusted by the Board to review and recommend candidates for Executive level. Established for the Nomination Committee, succession planning effectively discharges responsibilities in identifying and assessing potential candidates with the assistance of the CEO. This is to ascertain potential successors have sufficient experience and are the right fit for the Group.

Everlast Access Technologies carries out annual training need analysis to identify the gap between employees' competencies and needs of training. In 2017, we approached via the Occupational Safety and Health Coordinator and the National Institute of Occupational Safety and Health ("NIOSH") Safety Course. The chart below illustrates the training programme provided by PMBT in 2017 to develop the capability of our employees and facilitate career growth. The examples of our training and development programme are summarised in the chart below:



Junior Leadership Training Programme

- A six-month course provided for middle and junior level potential leaders with a comprehensive learning and development course
- 20 participants participated in the Programme



Certified Solidworks Professional Test

- Skills enhancement trainings provided for our engineers
- 4 participants participated in the Programme



Induction Training

New joiners are introduced to the Group's culture, management systems, products, etc.



On-the-job Training

On job training as and when necessary



Subsidies for education

Subsidies for employees undertaking professional certifications or part-time higher education



Internships and graduate training programme

Programme that enable graduates to apply classroom theory to real-world situations and develop technical skills



Interdepartmental transfers and job rotations

Opportunities offered to junior and middle management in order to encourage multitasking and the transfer of technical knowledge

SUSTAINABILITY STATEMENT

cont'd

As part of the Group's talent management and acquisition initiatives, we support education as a fundamental segment of society and grant scholarships to selected academically excellent and deserving students of certain local institutions. Our scholarship programme nurture the full potential of financially-deprived Malaysians, allowing them to fulfil their aspirations and eventually contribute to the nation's development. Graduates from the scholarship programme then have the opportunity to join us upon completion of their studies.

Safe & Conducive Workplace

PMBT emphasises in maintaining a clean, organised, safe and healthy working environment for our employees. To create awareness, we conducted several occupational and safety programmes throughout the year and continuously improved on equipment safety measures. Our Safety, Health and Environmental Policy commits, as far as practicable, to ensuring a safe and healthy working environment, prevention on accident compliance to all applicable legal and standards while striving for continual improvement.

The Company takes appropriate precautions to prevent injuries or adverse working conditions for every employee. It is the responsibility all employees to adhere to the prescribed safety rules and acts as well as to raise any concerns which may represent a potential threat to health and safety. Safety officers and supervisors are responsible for reporting injuries and unsafe work practices or conditions as soon as they being discovered or become known.

We also abide to health and safety management related standards such as the Initial Noise Exposure Monitoring Programme, Positive Noise Monitoring Test, and Annual Audiometric Testing.

To ensure a safe and healthy environment, our Environmental, Health and Safety ("EHS") committee conducts Work Improvement Exercises ("WISE"), relays proper guidance by providing appropriate Personal Protection Equipment ("PPE") to employees, conducting assessments on Hazard Identification, Risk Assessment and Risk Control ("HIRARC"), and continual improvement of the workplace. Our PPE consists of respirators, ear plugs face shield and safety helmets for employees to protect against health and safety risks.

We have established processes to monitor and report on HSE-related performance. As a part of our health and safety initiatives, Chemical Health Risk Assessments ("CHRA") are conducted by a competent third party agency, and Emergency Response Plans outline the procedures for responding to situations. Our discussion sessions allow employees to suggest improvements and implementations for new health and safety measures. We hold regular disease awareness trainings on endemic diseases, and quarterly health and safety audits by our EHS Committee, as well as collaborative sharing sessions between operating sites to discuss health and safety issues.

The Group's Health and Safety practice meets all objectives in the Safety, Health and Environmental Policy to achieve zero accidents in all operations. There have been no recorded cases of accidents or incidents for 2017 and 2018. However, there have been cases of carpal tunnel syndrome amongst our employees. Everlast Access Technologies received a noise complaint due to our cutting machine and a warning from the Department of Occupational Safety and Health ("DOSH") to conduct initial noise monitoring and audiometric tests.

SUSTAINABILITY STATEMENT

cont'd

Health & Safety Training Programmes



Safety Briefing

Conducted daily safety briefing to ensure proper use of PPE for all factory workers – requires 100% participation



Safety Induction

Briefing and demonstration of machinery and hand-tools usage when new employees join the production floor – requires 100% participation



First Aid & Cardio-Pulmonary Resuscitation ("CPR") Training

awareness on the necessary actions to be taken and maintain calm during an emergency to respond accordingly and play the role of life-saver in the workplace – requires 100% participation for production supervisors and key leaders



Noise Monitoring Programme

Identify areas and machineries that produce excessive noise levels, then evaluate and recognize annually – requires 100% participation from factory workers



Chemical Health Risk Assessment

Assessment conducted to identify the use, handling, storage or transportation of chemicals hazardous to health in the workplace as required by the Occupational Safety and Health Regulation 2000 – requires 100% participation from factory workers who deal with hazardous chemicals



Certified Training Programme (Green Card)

The annual programme involves the registration and accreditation of construction personnel to improve safety levels on-site, and is only for employees that require access to construction sites



Firefighting Training

Identify fire and explosion risks in the working areas by understanding active fire systems in the manufacturing plant, and introduction to handling portable fire extinguishers when required – requires 100% participation from production supervisors and key leaders

Fair Employment Practices

PMBT embodies principles contained in various policies adopted by the Group that covers all aspects of business operations including human rights, integrity and professionalism. We support and respect human rights by treating employees with dignity and respect in the workplace, providing equal employment opportunities, creating a safe and harmonious work environment, and not engaging in any form of discrimination including child labour, unfair wages, illegal workers and sexual discrimination.

As the wheels that drive PMBT, our employees are our vital assets and we believe in nurturing their personal growth. We strive to promote diversity in terms of gender, age and ethnicity as the Board recognises diversity in the workplace is essential in ensuring its effectiveness, good corporate governance and business growth. We promote the representation of women in the workforce, in particular the Management and Senior Management positions, hiring of local talent in areas where PMBT is operating, and employment of People with Disability ("PWD").

A performance appraisal shall be conducted prior to confirming our employees and an annual salary review, providing an efficient way of evaluating job performance and ensuring a link to our corporate goals and objectives. We encourage two-way communication as the Annual Performance Appraisal is a platform for employees to share their opinion with the Head of Department ("HOD").

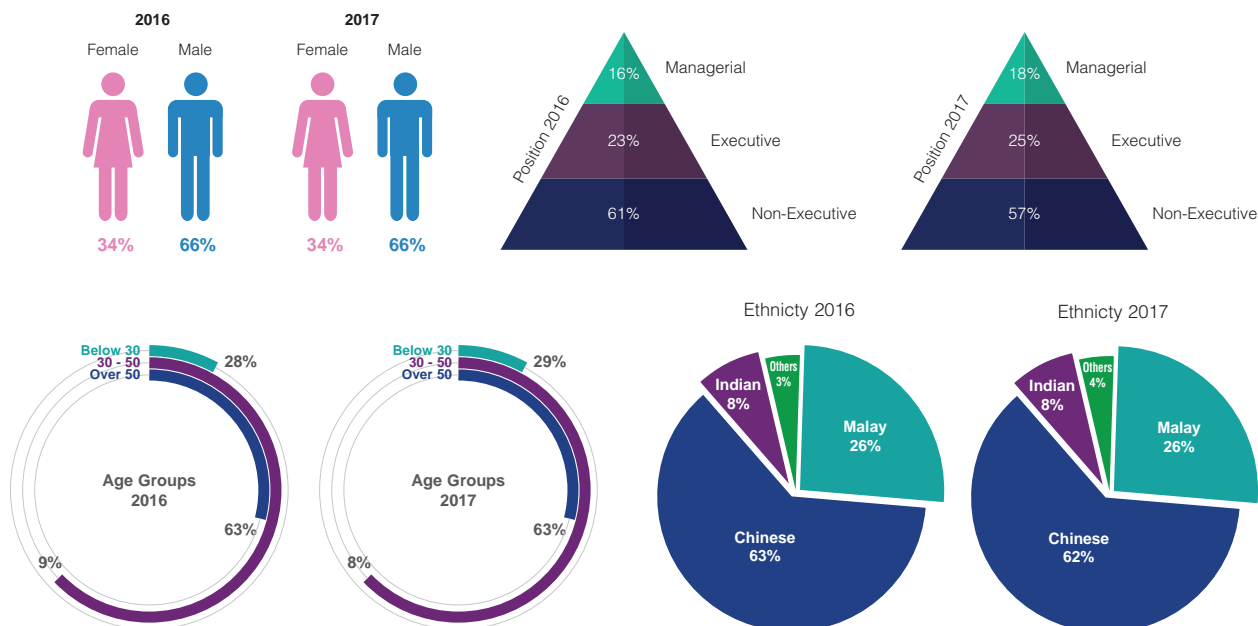
Our employees are entitled for special leaves subject to valid proof and the discretion of the Management, such as death of a close relative, paternity leave, marriage leave, and natural disasters. Medical benefits are also accessible to all employees for normal treatment of illnesses or injuries suffered, provided by the Group's panel of clinics only.

To boost morale and teamwork, we reward our employees with activities and awards accordingly, based on their accomplishments. The Group subsidises selected employees' recreational activities within their work groups to forge better team spirit amongst our employees and senior management. A sports committee was formed to initiate activities such as weekly badminton games, festive celebrations and bowling tournaments. We also make contributions to aid our employees in need.

SUSTAINABILITY STATEMENT

cont'd

We truly appreciate our employees' loyal service and dedication. Recognition is given to employees for every five years of service with a gold pendant presented to each of them at the Group's annual dinner. The presentation of awards has become an important part of our Group and has given a positive effect in promoting staff motivation and morale. We hold regular town hall meetings and have put in place grievances handling platforms to encourage communication among all levels of employees and facilitate the resolution of employees' issues.



THEME 3: DRIVING CORPORATE RESPONSIBILITY

PMBT seeks to maintain a harmonious relationship with nature by recognising the importance of improving the environment in which we operate through the constant monitoring of environmental impacts and apply cost-efficient means of reducing the use of natural resources. By means of comprehensive communication, our employees are made aware of our environmental objectives and they support employee-driven environmental initiatives.

Inclusive growth is not only key to individual and societal well-being, but also critical for sustaining longer periods of solid national progression. We believe that responsible citizenship is essential to the vitality of our communities. We encourage volunteering activities and actively creates opportunities for interaction with the local communities, emphasising on continuity to establish our roots firmly with them.

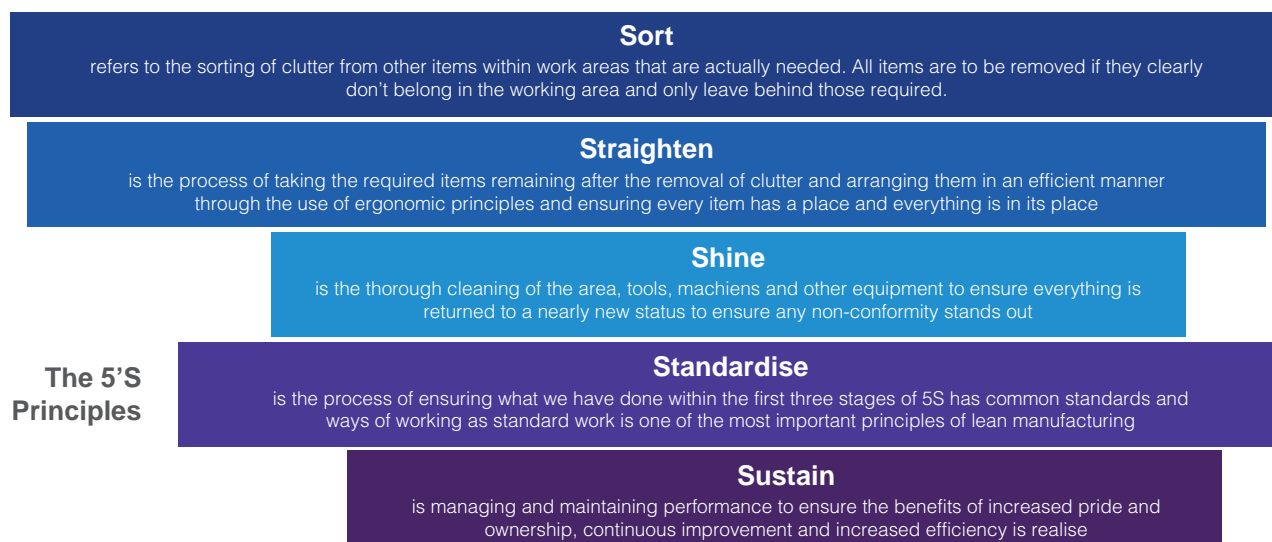
SUSTAINABILITY STATEMENT

cont'd

Environmental Management

PMBT conducts operations in a manner that safeguards health, protects the environment and conserves valuable materials. Detailed in our Sustainability Policy, we aim to among others reduce the consumption of non-renewable or non-recyclable materials, pursue the usage of renewable resources, minimise the level of pollutants from daily business operations, and create an ever-increasing awareness of this policy within the Group and stakeholders.

Our Environmental Policy outlines the standard environmental management process, including monitoring, and also measures to reduce emissions and consumptions. As a guidance on waste management initiatives, we have Waste Management Procedures and Housekeeping Policy as well as Environmental Management System. The EHS Committee implements and monitors the progress of all environment related initiatives, and carries out regular audits and inspections. They also provide progress updates on the initiatives to Management on a quarterly basis. The EHS Committee is trained in 5'S as a practice of continuously maintaining a clean, organised workplace by eliminating all unnecessary waste and maintaining discipline.



- **Energy Consumption**

In terms of energy consumption, the ESH Committee is responsible for monitoring the rate of electricity consumption at respective production divisions and office departments. Energy consumption is regularly monitored and reported in the operating sites. To reduce our electricity consumption, we installed new and energy efficient equipment as well as upgraded old systems. We also replaced existing lighting to light-emitting diodes ("LED"), installed motion sensors to automatically switch the lighting on and off, and placed transparent roof sheets to allow sunlight for brighter working environment during the day.

- **Noise Pollution**

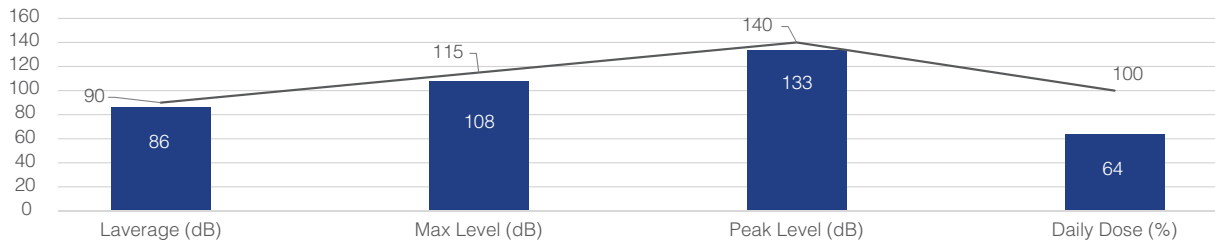
To manage noise pollutions at respective operating sites, the EHS Committee reports to the Management on a monthly basis and the monitoring results are regularly reported to the DOSH. On-time maintenance is provided for all machineries and we ensure they are turned off when not in use. This along with regular project site audits and investments in new machineries, will reduce our current level of noise pollution.

Initial noise monitoring is conducted to ensure a better working environment for our employees. All workers are provided with the appropriate PPE to decrease the effect of the noise and has been deemed in compliance by the DOSH. The bar chart below indicates the actual readings obtained whereas the line graph shows the targets for the varying matters.

SUSTAINABILITY STATEMENT

cont'd

Initial Noise Monitoring for a Factory Lot



- Air Emission**

The EHS Committee is responsible for ensuring all trucks, machineries and plant equipment are in good working condition, regularly maintained and comply with the relevant regulatory requirements. Our efforts to monitor air emissions include regular maintenance on trucks, plant and machineries, and prearranged logistics planning to share delivery resources. We installed ventilation systems coupled with filtering dedusters which reduced pollution.

- Waste Management**

In our effort to reduce waste and resource consumption, we source and recycle aluminium products such as scrap for PMBT's production input. We also have a buyback option for aluminium formworks from our customers, replaced wooden pallets for reusable aluminium pallets, and proposed low coated glass to customers for energy saving within our buildings. The scrap is sent to a supplier for recycling as input to our monthly production. To minimise generation of waste and wastewater production, we practice waste disposal methods where wastes produced are segregated, properly packaged, labelled, stored separately at designated areas and safely disposed.

- Water Consumption**

We responsibly monitor our consumption used daily in the production division and office department. To save water in the refurbishment division, we use a groundwater abstraction technique for cleaning formworks and recycling groundwater.

Community Development

The Group believes in aligning charitable giving with our business activities by actively encouraging people to get involved in community development, and improving public perception to the Group's response to public enquiries. Aside from regular donations to old folks home or orphanages, we also urge our employees, along with their families, to personally visit the places to promote better kinship and social awareness. The Group organises Blood Donation Campaigns annually in collaboration with Pusat Darah Negara with the objective of assisting them in blood replenishment. The campaign was not only limited to our employees but also to blood donors from their family members.

By strongly supporting our employees' involvement in the community, we aim to inculcate such essential values upon them. Hence, we will endeavor to actively pursue more activities that will match the sentiments of our local communities as they are our strongest foundation to propel mutual growth and success.



Malaysian Association for The Welfare of Mentally Challenged Children | IQ 70 +

Mentally challenged children are precious gems of lives despite their disabilities in taking care of themselves, communication, studies and work. Their existence today serves as a reminder for us, who are physically and mentally fit, about the value of life besides calling to mind the respect and love for others. PMBT's employees made an enjoyable and purposeful trip to IQ70+, and have requested more charitable events such as this in the future.

Looking Ahead

Sustainability is a continuous journey – the initial phase offered a steep learning curve as we are on the transition of progressing from providing a narrative to comprehensive and measurable sustainability performance disclosures. We will continue to monitor and leverage on sustainability practices to increase business profitability and bring value to our stakeholders. We will progressively enhance our disclosure and reporting on our sustainability performance in the coming years.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

In accordance with Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors of public listed companies are required to include in their annual report a statement about the state of risk management and internal control of the listed issuer as a group. The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the group's assets. Set out below is the Board's Statement on Risk Management and Internal Control, which has been prepared in accordance with the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers" (the "Guidelines").

BOARD RESPONSIBILITY

The Board is committed to maintain both a sound system of risk management and internal control and the proper management of risks throughout the operations of the Group in order to safeguard shareholders' investment and assets of the Group. The Board acknowledges that it is ultimately responsible for the Group's system of internal control which main features include the establishment of an appropriate control environment and framework, including financial, operational and compliance controls and risk management.

The Board is responsible in identifying, evaluating and managing the significant risks of the Group, as well as reviewing the adequacy and effectiveness of the risk management and internal control system on an ongoing basis. This process has been in place for the financial year under review and up to the date of approval of this statement for inclusion in the annual report.

The Board believes that the risk management and internal control system in place is adequate and effective to manage the risk of the Group. Nevertheless, it should be noted that due to the inherent limitations in any system, such systems are designed to reduce rather than eliminate the risk of failure to achieve business objectives. In addition, it should be noted that any system can provide only reasonable, and not absolute assurance against material misstatement or loss.

INTERNAL AUDIT FUNCTION AND RISK MANAGEMENT FRAMEWORK

The Board regards risk management as an integral part of the Group's business operations and has oversight over this critical area through the Audit Committee. The Company has established, maintained and reviewed a proper risk management framework to identify, measure and control risks that may prevent the Group from achieving its objectives.

The Risk Management Policy has been approved by the Board and it governs the risk management approach applied to the Group. The major risks in which the Group is exposed to are operational, strategic, financial, products and reputational risks.

The Audit Committee reviews the effectiveness of the Risk Management Policy from time to time to continuously improve the risk management in this dynamic business environment.

The Audit Committee has engaged the services of external consultants to assess the adequacy and effectiveness of the internal control system. The internal audit process covers the audit of selected units and operations based on risk assessment conducted by the internal auditors and approved by the Audit Committee. The Audit Committee is kept informed of the internal audit process, from the annual audit plan up to the audit findings and reporting. The details on the Internal Audit function are further explained on page 20 of this Annual Report.

During the financial year, the internal audit function conducted internal audits in accordance with the approved internal audit plan for the purposes of assessing the adequacy and effectiveness of the internal control systems. The results of the audit and recommendations for improvement co-developed with Management were presented at the Audit Committee Meetings, and subsequently approved by the Board.

A few internal control weaknesses were identified during the period, all of which have been, or are being addressed. System of internal controls is being implemented and continuous reviews are being carried out to ensure its adequacy and effectiveness. None of these weaknesses have resulted in any material error and losses, contingencies or uncertainties that would require mention in the Group's annual report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

INTERNAL AUDIT FUNCTION AND RISK MANAGEMENT FRAMEWORK cont'd

Other key elements of internal control

Apart from risk management and internal audit, the other key elements of the Group's internal control systems are described below:

- A management structure with job descriptions and defined lines of responsibilities is in place for all business operating units;
- Two of its subsidiaries have the following accreditation for their operational processes:-

Everlast Aluminium (M) Sdn. Bhd.	<ul style="list-style-type: none"> • SIRIM BS 2037:1994 on portable aluminium ladder • SIRIM BS EN 1004:2004 on prefabricated mobile access and working tower • SIRIM BS EN 131-2:1993 portable aluminum ladder • SIRIM BS EN 131-2:1993 on portable fiberglass ladder • SIRIM BS EN 131-7:2013 on mobile ladders with platform • ISO 9001:2015 on Quality Management Systems
PMB Facade Technology Sdn. Bhd.	<ul style="list-style-type: none"> • ISO 9001:2015 on Quality Management System
- Review of all proposals for material capital and investment acquisitions by the Management prior to the review and approval by the Board of Directors;
- Information is provided by the Management to the Board on a quarterly basis, covering financial performance as well as key performance indicators, such as cash flow performance, product sales analysis and operating cost analysis. These performance reports are benchmarked against budgets;
- Quarterly monitoring of results and financial position by the Board;
- Visits to business operating units by key members of the Board and the Management team at least every 6 months;
- Quarterly review of Group related party transactions by the Audit Committee;
- Company value statement, code of conduct and policies and procedures are in place and made available to all staff; and
- Charter of responsibilities and functions of the Board of Directors and its main committees - Audit Committee, Nomination Committee and Remuneration Committee.

Management has taken the necessary actions to remediate weakness identified for the financial year under review. The Board and the Management will continue to monitor the effectiveness and take measures to improve the risk management and the internal control systems.

Assurance provided by the Group Chief Executive Officer and Chief Financial Officer

In line with the Guidelines, the Group Chief Executive Officer and Chief Financial Officer have provided assurance to the Board stating that the Group's risk management and internal control system has operated adequately and effectively, in all material aspects, to meet the Group's objectives during the financial year under review.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

INTERNAL AUDIT FUNCTION AND RISK MANAGEMENT FRAMEWORK cont'd

Review of Statement by External Auditors

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG 3"), *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 December 2017, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

- a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
- b) is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.



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Independent Auditors' Report

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

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

PRINCIPAL ACTIVITIES

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

SUBSIDIARIES

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

RESULTS

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

RESERVES AND PROVISIONS

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

DIVIDENDS

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

- i) In respect of the financial year ended 31 December 2016 as reported in the Directors' Report of that year:
 - a fourth interim ordinary dividend of 1 sen per ordinary share totalling RM774,798 declared on 20 March 2017 and paid on 5 April 2017.
- ii) In respect of the financial year ended 31 December 2017:
 - a first interim ordinary dividend of 1 sen per ordinary share totalling RM774,798 declared on 9 June 2017 and paid on 23 June 2017;
 - a second interim ordinary dividend of 1 sen per ordinary share totalling RM774,798 declared on 7 September 2017 and paid on 20 September 2017; and
 - a third interim ordinary dividend of 1 sen per ordinary share totalling RM774,798 declared on 4 December 2017 and paid on 21 December 2017.

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

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

cont'd

DIRECTORS OF THE COMPANY

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

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

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

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

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

DIRECTORS' INTERESTS IN SHARES

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

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

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

cont'd

DIRECTORS' INTERESTS IN SHARES cont'd

- * *In accordance with the Companies Act, the interests of the spouse and the children of Koon Poh Ming in the shares of the Company shall be treated as the interest of Koon Poh Ming.*
- # *Deemed interested by virtue of their interests in Weng Fatt Stainless Steel Sdn. Bhd.*
- ^ *Deemed interested by virtue of their interests in Alpha Milestone Sdn. Bhd. which holds shares in Press Metal Berhad, which in turn holds shares in PMB Technology Berhad.*

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

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

DIRECTORS' BENEFITS

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

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

ISSUE OF SHARES AND DEBENTURES

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

INDEMNITY AND INSURANCE COSTS

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

OTHER STATUTORY INFORMATION

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

- i) there are no bad debts to be written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017
cont'd

OTHER STATUTORY INFORMATION cont'd

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

- i) that would render it necessary to write off any bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

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

SIGNIFICANT EVENT

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

SUBSEQUENT EVENT

The subsequent events disclosed in Note 31 to the financial statements.

AUDITORS

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

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

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

Koon Poh Ming
Director

Koon Poh Weng
Director

Petaling Jaya, Selangor

Date: 17 April 2018

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

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

The notes on pages 84 to 132 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Revenue	15	497,467	371,030	5,139	3,980
Cost of sales	16	(420,329)	(302,707)	-	-
Gross profit		77,138	68,323	5,139	3,980
Other income		898	1,811	-	-
Distribution expenses		(5,438)	(5,573)	-	-
Administrative expenses		(31,731)	(27,478)	(1,430)	(789)
Other expenses		(20,407)	(19,488)	(420)	(389)
Results from operating activities		20,460	17,595	3,289	2,802
Finance income	17	14	9	-	-
Finance costs	18	(6,051)	(4,311)	-	-
Net finance costs		(6,037)	(4,302)	-	-
Profit before tax		14,423	13,293	3,289	2,802
Tax expense	19	(4,015)	(2,578)	-	-
Profit for the year	20	10,408	10,715	3,289	2,802
Other comprehensive income, net of tax Item that is or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		(4,213)	1,768	-	-
Other comprehensive income for the year, net of tax		(4,213)	1,768	-	-
Total comprehensive income for the year		6,195	12,483	3,289	2,802
Profit attributable to:					
Owners of the Company		10,408	10,715	3,289	2,802
Non-controlling interests		-	-	-	-
Profit for the year		10,408	10,715	3,289	2,802
Total comprehensive income attributable to:					
Owners of the Company		6,195	12,483	3,289	2,802
Non-controlling interests		-	-	-	-
Total comprehensive income for the year		6,195	12,483	3,289	2,802
Basic earnings per ordinary share (sen)	21	13.43	13.83		

The notes on pages 84 to 132 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

		Attributable to owners of the Company							
		Non-distributable				Distributable			
		Share capital	Share premium	Translation reserve	Treasury shares	Retained earnings	Total	Non-controlling interests	Total equity
Group	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2016		40,000	6,941	5,772	(2,220)	93,819	144,312	-	144,312
Foreign currency translation differences for foreign operations		-	-	1,768	-	-	1,768	-	1,768
Total other comprehensive income for the year		-	-	1,768	-	-	1,768	-	1,768
Profit for the year		-	-	-	-	10,715	10,715	-	10,715
Total comprehensive income for the year		-	-	1,768	-	10,715	12,483	-	12,483
Dividends to owners of the Company	22	-	-	-	-	(3,099)	(3,099)	-	(3,099)
At 31 December 2016		40,000	6,941	7,540	(2,220)	101,435	153,696	-	153,696
		Note 11	Note 11	Note 11	Note 11				
At 1 January 2017		40,000	6,941	7,540	(2,220)	101,435	153,696	-	153,696
Foreign currency translation differences for foreign operations		-	-	(4,213)	-	-	(4,213)	-	(4,213)
Total other comprehensive income for the year		-	-	(4,213)	-	-	(4,213)	-	(4,213)
Profit for the year		-	-	-	-	10,408	10,408	-	10,408
Total comprehensive income for the year		-	-	(4,213)	-	10,408	6,195	-	6,195
Dividends to owners of the Company	22	-	-	-	-	(3,099)	(3,099)	-	(3,099)
Transfer in accordance with Section 618(2) of the Companies Act 2016		6,941	(6,941)	-	-	-	-	-	-
At 31 December 2017		46,941	-	3,327	(2,220)	108,744	156,792	-	156,792
		Note 11	Note 11	Note 11	Note 11				

The notes on pages 84 to 132 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

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

The notes on pages 84 to 132 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

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

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017
cont'd

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

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017
cont'd

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

Cash and cash equivalents

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

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

(i) Acquisition of property, plant and equipment

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

NOTES TO THE FINANCIAL STATEMENTS

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

Principal place of business

Lot 1797, Jalan Balakong
Bukit Belimbing
43300 Seri Kembangan
Selangor Darul Ehsan

Registered office

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

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

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

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

1. BASIS OF PREPARATION

(a) Statement of compliance

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

1. BASIS OF PREPARATION cont'd

(a) Statement of compliance cont'd

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

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

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

- MFRS 17, *Insurance Contracts*

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

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

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

- from the annual period beginning on 1 January 2018 for those accounting standards, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2018, except for those marked with “*” which are not applicable to the Group and the Company.
- from the annual period beginning on 1 January 2019 for those accounting standard, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2019, except for those marked with “**” which are not applicable to the Group and the Company.

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

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

(i) MFRS 15, Revenue from Contracts with Customers

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

1. BASIS OF PREPARATION cont'd

(a) Statement of compliance cont'd

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

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

(ii) *MFRS 9, Financial instruments*

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

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

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

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

(iii) *MFRS 16, Leases*

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

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

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

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

1. BASIS OF PREPARATION cont'd

(d) Use of estimates and judgements cont'd

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of consolidation

(i) Subsidiaries

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

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive.

The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

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

(ii) Business combinations

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

(a) Basis of consolidation cont'd

(ii) Business combinations cont'd

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

(iii) Loss of control

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

(iv) Associates

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

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

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

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

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

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

(v) Non-controlling interests

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

(a) Basis of consolidation cont'd

(v) Non-controlling interests cont'd

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

(vi) Transactions eliminated on consolidation

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

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

(b) Foreign currency

(i) Foreign currency transactions

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

(c) Financial instruments

(i) Initial recognition and measurement

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

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

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

Loans and receivables

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

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

Financial liabilities

All financial liabilities are subsequently measured at amortised cost.

(iii) Financial guarantee contracts

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

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

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

(d) Property, plant and equipment

(i) Recognition and measurement

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

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

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

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

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

(ii) Operating lease

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

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

(f) Goodwill

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

Amortisation

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

(g) Affiliated companies

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

(h) Investment properties

Investment properties carried at cost

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. These include freehold land and buildings held for a currently undetermined future use or leased out. Investment properties initially and subsequently measured at cost are accounted for similarly to property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

(i) Inventories

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

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

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

(j) Construction work-in-progress

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

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

(k) Cash and cash equivalents

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

(l) Impairment

(i) Financial assets

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

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

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

(ii) Other assets

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

(l) Impairment cont'd

(ii) Other assets cont'd

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

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

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

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

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

(m) Equity instruments

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

(i) Ordinary shares

Ordinary shares are classified as equity.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

(n) Employee benefits

(i) Short-term employee benefits

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

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

(ii) State plans

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

(o) Revenue and other income

(i) Goods sold

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

(ii) Construction contracts

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

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

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

(iii) Rental income

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

(o) Revenue and other income cont'd

(iv) Management fee income

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

(v) Dividend income

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

(vi) Interest income

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

(p) Borrowing costs

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

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

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

(q) Income tax

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

(q) Income tax cont'd

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

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

(r) Earnings per ordinary share

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

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

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

(s) Operating segments

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

(t) Contingencies

Contingent liabilities

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

(u) Fair value measurements

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

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

(u) Fair value measurements cont'd

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

3. PROPERTY, PLANT AND EQUIPMENT

Group	Land	Buildings	Motor vehicles	Office renovation	Furniture and fittings	Office equipment	Plant and equipment/machinery	Capital work-in-progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost									
At 1 January 2016	34,723	15,675	11,658	574	3,986	5,619	93,671	180	166,086
Additions	688	215	1,015	-	26	311	2,255	-	4,510
Borrowing costs capitalised	211	-	-	-	-	-	-	-	211
Disposals	-	-	(620)	-	(18)	(2)	(140)	-	(780)
Write-off	-	-	(932)	-	-	-	-	-	(932)
Effect of movements in exchange rates	-	-	3	22	5	46	5	-	81
At 31 December 2016/1 January 2017	35,622	15,890	11,124	596	3,999	5,974	95,791	180	169,176
Additions	16,972	7,968	358	1,092	250	1,005	18,287	-	45,932
Borrowing costs capitalised	-	90	-	-	-	-	33	-	123
Disposals	-	(182)	(963)	(21)	(102)	-	(778)	-	(2,046)
Transfer to trading stock (Note 8)	-	-	-	-	-	-	(188)	-	(188)
Reclassification	-	-	-	81	(76)	9	(14)	-	-
Effect of movements in exchange rates	-	-	(21)	(51)	(13)	(128)	(7)	-	(220)
At 31 December 2017	52,594	23,766	10,498	1,697	4,058	6,860	113,124	180	212,777
Depreciation									
At 1 January 2016	1,896	3,796	7,531	501	2,863	4,005	52,432	-	73,024
Depreciation for the year	387	340	880	29	231	339	6,982	-	9,188
Disposals	-	-	(620)	-	(5)	-	(139)	-	(764)
Write-off	-	-	(393)	-	-	-	-	-	(393)
Effect of movements in exchange rates	-	-	3	20	5	46	5	-	79
At 31 December 2016/1 January 2017	2,283	4,136	7,401	550	3,094	4,390	59,280	-	81,134
Depreciation for the year	696	267	899	110	204	395	8,965	-	11,536
Disposals	-	(55)	(921)	(18)	(98)	-	-	-	(1,092)
Transfer to trading stock (Note 8)	-	-	-	-	-	-	(41)	-	(41)
Reclassification	-	-	-	31	(10)	(13)	(8)	-	-
Effect of movements in exchange rates	-	-	(6)	(50)	(12)	(109)	(7)	-	(184)
At 31 December 2017	2,979	4,348	7,373	623	3,178	4,663	68,189	-	91,353
Carrying amount									
At 1 January 2016	32,827	11,879	4,127	73	1,123	1,614	41,239	180	93,062
At 31 December 2016/1 January 2017	33,339	11,754	3,723	46	905	1,584	36,511	180	88,042
At 31 December 2017	49,615	19,418	3,125	1,074	880	2,197	44,935	180	121,424

NOTES TO THE FINANCIAL STATEMENTS

cont'd

3. PROPERTY, PLANT AND EQUIPMENT cont'd

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

3.1 Leased plant and equipment/machinery and motor vehicles

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

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

3.2 Security

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

4. GOODWILL

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

Impairment testing for cash-generating units containing goodwill

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

4. GOODWILL cont'd

Impairment testing for cash-generating units containing goodwill cont'd

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

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

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

PMB-Cyberwall Limited ("PMB-Cyberwall")

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

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

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

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

The above estimates are not particularly sensitive in any areas.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

5. INVESTMENT PROPERTIES

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

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

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

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

Fair value information

Fair value of investment properties are categorised as follows:

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

5. INVESTMENT PROPERTIES cont'd

Fair value information cont'd

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

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

Valuation process applied by the Group for Level 3 fair value

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

6. INVESTMENTS IN SUBSIDIARIES

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

Details of the subsidiaries are as follows:

Name of entity	Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2017	2016
			%	%
PMB Facade Technology Sdn. Bhd. and its subsidiaries:-	Malaysia	Design, fabrication and installation of aluminium curtain wall and cladding systems, as well as manufacturing and trading of aluminium related products	100	100
PMB Facade Technology (H.K.) Limited *	Hong Kong	Design, fabrication and installation of aluminium curtain wall and cladding systems and other related products	100	100
PMB-Cyberwall Limited *	Hong Kong	Design, fabrication and installation of aluminium curtain wall and cladding systems and other related products	100	100

NOTES TO THE FINANCIAL STATEMENTS

cont'd

6. INVESTMENTS IN SUBSIDIARIES cont'd

Name of entity	Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2017 %	2016 %
Kai PMB Facade Technology Limited *, #, i	Bangladesh	Dormant	51	51
PMB Aluminium Sabah Sdn. Bhd. and its subsidiary:-	Malaysia	Marketing of gypsum board, aluminium extrusion and other related products	100	100
PMB.POIC Bulking Sdn. Bhd.	Malaysia	Dormant	100	100
PMB Carbon Sdn. Bhd. ii	Malaysia	Investment holding company, manufacturing and marketing of carbon based products as well as trading, distribution and fabrication of aluminium related products	100	100
PMB Silicon Sdn. Bhd. ii	Malaysia	Production and distribution of metallic silicon products as well as trading, distribution and fabrication of aluminium related products	100	100
Sun Power Generation Sdn. Bhd. ^	Malaysia	Dormant	-	100
Solar Power Generation(Sabah) Sdn. Bhd. @	Malaysia	Dormant	-	100
Everlast Aluminium (M) Sdn. Bhd. and its subsidiaries:-	Malaysia	Marketing of aluminium and other related products	100	100
Everlast Environmental Management Sdn. Bhd.	Malaysia	Dormant	100	100
Everlast Access Technologies Sdn. Bhd.	Malaysia	Manufacturing and marketing of aluminium and other related products	100	100
PMB Northern Sdn. Bhd.	Malaysia	Marketing of aluminium and other related products	100	100

NOTES TO THE FINANCIAL STATEMENTS

cont'd

6. INVESTMENTS IN SUBSIDIARIES cont'd

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

* Not audited by member firms of KPMG International.

Consolidated based on management accounts.

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

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

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

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

7. INVESTMENT IN ASSOCIATE

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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8. INVENTORIES

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

9. TRADE AND OTHER RECEIVABLES

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

9. TRADE AND OTHER RECEIVABLES cont'd

9.1 Progress billings receivable

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

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

9.2 Construction work-in-progress

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

9.3 Amounts due from related parties

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

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

10. CASH AND CASH EQUIVALENTS

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

11. CAPITAL AND RESERVES

Share capital

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

Ordinary shares

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

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

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

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

Share premium

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

Translation reserve

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

Treasury shares

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

11. CAPITAL AND RESERVES cont'd

Treasury shares cont'd

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

12. LOANS AND BORROWINGS

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

12.1 Bankers' acceptances, trust receipts and revolving credits

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

12.2 Bank overdrafts - unsecured

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

12. LOANS AND BORROWINGS cont'd

12.3 Bank loans - secured

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

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

12.4 Finance lease liabilities

Finance lease liabilities are payable as follows:

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

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

12. LOANS AND BORROWINGS cont'd

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

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

13. DEFERRED TAX LIABILITIES

Recognised deferred tax (assets)/liabilities

Deferred tax assets and liabilities are attributable to the following:

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

Movement in temporary differences during the year

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

14. TRADE AND OTHER PAYABLES

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

14.1 Amounts due to affiliated parties

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

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

14.2 Other payables and accrued expenses

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

15. REVENUE

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

NOTES TO THE FINANCIAL STATEMENTS

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16. COST OF SALES

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

17. FINANCE INCOME

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

18. FINANCE COSTS

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

19. TAX EXPENSE

Recognised in profit or loss

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
- current year	4,564	3,630	-	-
- prior year	87	(472)	-	-
Total current tax recognised in profit or loss	4,651	3,158	-	-
Deferred tax expense				
Origination and Reversal of temporary differences	(700)	(57)	-	-
Under/(Over) provision in prior year	64	(523)	-	-
Total deferred tax recognised in profit or loss	(636)	(580)	-	-
Total income tax expense	4,015	2,578	-	-
Reconciliation of tax expense				
Profit before tax	14,423	13,293	3,289	2,802
Income tax calculated using Malaysian tax rate of 24% (2016: 24%)	3,461	3,190	789	672
Effect of tax rates in foreign jurisdictions	(251)	(99)	-	-
Non-deductible expenses	927	954	255	180
Tax-exempt income	-	-	(1,044)	(852)
Tax incentives	(273)	(472)	-	-
Under/(Over) provision in prior year	151	(995)	-	-
	4,015	2,578	-	-

NOTES TO THE FINANCIAL STATEMENTS

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20. PROFIT FOR THE YEAR

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Profit for the year is arrived at after charging:				
Auditors' remuneration:				
- Audit fees				
KPMG PLT Malaysia	210	195	65	55
Other auditors	62	62	-	-
- Non-audit fees				
KPMG PLT Malaysia	25	35	25	35
Affiliate of KPMG PLT Malaysia	6	6	6	6
Affiliates of other auditors	7	7	-	-
Depreciation of investment properties	30	30	-	-
Depreciation of property, plant and equipment	11,536	9,188	-	-
Finance costs	6,051	4,311	-	-
Impairment loss on trade receivables	-	325	-	-
Loss on disposal of property, plant and equipment	357	1	-	-
Net realised foreign exchange loss	151	8	-	-
Property, plant and equipment written off	-	539	-	-
Personnel expenses (including key management personnel):				
- Contributions to Employees' Provident Fund	2,180	1,935	122	84
- Wages, salaries and others	38,453	35,636	1,247	691
Rental expense of property, plant and equipment	4,239	4,016	-	-
and after crediting:				
Finance income	14	9	-	-
Gain on disposal of property, plant and equipment	298	115	-	-
Insurance claimed	-	620	-	-
Management fees from subsidiaries	-	-	790	430
Net unrealised foreign exchange gain	115	183	-	-
Rental income from:				
- Investment property	12	23	-	-
- Properties	4	72	-	-
- Motor vehicle	36	36	-	-
Reversal of impairment loss on trade receivables	340	478	-	-

NOTES TO THE FINANCIAL STATEMENTS

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21. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

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

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

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

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

Diluted earnings per ordinary share

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

22. DIVIDENDS

Dividends recognised by the Company:

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

22. DIVIDENDS cont'd

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

23. OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

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

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

24. OPERATING SEGMENTS

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

- *Manufacturing and trading.* Includes manufacturing and marketing of aluminium products and other related products.
- *Construction and fabrication.* Includes contracting, designing and fabrication of aluminium and stainless steel products.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

24. OPERATING SEGMENTS cont'd**Segment assets**

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

Segment liabilities

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

Segment capital expenditure

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

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

24. OPERATING SEGMENTS cont'd

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

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

Geographical segments

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

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

24. OPERATING SEGMENTS cont'd

Geographical segments cont'd

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

Major customers

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

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

25. CAPITAL COMMITMENTS

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

26. CONTINGENCIES

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

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

27. FINANCIAL INSTRUMENTS

27.1 Categories of financial instruments

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

27. FINANCIAL INSTRUMENTS cont'd

27.1 Categories of financial instruments cont'd

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

27.2 Net gain and losses arising from financial instruments

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

27.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

NOTES TO THE FINANCIAL STATEMENTS
cont'd**27. FINANCIAL INSTRUMENTS** cont'd**27.4 Credit risk**

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

Receivables***Risk management objectives, policies and processes for managing the risk***

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

Exposure to credit risk, credit quality and collateral

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

27. FINANCIAL INSTRUMENTS cont'd

27.4 Credit risk cont'd

Impairment losses

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

27. FINANCIAL INSTRUMENTS cont'd

27.4 Credit risk cont'd

Other financial assets

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

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

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

Financial guarantees

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

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

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

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

Inter-company balances

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

27. FINANCIAL INSTRUMENTS cont'd

27.4 Credit risk cont'd

Inter-company balances cont'd

Impairment losses

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

27.5 Liquidity risk

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

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

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

Maturity analysis

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

27. FINANCIAL INSTRUMENTS cont'd

27.5 Liquidity risk cont'd

Maturity analysis cont'd

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

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

27.6 Market risk

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

27.6.1 Foreign currency risk

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

Risk management objectives, policies and processes for managing the risk

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

Exposure to foreign currency risk

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

27. FINANCIAL INSTRUMENTS cont'd

27.6 Market risk cont'd

27.6.1 Foreign currency risk cont'd

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

Currency risk sensitivity analysis

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

27. FINANCIAL INSTRUMENTS cont'd

27.6 Market risk cont'd

27.6.2 Interest rate risk

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

Risk management objectives, policies and processes for managing the risk

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

Exposure to interest rate risk

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

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

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

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

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

27. FINANCIAL INSTRUMENTS cont'd**27.6 Market risk** cont'd**27.6.3 Other price risk**

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

27.7 Fair value information

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

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

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

Non-derivative financial liabilities

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

Level 3 fair value

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

28. CAPITAL MANAGEMENT

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

28. CAPITAL MANAGEMENT cont'd

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

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

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

29. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

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

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

Significant related party transactions

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

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
A. Affiliated companies				
Sale of goods	(30,827)	(25,521)	-	-
Purchase of goods	151,858	151,399	-	-
Rental income on properties	(4)	(8)	-	-

NOTES TO THE FINANCIAL STATEMENTS

cont'd

29. RELATED PARTIES cont'd

Significant related party transactions cont'd

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
B. Subsidiaries				
Dividend income	-	-	(4,349)	(3,550)
Management fee income	-	-	(790)	(430)
C. Key management personnel				
Directors				
- Fees	109	95	109	95
- Remuneration	1,365	1,314	254	230
- Other short-term employee benefits	403	372	93	83
Total short-term employee benefits	1,877	1,781	456	408
Other key management personnel				
Short-term employee benefits	1,703	1,794	-	-
	3,580	3,575	456	408

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

30. SIGNIFICANT EVENT

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

31. SUBSEQUENT EVENT

On 10 November 2017, the principal advisor on behalf of the Board, announced that the Company proposes to undertake the following proposals:-

- (i) proposed share split involving the subdivision of every one (1) PMBT Share into two (2) Subdivided Shares;
- (ii) proposed renounceable rights issue of 5-year 3.00% ICULS together with free detachable Warrants to raise the intended gross proceeds of approximately RM200 million to part finance the facility construction of its wholly owned subsidiary, PMB Silicon Sdn. Bhd. ("PMB Silicon") and purchase equipment for the PMB Silicon's facility; and
- (iii) proposed diversification of the principal activities of the PMBT Group to include manufacturing of metallic silicon.

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

STATEMENT BY DIRECTORS

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

In the opinion of the Directors, the financial statements set out on pages 77 to 132 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2017 and of their financial performance and cash flows for the financial year then ended.

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

Koon Poh Ming
Director

Koon Poh Weng
Director

Petaling Jaya, Selangor

Date: 17 April 2018

STATUTORY DECLARATION

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

I, Wan Shuw Yee, the officer primarily responsible for the financial management of PMB Technology Berhad, do solemnly and sincerely declare that the financial statements set out on pages 77 to 132 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed, MIA CA28899 at Kuala Lumpur in the Federal Territory on 17 April 2018.

Wan Shuw Yee

Before me:

Commissioner for Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PMB TECHNOLOGY BERHAD

(COMPANY NO. 584257-X) (INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of PMB Technology Berhad, which comprise the statements of financial position as at 31 December 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements of the Group and of the Company, including a summary of significant accounting policies, as set out on pages 77 to 132.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

(i) Revenue recognition on construction contracts

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

The key audit matter

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

How the matter was addressed in our audit

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

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

INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017
cont'd

Key Audit Matters cont'd

(ii) Recoverability of trade receivables

Refer to Note 9 to the financial statements.

The key audit matter

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

How the matter was addressed in our audit

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

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Statements

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

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

INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017
cont'd

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017
cont'd

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 6 to the financial statements.

OTHER MATTER

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

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

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

Petaling Jaya, Malaysia

Date: 17 April 2018

ANALYSIS OF SHAREHOLDINGS

AS AT 2 APRIL 2018

Issued Shares : 80,000,000 Ordinary Shares
 Class of Shares : Ordinary Shares
 Voting Rights : One vote per share

Size of Holdings	No. of Shareholders/ Depositors	% of Shareholders/ Depositors	No. of Shares Held	% of Issued Capital
Less than 100	9	0.72	200	negligible
100 to 1,000	348	27.69	287,700	0.37
1,001 to 10,000	619	49.24	2,832,500	3.66
10,001 to 100,000	238	18.93	7,023,000	9.06
100,001 to less than 5% of issued shares	40	3.18	34,157,039	44.09
5% and above of issued shares	3	0.24	33,179,361	42.82
Total	1,257	100.00	77,479,800 *	100.00

* Excluding a total of 2,520,200 shares bought-back by the Company and retained as treasury shares as per the Record of Depositors as at 2 April 2018.

DIRECTORS' SHAREHOLDINGS

as at 2 April 2018

Name	Direct		Indirect	
	No. of Shares Held	% of Issued Capital #	No. of Shares Held	% of Issued Capital #
Tan Sri Dato' Koon Poh Keong	1,091,000	1.41	21,475,958 ⁽¹⁾	27.72
Koon Poh Ming	30,000	0.04	20,203,403 ⁽²⁾	26.08
Dato' Koon Poh Tat	3,455,000	4.46	6,797,288 ⁽³⁾	8.77
Koon Poh Weng	10,000	0.01	6,802,288 ⁽⁴⁾	8.78
Ernest Bong Miao Fatt	48,000	0.06	0	0.00
Loo Lean Hock	0	0.00	0	0.00
Noor Alina Binti Mohamad Faiz	0	0.00	0	0.00

Excluding a total of 2,520,200 shares bought-back by the Company and retained as treasury shares.

⁽¹⁾ Deemed interested in the shares held via Alpha Milestone Sdn Bhd in Press Metal Aluminium Holdings Berhad, which in turn hold shares in the Company pursuant to Section 8(4)(c) of the Companies Act 2016.

⁽²⁾ Deemed interested by virtue of his interest in Weng Fatt Stainless Steel Sdn Bhd pursuant to Section 8(4)(c) of the Companies Act 2016 and shares held by his spouse, Ong Soo Fan and his children, Joyce Koon Hui Ginn, Koon Hui Ling (Carolyn), Lydia Koon Hui Li, Leslie Koon Tzer Peng and John Koon Tzer Lim.

⁽³⁾ Deemed interested by virtue of his interest in Weng Fatt Stainless Steel Sdn Bhd pursuant to Section 8(4)(c) of the Companies Act 2016.

⁽⁴⁾ Deemed interested by virtue of his interest in Weng Fatt Stainless Steel Sdn Bhd pursuant to Section 8(4)(c) of the Companies Act 2016 and shares held by his daughter, Koon Sim Ee.

SUBSTANTIAL SHAREHOLDERS

AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 2 APRIL 2018

Name	Direct		Indirect	
	No. of Shares Held	% of Issued Capital #	No. of Shares Held	% of Issued Capital #
Press Metal Aluminium Holdings Berhad	21,475,958	27.72	0	0.00
Weng Fatt Stainless Steel Sdn Bhd	6,797,288	8.77	0	0.00
Alpha Milestone Sdn Bhd	0	0.00	21,475,958 ⁽¹⁾	27.72
Tan Sri Dato' Koon Poh Keong	1,091,000	1.41	21,475,958 ⁽²⁾	27.72
Koon Poh Ming	30,000	0.04	20,203,403 ⁽³⁾	26.08
Dato' Koon Poh Tat	3,455,000	4.46	6,797,288 ⁽⁴⁾	8.77
Koon Poh Weng	10,000	0.01	6,802,288 ⁽⁵⁾	8.78
Estate of Kuan Poh Fatt	0	0.00	6,797,288 ⁽⁴⁾	8.77
Koon Poh Kong	0	0.00	6,797,288 ⁽⁴⁾	8.77
Ong Soo Fan	5,906,115	7.62	14,327,288 ⁽⁶⁾	18.49
Puan Sri Datin Khoo Ee Pheng	0	0.00	22,566,958 ⁽⁷⁾	29.13

Excluding a total of 2,520,200 shares bought-back by the Company and retained as treasury shares.

⁽¹⁾ Deemed interested in the shares held via Press Metal Aluminium Holdings Berhad in the Company pursuant to Section 8(4)(c) of the Companies Act 2016.

⁽²⁾ Deemed interested in the shares held via Alpha Milestone Sdn Bhd in Press Metal Aluminium Holdings Berhad, which in turn hold shares in the Company pursuant to Section 8(4)(c) of the Companies Act 2016.

⁽³⁾ Deemed interested by virtue of his interest in Weng Fatt Stainless Steel Sdn Bhd pursuant to Section 8(4)(c) of the Companies Act 2016 and shares held by his spouse, Ong Soo Fan and his children, Joyce Koon Hui Ginn, Koon Hui Ling (Carolyn), Lydia Koon Hui Li, Leslie Koon Tzer Peng and John Koon Tzer Lim.

⁽⁴⁾ Deemed interested by virtue of their interest in Weng Fatt Stainless Steel Sdn Bhd pursuant to Section 8(4)(c) of the Companies Act 2016.

⁽⁵⁾ Deemed interested by virtue of his interest in Weng Fatt Stainless Steel Sdn Bhd pursuant to Section 8(4)(c) of the Companies Act 2016 and shares held by his daughter, Koon Sim Ee.

⁽⁶⁾ Deemed interested in the shares held by her spouse, Koon Poh Ming and her children, Joyce Koon Hui Ginn, Koon Hui Ling (Carolyn), Lydia Koon Hui Li, Leslie Koon Tzer Peng and John Koon Tzer Lim and by virtue of her spouse's interest in Weng Fatt Stainless Steel Sdn Bhd pursuant to Section 8(4)(c) of the Companies Act 2016.

⁽⁷⁾ Deemed interested in the shares held via Alpha Milestone Sdn Bhd in Press Metal Aluminium Holdings Berhad, which in turn hold shares in the Company pursuant to Section 8(4)(c) of the Companies Act 2016 and shares held by her spouse, Tan Sri Dato' Koon Poh Keong.

THIRTY LARGEST SHAREHOLDERS

AS AT 2 APRIL 2018

	Name of Shareholders	No. of Shares	% of Issued Capital #
1	Press Metal Aluminium Holdings Berhad	21,475,958	27.72
2	Weng Fatt Stainless Steel Sdn Bhd	6,797,288	8.77
3	Ong Soo Fan	4,906,115	6.33
4	Ong Shaw Huat	3,617,651	4.67
5	RHB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Dato' Koon Poh Tat</i>	3,455,000	4.46
6	Ong Sow Mei	3,100,700	4.00
7	Ong Sow Yong	2,931,588	3.78
8	Lee Wee Keong (Li Weiqiang)	2,799,000	3.61
9	John Koon Tzer Lim	1,500,000	1.94
10	Joyce Koon Hui Ginn	1,500,000	1.94
11	Koon Hui Ling (Carolyn)	1,500,000	1.94
12	Leslie Koon Tzer Peng	1,500,000	1.94
13	Lydia Koon Hui Li	1,500,000	1.94
14	Chan Yat Wai	1,168,000	1.51
15	Chan Poh Leng	1,102,300	1.42
16	Citigroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tan Sri Dato' Koon Poh Keong (472783)</i>	1,000,000	1.29
17	Ong Soo Fan	1,000,000	1.29
18	RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ho Chin Ser</i>	700,000	0.90
19	Lim Boon Kuan	636,000	0.82
20	HLB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Khow Eng Guan</i>	380,000	0.49
21	Law Ah Leong	372,800	0.48
22	Ong Saut Mee	318,000	0.41
23	Tan Yong San	300,000	0.39
24	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Kho Ping</i>	270,000	0.35
25	United Panels Sdn Bhd	262,800	0.34
26	Low Hing Noi	260,000	0.34
27	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Leong Hai San (8093773)</i>	250,000	0.32
28	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ho Chin Ser (6000194)</i>	250,000	0.32
29	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chiang Soak Hoong (7001002)</i>	240,000	0.31
30	RHB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Kho Ping</i>	218,000	0.28
Total		65,311,200	84.30

Excluding a total of 2,520,200 shares bought-back by the Company and retained as treasury shares as per the Record of Depositors as at 2 April 2018

LIST OF PROPERTIES

HELD BY THE GROUP AS AT 31 DECEMBER 2017

Proprietor	Location	Description/ Age (Year) / Acquisition Date	Existing Use	Tenure	Area sq. ft.	Net Book Value as at 31.12.2017 RM'000
Everlast Aluminium (M) Sdn Bhd	Lot 1797, Mukim Cheras Daerah Ulu Langat Selangor Darul Ehsan	Freehold land and building 23 years 12/07/1994	Factory cum office	Freehold	83,036	5,929
Everlast Aluminium (M) Sdn Bhd	Lot 1798, Mukim Cheras Daerah Ulu Langat Selangor Darul Ehsan	Leasehold land and building 21 years 29/03/1996	Factory cum office	Leasehold for 48 years expiring 02/09/2065	77,591	4,035
PMB Facade Technology Sdn Bhd	Lot 1804, Mukim of Cheras Daerah Hulu Langat Selangor Darul Ehsan	Freehold Land and Building 12 years 16/12/2005	Factory cum office	Freehold	89,821	4,907
PMB Facade Technology Sdn Bhd	Unit No. 16-11, Avenue Crest Lot 81129, Mukim Damansara Daerah Petaling, Selangor Darul Ehsan	Freehold Land and Building 4 year 3/12/2014	Tenanted	Freehold	883	368
Everlast Access Technologies Sdn Bhd	HS (D) 38463, Lot 2826, Mukim 01 Daerah Seberang Perai Tengah Negeri Pulau Pinang	Leasehold land and building 43 year 25/10/2016	Factory cum office	Leasehold for 17 years expiring 29/08/2034	449,922	14,970
PMB Northern Sdn Bhd	HS (D) 77/92, PT 18852 Mukim Sungai Petani Daerah Kuala Muda Kedah Darul Aman	Leasehold Land and Building 27 years 22/08/2005	Warehouse	Leasehold for 33 years expiring 31/10/2050	19,776	937
PMB Eastern Sdn Bhd	Lot 50356, Mukim Kuala Kuantan Daerah Kuantan Negeri Pahang	Leasehold Land and Building 39 years 13/07/2012	Warehouse	Leasehold for 28 years expiring 13/04/2045	28,514	1,747
PMB Carbon Sdn Bhd	Lot 6, Section 1, HS(D) 70913, P.T. No. 90870 Mukim of Klang District of Klang Selangor Darul Ehsan	Leasehold land 9 years 26/09/2008	Vacant	Leasehold for 80 years expiring 30/03/2097	609,838	7,501
PMB Carbon Sdn Bhd	Lot 7, Section 1, HS(D) 70913, P.T. No. 90870 Mukim of Klang District of Klang Selangor Darul Ehsan	Leasehold land 9 years 26/09/2008	Vacant	Leasehold for 80 years expiring 30/03/2097	1,219,680	15,938
PMB Carbon Sdn Bhd	Lot 8, Section 1, HS(D) 70913, P.T. No. 90870 Mukim of Klang District of Klang Selangor Darul Ehsan	Leasehold land 6 years 18/01/2012	Vacant	Leasehold for 80 years expiring 30/03/2097	1,503,348	12,083

GROUP DIRECTORY

PMB TECHNOLOGY BERHAD

(Company No. 584257-X)

Lot 1797, Jalan Balakong, Bukit Belimbing,
43300 Seri Kembangan,
Selangor Darul Ehsan, Malaysia.
Tel : 603-8961 5205
Fax : 603-8961 1904
Website URL : www.pmbtechnology.com
Email : enquiry@pmbtechnology.com

EVERLAST ALUMINIUM (M) SDN. BHD.

(Company No. 170443-T)

Lot 1797, Jalan Balakong, Bukit Belimbing,
43300 Seri Kembangan,
Selangor Darul Ehsan, Malaysia.
Tel : 603-8961 5223
Fax : 603-8961 5213
Website URL : www.everlas.com
Email : everlas@everlas.com

EVERLAST ACCESS TECHNOLOGIES SDN. BHD.

(Company No. 491803-H)

Head Quarter

Lot 1797, Jalan Balakong, Bukit Belimbing,
43300 Seri Kembangan,
Selangor Darul Ehsan, Malaysia.
Tel : 603-8961 5223
Fax : 603-8961 5213

Penang Branch

No. 2025, Lorong Perusahaan 8,
Kawasan Perindustrian Prai,
13600 Prai, Penang, Malaysia.
Tel : 604-383 0128
Fax : 604-384 2127

PMB CENTRAL SDN. BHD.

(Company No. 446486-M)

Central I

Lot 1797, Jalan Balakong, Bukit Belimbing,
43300 Seri Kembangan,
Selangor Darul Ehsan, Malaysia.
Tel : 603-8961 1088
Fax : 603-8961 9137
Email : pmbc@streamyx.com

Central II

Lot 439, Kampung Satu, Off 3rd Miles,
Jalan Sungai Besi,
57100 Kuala Lumpur, Malaysia.
Tel : 603-9221 8388
Fax : 603-9221 2688

PMB EASTERN SDN. BHD.

(Company No. 439685-T)

Block B, Lot 86, Jalan Industri Semambu 7,
Semambu Industrial Estate,
25350 Kuantan, Pahang, Malaysia.
Tel : 609-566 3923
Fax : 609-566 2471

PMB NORTHERN SDN. BHD.

(Company No. 460005-X)

Lot 10-08, Jalan PKNK2,
Kaw. Perindustrian Sungai Petani,
08000 Sg. Petani,
Kedah Darul Aman, Malaysia.
Tel : 604-442 4148/49
Fax : 604-442 4150
Email : pmbn@streamyx.com

PMB ALUMINIUM SABAH SDN. BHD.

(Company No. 772936-H)

Lot No. 2 (DBKK No. 2A), Neutron Park,
Lorong Neutron 1, Kolombong Industrial
Estate,
Kolombong 88450 Kota Kinabalu, Sabah.
Tel : 6088-430 248
Fax : 6088-438 248
Email : pmbSabah@streamyx.com

PMB QUICK ACCESS SDN. BHD.

(Company No. 516692-V)

Lot 1797, Jalan Balakong, Bukit Belimbing,
43300 Seri Kembangan,
Selangor Darul Ehsan, Malaysia.
Tel : 603-8961 8355
Fax : 603-8961 8357
Website URL : www.qaccess-scaffold.com
Email : marketing@qaccess-scaffold.com

PMB FACADE TECHNOLOGY SDN. BHD.

(Company No. 291486-H)

KAI PMB FACADE TECHNOLOGY LTD.

(Company No. C41554(913)/2000)

Lot 1797, Jalan Balakong, Bukit Belimbing,
43300 Seri Kembangan,
Selangor Darul Ehsan, Malaysia.
Tel : 603-8961 5205/8355
Fax : 603-8961 1904/8357
Website URL : www.pmbfacade.com
Email : pmbfacade@pmbfacade.com

PMB-CYBERWALL LTD.

(Company No. 704047)

PMB FACADE TECHNOLOGY (H.K.) LTD.

(Company No. 675899)

Unit 1508-18, 15/F,
41 Heung Yip Road,
Wong Chuk Hang, Hong Kong.
Tel : 852-2397 6008
Fax : 852-2397 6206
Email : info@pmbc.com.hk

PMB SILICON SDN. BHD.

(Company No. 1181986-X)

PMB CARBON SDN. BHD.

(Company No. 817599-X)

PMB.POIC BULKING SDN. BHD.

(Company No. 777915-W)

Lot 1797, Jalan Balakong, Bukit Belimbing,
43300 Seri Kembangan,
Selangor Darul Ehsan, Malaysia.
Tel : 603-8961 8355
Fax : 603-8961 1904

EVERLAST ENVIRONMENTAL MANAGEMENT SDN. BHD.

(Company No. 207793-P)

Lot 1797, Jalan Balakong, Bukit Belimbing,
43300 Seri Kembangan,
Selangor Darul Ehsan, Malaysia.
Tel : 603-8961 5223
Fax : 603-8961 5213

PROXY FORM

PMB TECHNOLOGY BERHAD

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

CDS Account No.	
No. of Shares Held	

I/We, _____ (NRIC No./Passport No./Company No. _____)

of _____

being a member/members of **PMB TECHNOLOGY BERHAD**, hereby appoint

Full Name	NRIC No./Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

*and/*or failing him/her (*delete as appropriate)

Full Name	NRIC No./Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her/them, the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Sixteenth Annual General Meeting of the Company to be held at Room Tunku Abdul Rahman, The Royal Commonwealth Society of Malaysia, No. 4, Jalan Birah, Damansara Heights, 50490 Kuala Lumpur, Malaysia on Wednesday, 30 May 2018 at 10.30 a.m. or any adjournment thereof and *my/our proxy is to vote as indicated below:-

RESOLUTIONS			FOR	AGAINST
1.	Approval of Directors' fees and benefits payable to the Directors of up to an aggregate amount of RM150,000 for the financial year ending 31 December 2018.	Ordinary Resolution 1		
2.	Re-election of Koon Poh Weng as Director	Ordinary Resolution 2		
3.	Re-election of Koon Poh Ming as Director	Ordinary Resolution 3		
4.	Re-appointment of KPMG PLT as Auditors of the Company	Ordinary Resolution 4		
5.	Authority under Section 76 of the Companies Act 2016 for the Directors to allot and issue shares	Ordinary Resolution 5		
6.	Authority for Loo Lean Hock to continue in office as Independent Non-Executive Director	Ordinary Resolution 6		
7.	Authority for Ernest Bong Miao Fatt to continue in office as Independent Non-Executive Director	Ordinary Resolution 7		
8.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions and Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions for PMB Technology Berhad and its subsidiaries	Ordinary Resolution 8		
9.	Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares	Ordinary Resolution 9		
10.	Proposed Adoption of New Constitution of the Company	Special Resolution		

(Please indicate with an "X" in the spaces provided on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.)

Dated this _____ day of _____ 2018

Signature/Common Seal of member

Fold This Flap For Sealing

Then Fold Here

Affix
Stamp

The Share Registrar
PMB TECHNOLOGY BERHAD (584257-X)

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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NOTES:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
2. Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
3. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or signed by an officer or attorney so authorised.
5. The instrument appointing a proxy or proxies and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, must be deposited at the Share Registrar's office of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof, otherwise the instrument of proxy shall not be treated as valid.
6. In respect of deposited securities, only members whose names appear on the Record of Depositors on 21 May 2018 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.
7. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions at the Sixteenth Annual General Meeting of the Company shall be put to vote by way of poll.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 27 April 2018.

PMB TECHNOLOGY BERHAD (584257-X)
Lot 1797 Jalan Balakong, Bukit Belimbing,
43300 Seri Kembangan, Selangor Darul Ehsan.